Deutsche Telekom

INTERIM GROUP REPORT

H1 2022

JANUARY 1 TO JUNE 30

Contents

In the interest of clarity, we have tended to avoid using a combination of pronouns such as "he/she/they," etc. with regard to gender.
All references to individuals refer equally to all genders.

Deutsche Telekom at a glance

millions of €

		H1 2022	H1 2021	Change %	Q2 2022	Q2 2021	Change %	FY 2021
Revenue and earnings								
Net revenue		56,191	52,983	6.1	28,168	26,593	5.9	108,794
Of which: domestic	%	22.3	21.6		21.4	19.5		23.0
Of which: international	%	77.7	78.4		78.6	80.5		77.0
Service revenue		45,178	40,913	10.4	22,891	20,657	10.8	84,057
EBITDA		23,019	20,830	10.5	9,927	10,469	(5.2)	40,539
EBITDA (adjusted for special factors)		22,912	21,575	6.2	11,476	10,877	5.5	43,175
EBITDA AL		18,539	17,591	5.4	7,453	8,793	(15.2)	33,893
EBITDA AL (adjusted for special factors)		19,763	18,662	5.9	9,891	9,418	5.0	37,330
EBITDA AL margin (adjusted for special factors)	%	35.2	35.2		35.1	35.4		34.3
Profit (loss) from operations (EBIT)		8,684	7,207	20.5	2,356	3,688	(36.1)	13,057
Net profit (loss)		5,409	2,815	92.1	1,460	1,879	(22.3)	4,176
Net profit (loss) (adjusted for special factors)		4,683	3,315	41.3	2,445	2,113	15.7	5,862
Earnings per share (basic/diluted)	€	1.09	0.59	84.7	0.29	0.40	(27.5)	0.87
Adjusted earnings per share (basic/diluted)	€	0.94	0.70	34.3	0.49	0.45	8.9	1.22
Statement of financial position								
Total assets		301,686	270,504	11.5				281,627
Shareholders' equity		88,492	77,000	14.9				81,469
Equity ratio	%	29.3	28.5					28.9
Net debt		146,104	127,972	14.2				132,142
Cash flows								
Net cash from operating activities		17,979	16,387	9.7	8,621	8,080	6.7	32,171
Cash capex		(12,259)	(16,593)	26.1	(5,086)	(4,322)	(17.7)	(26,366)
Cash capex (before spectrum investment)		(9,642)	(8,570)	(12.5)	(4,984)	(4,287)	(16.3)	(17,978)
Free cash flow (before dividend payments and spectrum investment)		8,421	7,923	6.3	3,671	3,851	(4.7)	14,332
Free cash flow AL (before dividend payments and spectrum investment)		6,540	5,350	22.2	2,759	2,766	(0.3)	8,810
Net cash used in investing activities		(10,148)	(16,307)	37.8	(5,636)	(3,934)	(43.3)	(27,403)
Net cash used in financing activities		(10,491)	(4,513)	n.a.	(7,838)	(5,100)	(53.7)	(10,779)

For information on the development of business in the operating segments, please refer to the section "Development of business in the operating segments" in the interim Group management report and in the IR back-up on our Investor Relations website.

millions

	June 30, 2022	Dec. 31, 2021	Change June 30, 2022/ Dec. 31, 2021 %	June 30, 2021	Change June 30, 2022/ June 30, 2021 %
Fixed-network and mobile customers					
Mobile customers[a]	241.1	248.2	(2.9)	246.6	(2.3)
Fixed-network lines	25.3	26.1	(3.0)	27.4	(7.7)
Broadband customers[b]	21.1	21.6	(2.3)	22.0	(4.3)

[a] Including T-Mobile US wholesale customers.

[b] Excluding wholesale.

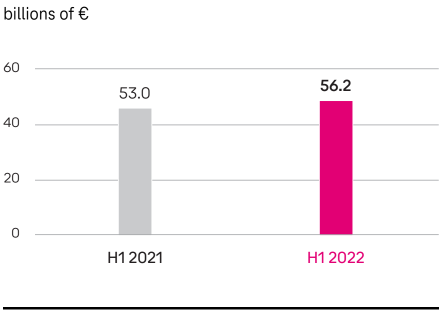
The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures. Changes were calculated on the basis of millions for greater precision.

To our shareholders

Selected financial data of the Group

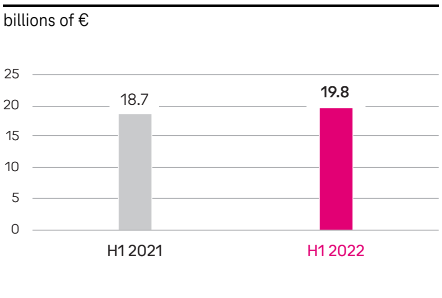
Net revenue

- Net revenue increased by 6.1 % to EUR 56.2 billion. In organic terms, revenue increased by EUR 0.4 billion or 0.8 %. Service revenue increased by EUR 4.3 billion or 10.4 % to EUR 45.2 billion; in organic terms, it was up EUR 1.9 billion or 4.5 %.
- Revenue growth in the United States of 10.7 % was mainly attributable to exchange rate effects. In organic terms, revenue remained more or less at the prior-year level.
- Our Germany segment increased revenue by 1.8 %, on account of strong business performance.
- In the Europe segment, revenue declined by 1.8 % due to the sale of the Romanian fixed-network business, but grew on an organic basis by 4.2 %.
- Revenue in Systems Solutions decreased year-on-year by 1.0 %, due primarily to the decline in traditional IT infrastructure business, in line with expectations.
- In Group Development, revenue declined by 28.7 % due to the sale of T-Mobile Netherlands as of March 31, 2022. In organic terms, revenue increased by 5.8 % year-on-year on the back of operational and structural growth at our GD Towers business unit.



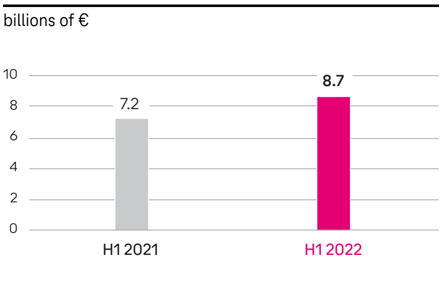
EBITDA AL (adjusted for special factors)

- Adjusted EBITDA AL grew by 5.9 % to EUR 19.8 billion. In organic terms, it increased by EUR 0.1 billion or 0.7 %.
- In the United States, adjusted EBITDA AL increased by 9.3 %, essentially due to exchange rate effects. In organic terms, it decreased by 1.3 %. Adjusted core EBITDA AL increased by EUR 1.9 billion or 19.6 % to EUR 11.7 billion.
- In our Germany segment, adjusted EBITDA AL was up 3.3 %, driven by high-value revenue growth and enhanced cost efficiency.
- Adjusted EBITDA AL in the Europe segment grew by 1.1 %, and by as much as 5.7 % in organic terms.
- In Systems Solutions, adjusted EBITDA AL grew by 15.7 %. Efficiency effects from our transformation program and increased revenue in the growth areas exceeded the decline in the traditional IT infrastructure business.
- The sale of T-Mobile Netherlands as of March 31, 2022 resulted in a decrease of 18.1 % in adjusted EBITDA AL at Group Development. In organic terms, it was up 15.0 % driven by the consistent growth of the GD Towers business.
- At 35.2 %, the Group's adjusted EBITDA AL margin remained at the same high level posted in the prior year. The adjusted EBITDA AL margin was 39.9 % in the Germany segment, 36.0 % in the Europe segment, and 34.1 % in the United States segment.



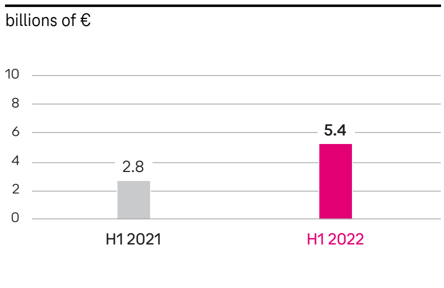
Profit/loss from operations (EBIT)

- EBIT increased by EUR 1.5 billion or 20.5 % to EUR 8.7 billion.
- EBITDA AL increased by EUR 0.9 billion or 5.4 % to EUR 18.5 billion. Net special factors of EUR 1.2 billion had a negative effect. At EUR 0.6 billion, expenses for staff restructuring measures were up slightly on the prior-year level. The deconsolidation of GlasfaserPlus and T-Mobile Netherlands resulted in proceeds of EUR 1.7 billion and EUR 0.9 billion respectively. By contrast, T-Mobile US incurred integration expenses of EUR 2.8 billion in connection with the business combination with Sprint. Further expenses of EUR 0.4 billion related to the settlement reached and the further proceedings pending in consequence of the cyberattack on T-Mobile US.
- At EUR 14.3 billion, depreciation, amortization and impairment losses were EUR 0.7 billion higher than in the prior-year period, with depreciation and amortization increasing by EUR 0.3 billion. Impairment losses increased by EUR 0.4 billion year-on-year to EUR 0.5 billion, and were mainly attributable to the former Sprint's fiber-optic-based wireline assets in the reporting period.



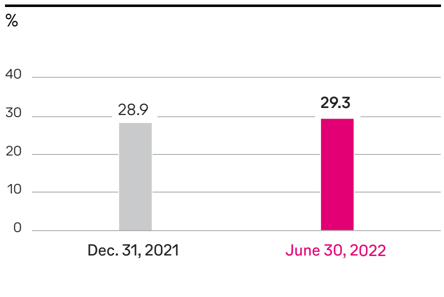
Net profit

- Net profit increased by EUR 2.6 billion to EUR 5.4 billion.
- Our loss from financial activities decreased by EUR 0.6 billion to EUR 1.5 billion, with other financial income improving in particular in connection with the measurement of derivatives. The interest component from the measurement of provisions and liabilities increased by EUR 0.4 billion. By contrast, finance costs increased by EUR 0.2 billion.
- Tax expense increased by EUR 0.2 billion to EUR 1.4 billion.
- Profit attributable to non-controlling interests decreased by EUR 0.6 billion to EUR 0.3 billion, a trend mainly attributable to the United States segment.
- Adjusted earnings per share rose from EUR 0.70 to EUR 0.94.



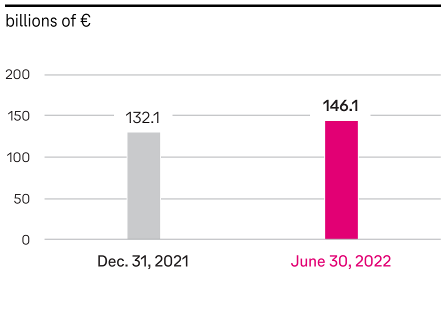
Equity ratio

- The equity ratio increased by 0.4 percentage points against December 31, 2021 to 29.3 %.
- The EUR 7.0 billion increase in shareholders' equity is primarily attributable to profit of EUR 5.7 billion and to other comprehensive income of EUR 7.8 billion. This mainly includes effects from currency translations (EUR 6.0 billion) and the remeasurement of defined benefit plans (EUR 2.1 billion).
- Shareholders' equity was reduced in particular by dividend payments to our shareholders (EUR 3.2 billion) and other shareholders of subsidiaries (EUR 0.2 billion), as well as the acquisition of T-Mobile US shares to further increase the stake in T-Mobile US (EUR 2.7 billion). The sale of T-Mobile Netherlands reduced shareholders' equity by EUR 0.6 billion.



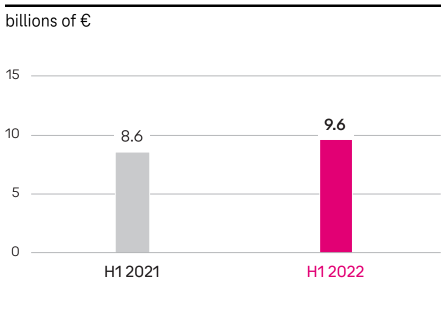
Net debt

- Net debt increased by EUR 14.0 billion to EUR 146.1 billion compared with the end of 2021.
- The increase was attributable in particular to exchange rate effects of EUR 8.8 billion, as well as to the modification of the arrangements between T-Mobile US and Crown Castle, which resulted in an increase of EUR 6.6 billion in right-of-use assets and of EUR 0.8 billion in property, plant and equipment. This effect is mirrored by growth in net debt of EUR 7.4 billion. The dividend payment – including to non-controlling interests – (EUR 3.2 billion), spectrum acquisitions primarily in the United States (EUR 2.7 billion), additions of lease liabilities (EUR 2.3 billion), and the increase of the stake in T-Mobile US (EUR 2.2 billion) also had an increasing effect.
- The main factors reducing net debt were free cash flow (before dividend payments and spectrum investment) of EUR 8.4 billion and the corporate transactions involving T-Mobile Netherlands and GlasfaserPlus totaling EUR 4.7 billion.



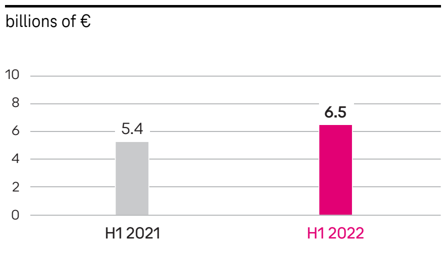
Cash capex (before spectrum investment)

- Cash capex (before spectrum investment) increased from EUR 8.6 billion to EUR 9.6 billion.
- This increase is largely attributable to the ongoing 5G network build-out in the United States and to exchange rate effects, especially from the translation of U.S. dollars to euros.
- Cash capex (including spectrum investment) decreased by EUR 4.3 billion to EUR 12.3 billion. Spectrum licenses were purchased for EUR 2.6 billion in the reporting period, in particular FCC mobile licenses in the United States segment. In the prior-year period, cash capex had included the acquisition of FCC mobile licenses at the C-band auction for EUR 8.0 billion in the United States segment.



Free cash flow AL (before dividend payments and spectrum investment)

- Free cash flow AL increased from EUR 5.4 billion to EUR 6.5 billion.
- In addition to the positive business performance of the individual operating segments, the decrease of EUR 0.7 billion in the principal portion of repayment of lease liabilities and EUR 0.1 billion lower income tax payments also had an increasing effect.
- Higher cash capex (before spectrum investment) and EUR 0.1 billion higher interest payments (net) had a negative impact on free cash flow.



For further information, please refer to the section "Development of business in the Group" in the interim Group management report.

For further information on the development of business in the operating segments, please refer to the section "Development of business in the operating segments" in the interim Group management report and in the IR back-up on our Investor Relations website.

Highlights in the second quarter of 2022

For further information on these and other events, please refer to our media information.

Guidance raised for the 2022 financial year

In view of the sound business performance, we are again raising our guidance for adjusted EBITDA AL of the Group for the 2022 financial year. Instead of more than EUR 36.6 billion, we now expect to post adjusted EBITDA AL of around EUR 37 billion. We expect the Group's free cash flow AL (before dividend payments and spectrum investment) to come in at the recently raised guidance of over EUR 10 billion, upping the guidance for business outside of the United States from previously EUR 3.7 billion to EUR 3.8 billion.

For more information, please refer to the section "Forecast" in the interim Group management report.

Developments at senior management level

At the 2022 shareholders' meeting, held on April 7, 2022, our shareholders elected Dr. Frank Appel as a member of Deutsche Telekom AG's Supervisory Board. The Supervisory Board then elected Dr. Appel as the new **Chairman of the Supervisory Board**, as successor to Prof. Ulrich Lehner, who left the Supervisory Board with effect from the end of the shareholders' meeting.

For further information, please refer to our media report.

Transactions

On April 12, 2022, Deutsche Telekom exercised a further portion of its stock options to acquire a total of around 21.2 million shares in T-Mobile US from SoftBank for a purchase price of USD 2.4 billion (EUR 2.2 billion). Upon its completion, the transaction increased Deutsche Telekom's stake in T-Mobile US by 1.7 percentage points to 48.4 %.

For further information on corporate and other transactions, please refer to the section "Group organization, strategy, and management" in the interim Group management report and the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

Rating

On April 22, 2022, the rating agency Standard & Poor's raised its **rating outlook** for Deutsche Telekom AG from "stable" to "positive" and also confirmed its long-term rating of BBB. Standard & Poor's considers an improvement in our long-term rating within the next two years to be possible.

Investments in networks

Network build-out in Germany. At the end of the first half of 2022, our 5G network was available to 92.6 % of households in Germany – in more than 460 cities on the fast frequency of 3.6 GHz. We began using the new 700 MHz spectrum for 5G in June 2022, with over 3,000 antennas now transmitting on this frequency. The resulting improvements in mobile coverage mainly benefit rural areas.

The total number of households in Germany passed by our fiber-optic network grew again as of June 30, 2022. In May and June of this year, we announced additional projects to further drive forward the fiber-optic build-out in regions that include Nuremberg, Bochum, and the Stuttgart Region.

Network build-out in the United States. T-Mobile US' Ultra Capacity 5G network in the fast 2.5 GHz and millimeter-wave (mmWave) bands covered 235 million people across the United States as of the end of the first half of 2022. Our U.S. subsidiary already reaches 320 million people in the United States with its 600 MHz spectrum. T-Mobile US completed the decommissioning of its 3G CDMA network on June 30, 2022 as planned, and also began retiring the former Sprint's 4G LTE network in the second quarter of 2022 as scheduled.

Network build-out in Europe. As of the end of the first half of 2022, our national companies covered 36.5 % of the population in our European footprint with 5G. In the second quarter of 2022, Slovak Telekom successfully acquired spectrum in the 3.x GHz band at auction. As of June 30, 2022, Magyar Telekom in Hungary shut down its 3G network to refarm the released spectrum for the better performing 4G and 5G services.

As of June 30, 2022, a total of around 7.4 million households had the option to subscribe to a direct connection to our high-speed fiber-optic network with speeds reaching up to 1 Gbit/s.

Corporate responsibility

Corporate digital responsibility. Since 2017, Deutsche Telekom has been taking a close look at the topic of responsible digitalization from different perspectives. In early June 2022, we presented our newly drafted definition of digital responsibility: Corporate Digital Responsibility@Deutsche Telekom offers guidance on how to actively deal with the various impacts of digitalization and tackle the challenges they pose.

For further information, please refer to our media report.

GreenTech Festival. "Rethink. Reuse. Repeat." was our motto at the world's largest sustainability festival, held in Berlin from June 22 to 24, 2022, where we showcased how we combine ecological sustainability and smart concepts. Designed around a holistic approach to sustainability, our trade fair booth presented products such as the refurbished phone for consumers and business customers. Buying discarded smartphones at a fair price, refurbishing them, and recycling the components is in line with our vision of a circular economy.

For further information, please refer to our media report.

T-Systems goes all-electric. T-Systems is switching its global company car fleet to electric cars from 2022. Over the coming years, the company's share of electric-powered company cars will rise to almost 100 %. This will reduce T-Systems' CO_2 emissions by around 1,000 tons per year. This annual saving corresponds to 10 % of the current remaining emissions at T-Systems from self-generated or purchased energy.

For further information, please refer to our media report.

Employees

Deutsche Telekom and the ver.di trade union successfully concluded a **collective agreement** on May 12, 2022. The agreement applies to around 55,000 employees covered by collective agreements, apprentices, and dual students employed at the Group Headquarters, Telekom Deutschland, and Deutsche Telekom IT in Germany. It primarily consists of a two-stage salary increase for those employees covered by the collective agreement: by between 2.7 % and 3.1 % effective August 1, 2022 (pay group-dependent), and by a further 2.1 % effective June 1, 2023.

For further information, please refer to our media report.

Cooperations, partnerships, and major deals

Fiber-optic cooperations in Germany. In June 2022, we announced a long-term cooperation with **GLASFASER RUHR**. The common goal is to bring full fiber-optic coverage to Bochum, one of the Ruhr region's largest cities, with over 134,000 direct FTTH lines to be laid by 2032. As cooperation partners, we will jointly build and operate the new gigabit infrastructure. The build-out is expected to begin in early 2023. After reaching an agreement with **Vodafone** at the end of 2020 on the use of our VDSL and fiber-optic network, the next FTTH product agreement was signed in June 2022. This strategic fixed-network partnership safeguards the utilization of our networks and accelerates the fiber-optic build-out in Germany.

T-Mobile US and DISH extend partnership. On June 21, 2022, our U.S. subsidiary and the mobile provider DISH signed an amendment to the 2020 Master Network Service Agreement. The 2020 Master Agreement gives customers of DISH, including prepaid customers, access to T-Mobile US' national 5G network. Among other changes, the amendment incorporates modified pricing and enhanced roaming solutions for DISH's 5G customers.

BARMER commissions T-Systems and Verimi. In late June 2022, the companies announced that T-Systems will provide and manage digital identities for members of the BARMER health insurance provider via ID services. T-Systems delivers this solution using the Verimi ID Wallet, which has already been approved as a secure digital procedure by the Federal Office for Information Security. T-Systems operates the service in its Open Telekom Cloud. Four data centers ensure the security and availability of the ID service, which is being developed in accordance with gematik specifications.

For further information, please refer to our media report.

Products, rate plans, and services

Hannover Messe 2022. We have transformed Hannover Messe into a 5G innovation campus. The trade fair, which took place this year from May 30 to June 2, offers a private campus network available exclusively to the trade fair company and exhibitors for their applications, while visitors to Hannover Messe can use the public 5G network on the grounds. The campus network is a 5G testing ground in which technology leaders from different sectors can operate and showcase industry solutions, such as autonomous forklift trucks, live for visitors.

For further information, please refer to our media report.

Voice over 5G for Portland and Salt Lake City. T-Mobile US launched Voice over 5G (Voice over New Radio, VoNR) in the two U.S. cities in June 2022. VoNR services are routed via a standalone 5G network not anchored to LTE, which means it will be capable of delivering a new level of performance with fast speeds, real-time responsiveness, and full connectivity. Now that standalone 5G is beginning to carry voice traffic, devices can stay always connected to 5G, supporting future applications that require a seamless 5G connection.

Extension of dial around and preselection. Consumers in Germany can continue to make use of dial around access codes and carrier preselect services offering lower-cost call rates. Telekom Deutschland and VATM, an association representing telecommunications and multimedia companies active in the German market, have agreed to continue enabling these services through the end of 2024. The partners have extended the existing voluntary agreement for a further two years.

Awards

The illustration below shows the main awards received in the second quarter of 2022.

Connect hotline test of mobile providers
Deutsche Telekom and Magenta Telekom once again win the hotline test of mobile providers. We are the only network operator in Germany and Austria to receive an overall verdict of "very good." (Issue 5/2022)

Connect B2B mobile customer barometer 2022
Connect magazine confirms: Magenta Telekom has the happiest business customers. Our Austrian subsidiary takes the #1 spot in the B2B customer barometer.

Connect readers' choice 2022
Connect readers vote Deutsche Telekom #1 in four categories: Mobile network operator, Network operator prepaid cards, Fixed-network operator, and IPTV services. (Issue 6/2022)

Microsoft Azure Expert Managed Service Provider (MSP)
T-Systems has been recognized by Microsoft as an Azure Expert MSP. Key criteria for the recognition are global experience, high-quality customer solutions, security, reliable operation, infrastructure, and employees.

Top100 Most Valuable Global Brands
The BrandZ study once again names Deutsche Telekom as the second most valuable German brand worldwide with a value of USD 64.6 billion.

Umlaut's best in test
The independent consulting company rates Hrvatski Telekom's Croatian mobile and fixed networks as best in test.

April – June

Ookla® Speedtest
Tests by the analysts at Ookla show that T-Mobile US has the U.S.' fastest mobile network with the most stable speeds. Our U.S. subsidiary's network also has the highest 5G availability.

Chip fixed-network comparative test
According to Chip magazine, Deutsche Telekom has the best fixed network in Germany based on tests of download/upload speeds, latency, and more.

Umlaut 5G network test
Independent U.S. consulting firm Umlaut awards top scores to T-Mobile US' 5G network for reliability, coverage, and speed based on nationwide tests.

Further information on awards can be found using the following links:
Connect hotline test of mobile providers DE and AT (German only)
Connect B2B mobile customer barometer 2022 (German only)
Ookla® 5G network test
Connect readers' choice 2022
Microsoft Azure Expert Managed Service Provider
Chip fixed-network comparative test (German only)
Umlaut 5G network test
Top100 Most Valuable Global Brands
Umlaut's best in test

Interim Group management report

Group organization, strategy, and management

With regard to our Group organization, strategy, and management, please refer to the explanations in the combined management report in the 2021 Annual Report. From the Group's point of view, the following significant events in the first half of 2022 resulted in changes and/or additions.

Group organization

Sale of T-Mobile Netherlands. On September 6, 2021, Deutsche Telekom and Tele2 signed an agreement with WP/AP Telecom Holdings IV, a private equity consortium advised by Apax Partners and Warburg Pincus, on the sale of our subsidiary T-Mobile Netherlands. The transaction was consummated on March 31, 2022 after obtaining the necessary approvals from the authorities and satisfying the other closing conditions. The sale price is based on an enterprise value of EUR 5.1 billion. The cash proceeds – based on our shareholding of 75 % – amounted to EUR 3.6 billion. In financial terms, excluding the partial settlement of intragroup shareholder loans and other intragroup transactions, the transaction resulted in value added of EUR 4.0 billion. The gain on deconsolidation resulting from the sale amounted to EUR 0.9 billion. Until the transaction was closed, the entity had been assigned to the Group Development operating segment.

Increase of the stake in T-Mobile US. As announced, Deutsche Telekom used part of the cash proceeds from the sale of T-Mobile Netherlands to further increase its stake in T-Mobile US and, on April 12, 2022, acquired around 21.2 million shares in T-Mobile US from SoftBank for a purchase price of USD 2.4 billion (EUR 2.2 billion). To this end, Deutsche Telekom exercised a further portion of the stock options it had received from SoftBank in June 2020 to purchase shares in T-Mobile US. This gives a weighted average price of around USD 113 per T-Mobile US share. Upon its completion, the transaction increased Deutsche Telekom's stake in T-Mobile US by 1.7 percentage points to 48.4 %.

Joint venture GlasfaserPlus with IFM. On November 5, 2021, Deutsche Telekom had announced that IFM Global Infrastructure Fund – advised by IFM Investors – would acquire a stake of 50 % in GlasfaserPlus, a fiber-optic build-out entity. The sale of a 50 % stake in GlasfaserPlus was consummated on February 28, 2022, after the EU Commission approved the transaction on January 25, 2022 and the other closing conditions had been satisfied. The sale price came to EUR 0.9 billion, half of which was paid upon completion of the transaction and the other half of which will arise in stages upon achieving certain build-out milestones. The resulting joint venture is to build out an additional four million gigabit-capable FTTH lines in rural and development areas by 2028. Following the loss of control from an accounting perspective as a result of the transaction, the GlasfaserPlus entities were deconsolidated as of February 28, 2022. The resulting deconsolidation gain amounted to EUR 1.7 billion. Until the transaction was closed, the entities had been assigned to the Germany operating segment. The stakes in the joint venture are included in the consolidated financial statements under the Germany operating segment using the equity method.

Furthermore, the changes described below will affect the segment and organizational structure of Deutsche Telekom in the future:

Agreement with DigitalBridge and Brookfield on GD Towers. On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 % stake in GD Towers, comprising its tower assets in Germany and Austria, currently assigned to the Group Development operating segment, to DigitalBridge and Brookfield. The preliminary sale price is based on an enterprise value of EUR 17.5 billion. The estimated cash proceeds from the transaction are expected to be EUR 10.9 billion. Deutsche Telekom will retain a 49.0 % stake, benefiting from future value upside at GD Towers. Following completion of the transaction, Deutsche Telekom will lease back the sold passive network infrastructure in Germany and Austria, enabling Telekom Deutschland and T-Mobile Austria to continue improving their network leadership. From the third quarter of 2022, GD Towers will be recognized in the consolidated financial statements as a discontinued operation.

For further information on the agreement with DigitalBridge and Brookfield on GD Towers, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

New limited partners admitted to infrastructure fund DIV II. On August 2, 2022, Digital Transformation Capital Partners admitted new investors to the investment company Digital Infrastructure Vehicle II (DIV II). As a result, Deutsche Telekom's share in DIV II decreased from 66.67 % to 43.5 % and the entity will be deconsolidated in the third quarter of 2022. The stake retained by the Group will in the future be included in the consolidated financial statements as an associate using the equity method.

For further information on the admission of new limited partners to DIV II, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

Reassignment of the security business. Consistent with our efforts to systematically implement the Group strategy pillar "Lead in business productivity," we transferred our security operations in Germany, Austria, and Switzerland from the Systems Solutions operating segment to the Germany operating segment effective July 1, 2022. As of the third quarter of 2022, the prior-year comparatives on the development of operations, headcount development and order entry will be adjusted retrospectively in both of the segments affected.

Management of the Group

A reconciliation of net revenue disclosed in the interim consolidated financial statements, including its breakdown into revenue categories, to the "service revenue" financial performance indicator can be found in the following table:

billions of €	H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Net revenue	**56.2**	**53.0**	**6.1**	**28.0**	**28.2**	**26.6**	**5.9**	**108.8**
Revenue from the sale of goods and merchandise	(9.6)	(9.3)	(3.9)	(5.0)	(4.6)	(4.6)	(0.9)	(19.6)
Revenue from the use of entity assets by others	(1.4)	(2.3)	40.0	(0.7)	(0.7)	(1.1)	40.3	(4.1)
Revenue from the rendering of services	**45.2**	**41.4**	**9.1**	**22.3**	**22.9**	**20.9**	**9.5**	**85.1**
+/- Reconciliation to service revenue as financial performance indicator								
Adjustment of revenue from the rendering of services[a]	(0.5)	(1.1)	49.2	(0.3)	(0.3)	(0.5)	50.3	(2.2)
Adjustment of revenue from the sale of goods and merchandise[b]	0.2	0.1	5.6	0.1	0.1	0.1	16.7	0.3
Adjustment of revenue from the use of entity assets by others[c]	0.4	0.4	(12.6)	0.2	0.2	0.2	(10.6)	0.9
Service revenue	**45.2**	**40.9**	**10.4**	**22.3**	**22.9**	**20.7**	**10.8**	**84.1**

[a] The definition of "service revenue" does not include, in particular: revenues from valued-added services, revenues from application and contract services, and other non-recurring/variable revenues.

[b] Relates to revenues from the sale of hardware in connection with the ICT business.

[c] Primarily relates to revenues from wholesale business (e.g., in connection with unbundled local loops (ULL) and co-location spaces).

As of January 1, 2022, we extended our definition of service revenue. Essentially, since then, our service revenue has additionally included certain customer charges in the United States operating segment – primarily in order to create better comparability with T-Mobile US' service revenue as determined in accordance with U.S. GAAP – and other revenue of lesser significance, mainly in the United States and Systems Solutions operating segments. This increases service revenue by EUR 0.7 billion in the reporting period. Comparative figures for the prior year have not been adjusted retrospectively.

Rating outlook raised. On April 22, 2022, the rating agency Standard & Poor's raised its rating outlook for Deutsche Telekom AG from "stable" to "positive" and also confirmed its long-term rating of BBB. Standard & Poor's considers an improvement in the long-term rating within the next two years to be possible.

Governance

Board of Management. On December 15, 2021, the Supervisory Board of Deutsche Telekom AG resolved to cancel Timotheus Höttges' appointment as Chairman of the Board of Management effective December 31, 2021, and reappointed Mr. Höttges as Chairman of the Board of Management for the period from January 1, 2022 through December 31, 2026.

Supervisory Board. At the 2022 shareholders' meeting, held on April 7, 2022, the shareholders of Deutsche Telekom AG elected Dr. Frank Appel as a member of Deutsche Telekom AG's Supervisory Board. The Supervisory Board then elected Dr. Appel as the new Chairman of the Supervisory Board, as successor to Prof. Ulrich Lehner, who left the Supervisory Board with effect from the end of the shareholders' meeting.

The economic environment

This section provides additional information on, and explains recent changes to, the economic situation as described in the combined management report of the 2021 Annual Report, focusing on macroeconomic developments in the first six months of 2022, the currently prevailing economic risks, and the regulatory environment. A macroeconomic outlook is currently only possible to a limited extent since the war in Ukraine and its repercussions have substantially increased economic uncertainty and downside risks.

Macroeconomic development

The war in Ukraine has had a significant negative impact on the global economic outlook. In response to the offensive, extensive sanctions have been imposed on Russia that largely exclude the country from the international financial markets and significantly curtail trade in goods. The economic outlook is further strained by growing concerns over Europe's energy supply, high inflation, the rising benchmark interest rate in the United States (federal funds rate), and supply shortages, the latter mainly due to the coronavirus-induced lockdowns in China.

In light of current developments, the International Monetary Fund (IMF) once again revised its forecasts downwards in July 2022 and now expects global economic output to grow by 3.2 % in 2022 and by a mere 2.9 % in 2023.

For the German economy, the consensus forecast predicts GDP growth of 1.6 % and an increase of 7.2 % in consumer prices this year. Given the war in Ukraine and its economic consequences, the business climate has worsened in the economy as a whole as well as in the digital sector. In May 2022, the Bitkom-ifo-Digitalindex for the current business situation declined; business expectations for the coming months also deteriorated substantially.

The economies of our core markets in North America and Europe will grow this year, albeit less than forecast prior to the start of the war in Ukraine. According to the consensus forecast, economic output is expected to grow this year by 2.1 % in the United States and by 2.7 % in the eurozone. The European Central Bank raised its key interest rates by 0.5 percentage points in July 2022 and plans further increases. In the United States, the Federal Reserve raised its federal funds rate once again by 0.75 percentage points in July 2022 (the fourth rate hike this year) in an effort to curtail inflation, and indicated that further increases are coming.

Overall economic risks

The run of interest rate hikes in the United States and the reduced gas deliveries from Russia pose a significant threat to the economy. Further risks arise from the repercussions of China's lockdown measures on global supply chains and from a re-escalation of the global pandemic. Against this backdrop, the risk of a recession in the United States and Europe increased significantly.

Regulation

European roaming regulation. July 1, 2022 marked the entry into force of the new Roaming Regulation for the European Union, which expands and extends the existing Roaming Regulation until 2032. The Roam like at Home principle introduced in 2017, initially for a period of five years, which allows consumers to make calls at domestic terms and conditions and use data volumes within the European Union, will now apply for a further ten years. New rules were also added on transparency, and the new regulation will ensure that the quality of roaming services is not lower than mobile services at home. New, lower price caps through 2031 were set for inter-operator tariffs for corresponding wholesale services, to be re-examined in 2024/2025. Steps to tighten regulation on voice calling and text messaging (SMS) between EU member states that had been discussed earlier were not included in the final regulation.

Approval of rates for copper-based wholesale services in Germany for 10 years. The Bundesnetzagentur published its final ruling on June 28, 2022, setting out the rates for unbundled local loop lines (ULLs) for the period from July 2022 to June 2032, for the first time for a period of 10 years. Starting July 1, 2022, a rate of EUR 10.65/month applies for the (longer) copper line section between the end customer and the main distribution frame in the Telekom building and of EUR 6.92/month for the (shorter) copper line section between the end customer and the cable distribution box on the street. These rates are to increase by 4 % as of July 1, 2027 to EUR 11.08/month and EUR 7.20/month, respectively.

Bundesnetzagentur's decision on access regulation including FTTH network access. On July 21, 2022, the Bundesnetzagentur published its decision on the future regulation of access to Deutsche Telekom's copper and fiber-optic network. The decision was preceded by consultations held at national and international level. Existing regulation of FTTH networks will be eased, by putting an end to "ex ante" and access regulation in the future. Non-discriminatory access will instead be secured under the Equivalence of Input (EoI) principle enshrined in the new Telecommunications Act (Telekommunikationsgesetz – TKG). Under the new system, wholesalers will have access to the same material and human resources as Deutsche Telekom's sales teams. The Bundesnetzagentur will further abolish the traditional "ex ante" regulation of layer 2 (VDSL) products and tie charges to a notification obligation. The commitment agreements agreed through the end of 2031 have been examined in more detail and have passed the replicability test. The decision also includes the requirement for Deutsche Telekom to grant access to ducts and poles. The specific access conditions will be determined in subsequent proceedings.

Awarding of spectrum

In the United States, the assignment phase of Auction 110 ended on January 4, 2022, at which the Federal Communications Commission (FCC) assigned 100 MHz in the 3,450 to 3,550 MHz band. T-Mobile US paid USD 2.9 billion (EUR 2.6 billion) to secure itself a total of 199 licenses. In the first quarter of 2022, OTE successfully participated in the auction for frequencies in the 430 MHz band in Greece, securing spectrum for around EUR 1.2 million. In Slovakia, the 3.x GHz auction was brought to a successful conclusion in May 2022, with Slovak Telekom securing 100 MHz for EUR 16 million. The four established mobile network operators agreed to a reshuffling of the 1,800 MHz band, which means they can each now use 2 x 20 MHz blocks of contiguous spectrum. In connection with the reshuffle, the spectrum licenses were extended for 15 years for a fee of EUR 8.9 million per network operator.

In Croatia, the regulatory authority is gearing up for a multi-band auction, expected to take place in the fourth quarter of 2022. Based on an initial consultation, this is likely to take the form of an SMRA auction. The rules are expected to be finalized and the award procedure to get under way by November/December 2022. As previously, Poland has made no further announcements regarding a new start date for the postponed auction for 3,400 to 3,800 MHz. The process is being held up by incomplete legislative procedures. It is still expected that four 80 MHz licenses, capped at 80 MHz, will be awarded by way of an SMRA. All further details of the auction are pending. In the Czech Republic, the procedure to extend T-Mobile Czech Republic's 2,100 MHz license, which will expire in 2024, was formally opened. A separate procedure to extend the 900/1,800 MHz GSM license, also expiring in 2024, is expected for 2023. Romania is planning the award of 5G spectrum in the 700 MHz; 1,500 MHz; 2,600 MHz; and 3,400 to 3,800 MHz bands, which is expected to take place in the second half of 2022. In the United States, the next Auction 108 for frequencies in the 2.5 GHz band began on July 29, 2022. In Germany, the usage rights for 800; 1,800; and 2,600 MHz are due to expire at the end of 2025. The Bundesnetzagentur still sees a considerable need for clarification on a range of issues. An award decision is therefore not expected before 2023.

The following table provides an overview of the main ongoing and planned spectrum awards and auctions as well as license extensions. It also indicates spectrum to be awarded in the near future in various countries.

Main spectrum awards

	Expected start of award procedure	Expected end of award procedure	Frequency ranges (MHz)	Planned award procedures	Updated information
Croatia	Q4 2022	Q1 2023	800/900/1,800/2,100/ 2,600/3,400 – 3,800/26,000	Auction (SMRA[a]), further details tbd	Unsold residual spectrum in 3,400 – 3,800 MHz and 26,000 MHz only if there is market interest.
Poland	H2 2022	H2 2022	3,400 – 3,800	Auction (SMRA[a]), 4 blocks of 80 MHz, capped at 80 MHz	New start delayed further due to political discussions on national security guidelines (Cyber Security Act).
Poland	Q4 2022	Q2 2023	700/2,100/26,000	Auction, details and timeline tbd	Plans for all bands still unclear due to discussions on award models, dependency on the adoption of security regulations, and standstill in 700 MHz border coordination talks with Russia.
Romania	H2 2022	H2 2022	700/1,500/2,600/ 3,400 – 3,800	Auction (SMRA[a]), starting prices published	Consultation held in July 2022; award expected in H2 2022.
Czech Republic	Q2 2023	Q4 2023	900/1,800/2,100	2,100 MHz extension procedure	TMCZ's 900/1,800 MHz GSM license and 2,100 MHz UMTS license will expire in 2024. Procedure to extend 900/1,800 MHz license expected in 2023. Procedure to extend 2,100 MHz license opened with consultation.
United States	Started	Q3 2022	2,496 – 2,690	Ascending clock auction[b]	Started on July 29, 2022

[a] SMRA: simultaneous (electronic) multi-round auction with ascending, parallel bids for all available frequency bands.

[b] Ascending clock auction: electronic multi-round auction with a clock phase to clarify the amount of spectrum in demand in the various areas and an assignment phase to determine the distribution of frequency band assignments between the bidders.

Development of business in the Group

This section provides additional information on, and explains recent changes to, the significant events and their effects on the development of business in the Group as described in the combined management report of the 2021 Annual Report.

Our business is not directly affected by the **war in Ukraine**. Deutsche Telekom does not operate any networks in Russia or Ukraine. Neither would a stop on gas deliveries from Russia directly impact on our network operations. Deutsche Telekom is discontinuing its developer activities in Russia. A team of software developers based mainly in St. Petersburg, who provide services for customers outside of Russia, have been offered work outside of Russia. We cannot yet assess with certainty how Deutsche Telekom will be indirectly affected, in particular by the impact on the global economy. The overall economic outlook has deteriorated significantly, above all as a result of the extensive sanctions, the limitations on trade in goods, and rising energy prices.

In addition, the development of the global economy continues to be impacted by the **coronavirus pandemic**. Although the pandemic has only had a limited negative impact on the telecommunications sector so far, if the global pandemic were to re-escalate, it could lead to prolonged and increased supply-side shortages. Based on experience so far, we expect the coronavirus pandemic to only impact our business to a limited extent going forward.

Results of operations of the Group

Revenue and earnings

millions of €

	H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Net revenue	**56,191**	**52,983**	**6.1**	**28,023**	**28,168**	**26,593**	**5.9**	**108,794**
Of which: service revenue	45,178	40,913	10.4	22,287	22,891	20,657	10.8	84,057
EBITDA AL (adjusted for special factors)	**19,763**	**18,662**	**5.9**	**9,873**	**9,891**	**9,418**	**5.0**	**37,330**
EBITDA AL	18,539	17,591	5.4	11,087	7,453	8,793	(15.2)	33,893
Depreciation, amortization and impairment losses	(14,335)	(13,623)	(5.2)	(6,765)	(7,570)	(6,781)	(11.6)	(27,482)
Profit (loss) from operations (EBIT)	**8,684**	**7,207**	**20.5**	**6,327**	**2,356**	**3,688**	**(36.1)**	**13,057**
Profit (loss) from financial activities	(1,523)	(2,170)	29.8	(890)	(634)	(495)	(28.1)	(5,139)
Profit (loss) before income taxes	7,160	5,037	42.1	5,438	1,723	3,193	(46.0)	7,918
Net profit (loss)	5,409	2,815	92.1	3,949	1,460	1,879	(22.3)	4,176
Net profit (loss) (adjusted for special factors)	4,683	3,315	41.3	2,238	2,445	2,113	15.7	5,862
Earnings per share (basic/diluted)	1.09	0.59	84.7	0.79	0.29	0.40	(27.5)	0.87
Adjusted earnings per share (basic/diluted)	**0.94**	**0.70**	**34.3**	**0.45**	**0.49**	**0.45**	**8.9**	**1.22**

In order to increase the informative value of the prior-year comparatives based on changes to the Company's structure or exchange rate effects, we also describe selected figures in **organic terms**, by adjusting the figures for the prior-year period for changes in the composition of the Group, exchange rate effects, and other effects. Due to changes in the composition of the Group, the figures for the prior-year period presented on an organic basis decreased in the Europe operating segment, mainly in connection with the sale of the Romanian fixed-network business as of September 30, 2021, and in the Group Development operating segment, in connection with the sale of T-Mobile Netherlands as of March 31, 2022. By contrast, the organic figures for the prior-year period in the United States operating segment increased in connection with the acquisition of Shentel as of July 1, 2021. The currency translation effects were primarily the result of the translation of U.S. dollars to euros.

Net revenue, service revenue

In the first half of 2022, we generated net revenue of EUR 56.2 billion, which was up EUR 3.2 billion or 6.1 % year-on-year. In organic terms, revenue increased by EUR 0.4 billion or 0.8 %, including positive net exchange rate effects of EUR 3.4 billion, with the aforementioned changes in the composition of the Group having the main net reducing effect of EUR 0.7 billion. Service revenue in the Group increased by EUR 4.3 billion or 10.4 % year-on-year to EUR 45.2 billion. In organic terms, service revenue increased by EUR 1.9 billion or 4.5 %.

For information on the extension of the definition of service revenue, please refer to the section "Group organization, strategy, and management."

Contribution of the segments to net revenue

millions of €

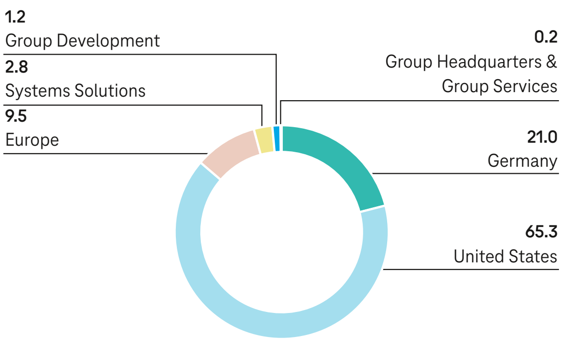
	H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Net revenue	**56,191**	**52,983**	**6.1**	**28,023**	**28,168**	**26,593**	**5.9**	**108,794**
Of which: service revenue	45,178	40,913	10.4	22,287	22,891	20,657	10.8	84,057
Germany	12,059	11,844	1.8	5,994	6,064	5,903	2.7	24,164
United States	36,673	33,126	10.7	18,048	18,626	16,643	11.9	68,359
Europe	5,451	5,551	(1.8)	2,704	2,747	2,823	(2.7)	11,384
Systems Solutions	2,001	2,021	(1.0)	996	1,005	1,006	(0.1)	4,019
Group Development	1,115	1,563	(28.7)	825	291	780	(62.7)	3,165
Group Headquarters & Group Services	1,220	1,296	(5.9)	604	616	671	(8.2)	2,515
Intersegment revenue	(2,329)	(2,419)	3.7	(1,147)	(1,182)	(1,232)	4.1	(4,812)

Our United States operating segment in particular contributed to the positive revenue trend with an increase of 10.7 %, mainly due to exchange rate effects. In organic terms, revenue remained more or less at the prior-year level, with higher service revenue being offset by lower terminal equipment revenues. Revenue in our home market of Germany was up on the prior-year level, increasing by 1.8 %. This was mainly driven by an increase in revenue in the fixed-network core business, primarily due to broadband business, and in mobile service revenues. In our Europe operating segment, revenue decreased by 1.8 % year-on-year in the first half of 2022, mainly due to the sale of the Romanian fixed-network business. In organic terms, however, revenue increased by 4.2 %. Organic growth was mainly driven by the strong performance of the mobile business, especially the increase in higher-margin mobile service revenues, increases in roaming and visitor revenues, and volume-driven increases in revenues from terminal equipment sales. The development of fixed-network service revenues improved. Revenue in our Systems Solutions operating segment was down 1.0 % year-on-year; in organic terms, it was down 0.6 %. This decrease was mainly driven by the expected decline in traditional IT infrastructure business, due in part to deliberate business decisions such as the reduction in end-user services. The positive trends, especially in the Digital Solutions portfolio unit, did not fully offset this decrease. Revenue in our Group Development operating segment declined by 28.7 % compared with the prior-year period, mainly due to the sale of T-Mobile Netherlands. In organic terms, it increased by 5.8 %, thanks to the operational and structural growth of the GD Towers business unit.

For further information on revenue development in our segments, please refer to the section “Development of business in the operating segments.”

Contribution of the segments to net revenue[a]

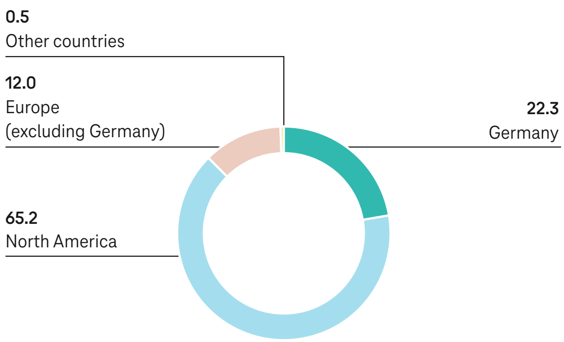
%



[a] For further information on net revenue, please refer to the section “Segment reporting” in the interim consolidated financial statements.

Breakdown of revenue by region

%



At 65.3 %, our United States operating segment again provided by far the largest contribution to net revenue of the Group, up 2.8 percentage points above the level in the prior-year period. The proportion of net revenue generated internationally also increased from 76.5 % to 77.7 %.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased year-on-year by EUR 1.1 billion or 5.9 % to EUR 19.8 billion in the first half of 2022. In organic terms, adjusted EBITDA AL increased by EUR 0.1 billion or 0.7 %, including positive net exchange rate effects of EUR 1.2 billion, and with changes in the composition of the Group having a net reducing effect of EUR 0.2 billion. Adjusted core EBITDA AL, i.e., adjusted EBITDA AL excluding revenue from terminal equipment leases in the United States, thereby presenting operational development undistorted by the strategic withdrawal from the terminal equipment lease business, increased by EUR 2.0 billion or 11.5 % to EUR 19.0 billion.

Contribution of the segments to adjusted Group EBITDA AL

millions of €

	H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
EBITDA AL (adjusted for special factors) in the Group	**19,763**	**18,662**	**5.9**	**9,873**	**9,891**	**9,418**	**5.0**	**37,330**
Germany	4,815	4,659	3.3	2,388	2,426	2,354	3.1	9,520
United States	12,509	11,444	9.3	6,172	6,337	5,737	10.5	22,697
Europe	1,961	1,940	1.1	976	986	994	(0.8)	4,007
Systems Solutions	155	134	15.7	73	82	72	13.9	286
Group Development	519	634	(18.1)	356	164	318	(48.4)	1,307
Group Headquarters & Group Services	(185)	(105)	(76.2)	(85)	(100)	(21)	n.a.	(440)
Reconciliation	(11)	(45)	75.6	(7)	(3)	(37)	91.9	(47)

All operating segments, with the exception of Group Development – where development was affected by the sale of T-Mobile Netherlands – made a positive contribution to the development of adjusted EBITDA AL. In our United States operating segment, adjusted EBITDA AL increased by 9.3 %, essentially due to exchange rate effects. In organic terms, adjusted EBITDA AL declined by 1.3 % year-on-year. Adjusted core EBITDA AL increased by EUR 1.9 billion or 19.6 % to EUR 11.7 billion. Our Germany operating segment contributed to the increase thanks to high-value revenue growth and improved cost efficiency with 3.3 % higher adjusted EBITDA AL. In organic terms, too, adjusted EBITDA AL grew by 3.3 % year-on-year. Adjusted EBITDA AL in our Europe operating segment increased by 1.1 %. In organic terms, adjusted EBITDA AL grew by 5.7 %, again making a significant positive contribution to earnings. Organic revenue growth was more than sufficient to offset the increases in indirect costs in particular. In our Systems Solutions operating segment, adjusted EBITDA AL increased by 15.7 % and, in organic terms also by 15.7 %. Efficiency effects from our transformation program and increased revenue in our growth areas exceeded the decline in earnings in the traditional IT infrastructure business. Adjusted EBITDA AL in our Group Development operating segment declined by 18.1 % year-on-year due to the sale of T-Mobile Netherlands as of March 31, 2022. In organic terms, it increased by 15.0 %, since the GD Towers business posted consistent growth on the back of rising volumes and was further strengthened by the development of the Austrian cell tower business.

EBITDA AL increased by EUR 0.9 billion or 5.4 % year-on-year to EUR 18.5 billion, with special factors changing from EUR -1.1 billion to EUR -1.2 billion. Expenses incurred in connection with staff restructuring totaled EUR 0.6 billion, up EUR 0.1 billion against the prior-year level. Net expenses of EUR 0.1 billion were recorded as special factors under effects of deconsolidations, disposals and acquisitions. These effects included income of EUR 1.7 billion from the deconsolidation of GlasfaserPlus and a further EUR 0.9 billion from the sale of T-Mobile Netherlands. Net expenses of EUR 2.8 billion, mainly in connection with integration costs incurred as a result of the merger of T-Mobile US and Sprint, had an offsetting effect. These expenses included in particular discounts on terminal equipment for former Sprint customers whose devices can no longer be used in the T-Mobile US mobile network, and expenses arising in connection with the decommissioning of the Sprint mobile network. The latter primarily comprise additional depreciation, amortization and impairment losses from reductions in the useful lives of leased network technology for cell sites in the United States. In the prior-year period, net expenses of EUR 0.6 billion were recorded as special factors under effects of deconsolidations, disposals and acquisitions. These expenses also related to the business combination with Sprint and were partially offset by income from the sale of the Dutch cell tower business. The impairment losses amounted to EUR 0.2 billion and mainly related to right-of-use assets used in connection with the former Sprint's fiber-optic-based wireline network. Other special factors affecting EBITDA AL amounted to EUR -0.3 billion and included expenses of EUR 0.4 billion for the settlement reached and the further proceedings pending in consequence of the cyberattack on T-Mobile US, offset by payments on account from insurance companies of EUR 0.1 billion in connection with damage sustained in the catastrophic flooding in North Rhine-Westphalia and Rhineland Palatinate in July 2021.

For further information on the development of (adjusted) EBITDA AL in our segments, please refer to the section "Development of business in the operating segments."

A reconciliation of the definition of EBITDA with the “after leases” indicator (EBITDA AL) can be found in the following table:

millions of €	H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
EBITDA	23,019	20,830	10.5	13,092	9,927	10,469	(5.2)	40,539
Depreciation of right-of-use assets[a]	(3,770)	(2,683)	(40.5)	(1,654)	(2,116)	(1,399)	(51.3)	(5,547)
Interest expenses on recognized lease liabilities[a]	(710)	(556)	(27.7)	(351)	(358)	(277)	(29.2)	(1,099)
EBITDA AL	**18,539**	**17,591**	**5.4**	**11,087**	**7,453**	**8,793**	**(15.2)**	**33,893**
Special factors affecting EBITDA AL	(1,224)	(1,072)	(14.2)	1,214	(2,438)	(625)	n.a.	(3,437)
EBITDA AL (adjusted for special factors)	**19,763**	**18,662**	**5.9**	**9,873**	**9,891**	**9,418**	**5.0**	**37,330**

[a] Excluding finance leases at T-Mobile US.

Profit/loss from operations (EBIT)

Group EBIT increased to EUR 8.7 billion, up EUR 1.5 billion or 20.5 % against the prior-year period. This increase is due in particular to the effects described under adjusted EBITDA AL and EBITDA AL in connection with the gains on deconsolidation. At EUR 14.3 billion, depreciation, amortization and impairment losses were EUR 0.7 billion higher than in the prior-year period, with depreciation and amortization increasing by EUR 0.3 billion. In the United States operating segment, a reduction in the useful life of leased network technology for cell sites following the business combination of T-Mobile US and Sprint increased depreciation of the corresponding right-of-use assets by EUR 1.1 billion. By contrast, depreciation on property, plant and equipment in the United States operating segment declined due to the ongoing strategic withdrawal from the terminal equipment lease business. In the Group Development operating segment, depreciation and amortization were down on the prior-year level in connection with the fact that T-Mobile Netherlands had been held for sale until it was sold and accordingly the related depreciation and amortization had been suspended, and in connection with the subsequent sale of T-Mobile Netherlands. Impairment losses increased year-on-year by EUR 0.4 billion to EUR 0.5 billion. The impairment losses recorded in the reporting period mainly related to assets of the former Sprint’s fiber-optic-based fixed network.

Profit before income taxes

Profit before income taxes increased by EUR 2.1 billion to EUR 7.2 billion. Loss from financial activities decreased year-on-year from EUR 2.2 billion to EUR 1.5 billion, with other financial income improving from EUR 0.2 billion to EUR 1.0 billion. This was thanks in particular to positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future and to less pronounced negative measurement effects from derivatives of T-Mobile US embedded in bonds compared with the prior-year period. Positive measurement effects from the amortization and subsequent measurement of the stock options to buy shares in T-Mobile US received from SoftBank in June 2020 were slightly up on the prior-year level. The interest component from the measurement of provisions and liabilities increased by EUR 0.4 billion. However, finance costs also increased from EUR 2.3 billion to EUR 2.5 billion.

Net profit, adjusted net profit

Net profit increased year-on-year by EUR 2.6 billion to EUR 5.4 billion. The tax expense increased by EUR 0.2 billion to EUR 1.4 billion. Profit attributable to non-controlling interests decreased by EUR 0.6 billion to EUR 0.3 billion, with the decrease being primarily attributable to our United States operating segment. Excluding special factors, which had a positive overall effect of EUR 0.7 billion on net profit, adjusted net profit in the first half of 2022 amounted to EUR 4.7 billion, up EUR 1.4 billion against the prior-year period.

For further information on tax expense, please refer to the section “Income taxes” in the interim consolidated financial statements.

The following table presents the reconciliation of net profit to net profit adjusted for special factors:

millions of €	H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Net profit (loss)	**5,409**	**2,815**	**92.1**	**3,949**	**1,460**	**1,879**	**(22.3)**	**4,176**
Special factors affecting EBITDA AL	(1,224)	(1,072)	(14.2)	1,214	(2,438)	(625)	n.a.	(3,437)
Staff-related measures	(569)	(439)	(29.6)	(183)	(386)	(268)	(44.0)	(717)
Non-staff-related restructuring	(46)	(9)	n.a.	(9)	(37)	(5)	n.a.	(22)
Effects of deconsolidations, disposals and acquisitions	(99)	(592)	83.3	1,333	(1,433)	(346)	n.a.	(2,542)
Impairment losses	(201)	0	n.a.	(4)	(197)	0	n.a.	0
Other	(308)	(31)	n.a.	77	(385)	(5)	n.a.	(156)
Special factors affecting net profit	1,949	573	n.a.	496	1,453	391	n.a.	1,751
Impairment losses	(341)	(132)	n.a.	(30)	(310)	(61)	n.a.	(258)
Profit (loss) from financial activities	24	(11)	n.a.	21	3	1	n.a.	(139)
Income taxes	782	364	n.a.	4	778	234	n.a.	1,064
Non-controlling interests	1,484	351	n.a.	502	982	217	n.a.	1,084
Special factors	**726**	**(499)**	**n.a.**	**1,710**	**(985)**	**(234)**	**n.a.**	**(1,686)**
Net profit (loss) (adjusted for special factors)	**4,683**	**3,315**	**41.3**	**2,238**	**2,445**	**2,113**	**15.7**	**5,862**

Earnings per share, adjusted earnings per share

Earnings per share is calculated as net profit divided by the weighted average number of ordinary shares outstanding, which totaled 4,972 million as of June 30, 2022. This resulted in earnings per share of EUR 1.09, compared with EUR 0.59 in the prior-year period. Earnings per share adjusted for special factors affecting net profit amounted to EUR 0.94 compared with EUR 0.70 in the prior-year period.

Special factors

The following table presents a reconciliation of EBITDA AL, EBIT, and net profit to the respective figures adjusted for special factors:

millions of €	EBITDA AL H1 2022	EBIT H1 2022	EBITDA AL H1 2021	EBIT H1 2021	EBITDA AL FY 2021	EBIT FY 2021
EBITDA AL/EBIT	**18,539**	**8,684**	**17,591**	**7,207**	**33,893**	**13,057**
Germany	**1,409**	**1,409**	**(271)**	**(271)**	**(588)**	**(588)**
Staff-related measures	(274)	(274)	(248)	(248)	(471)	(471)
Non-staff-related restructuring	(3)	(3)	(6)	(6)	(12)	(12)
Effects of deconsolidations, disposals and acquisitions	1,634	1,634	(2)	(2)	(3)	(3)
Impairment losses	0	0	0	0	0	0
Other	51	51	(16)	(16)	(102)	(102)
United States	**(3,454)**	**(3,745)**	**(750)**	**(808)**	**(2,637)**	**(2,692)**
Staff-related measures	(124)	(124)	(17)	(17)	(16)	(16)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(2,750)	(2,791)	(733)	(733)	(2,621)	(2,618)
Impairment losses	(200)	(452)	0	(57)	0	(58)
Other	(379)	(379)	0	0	0	0
Europe	**(18)**	**(18)**	**(25)**	**(25)**	**11**	**11**
Staff-related measures	(44)	(44)	(18)	(18)	83	83
Non-staff-related restructuring	0	0	(1)	(1)	(1)	(1)
Effects of deconsolidations, disposals and acquisitions	5	5	(3)	(3)	(39)	(39)
Impairment losses	0	0	0	0	0	0
Other	21	21	(3)	(3)	(32)	(32)

millions of €	EBITDA AL H1 2022	EBIT H1 2022	EBITDA AL H1 2021	EBIT H1 2021	EBITDA AL FY 2021	EBIT FY 2021
Systems Solutions	**(69)**	**(88)**	**(127)**	**(160)**	**(213)**	**(393)**
Staff-related measures	(49)	(49)	(76)	(76)	(148)	(148)
Non-staff-related restructuring	0	0	(1)	(1)	(3)	(3)
Effects of deconsolidations, disposals and acquisitions	(2)	(2)	(39)	(39)	(39)	(39)
Impairment losses	0	(19)	0	(33)	0	(180)
Other	(17)	(17)	(12)	(12)	(24)	(24)
Group Development	**906**	**906**	**182**	**182**	**173**	**173**
Staff-related measures	(2)	(2)	(6)	(6)	(8)	(8)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	909	909	189	189	184	184
Impairment losses	0	0	0	0	0	0
Other	(1)	(1)	(2)	(2)	(3)	(3)
Group Headquarters & Group Services	**1**	**(21)**	**(81)**	**(95)**	**(182)**	**(203)**
Staff-related measures	(76)	(76)	(75)	(75)	(157)	(157)
Non-staff-related restructuring	(43)	(43)	(2)	(2)	(7)	(7)
Effects of deconsolidations, disposals and acquisitions	104	104	(5)	(5)	(23)	(23)
Impairment losses	(1)	(23)	0	(14)	0	(21)
Other	17	17	1	1	5	5
Group	**(1,224)**	**(1,557)**	**(1,072)**	**(1,176)**	**(3,437)**	**(3,692)**
Staff-related measures	(569)	(569)	(439)	(439)	(717)	(717)
Non-staff-related restructuring	(46)	(46)	(9)	(9)	(22)	(22)
Effects of deconsolidations, disposals and acquisitions	(99)	(140)	(592)	(592)	(2,542)	(2,538)
Impairment losses	(201)	(494)	0	(104)	0	(258)
Other	(308)	(308)	(31)	(31)	(156)	(156)
EBITDA AL/EBIT (adjusted for special factors)	**19,763**	**10,240**	**18,662**	**8,383**	**37,330**	**16,749**
Profit (loss) from financial activities (adjusted for special factors)		(1,540)		(2,131)		(4,998)
Profit (loss) before income taxes (adjusted for special factors)		**8,700**		**6,251**		**11,752**
Income taxes (adjusted for special factors)		(2,193)		(1,626)		(2,879)
Profit (loss) (adjusted for special factors)		**6,507**		**4,626**		**8,873**
Profit (loss) (adjusted for special factors) attributable to						
Owners of the parent (net profit (loss)) (adjusted for special factors)		4,683		3,315		5,862
Non-controlling interests (adjusted for special factors)		1,824		1,311		3,011

Employees

Headcount development

	June 30, 2022	Dec. 31, 2021	Change	Change %
FTEs in the Group	**210,595**	**216,528**	**(5,933)**	**(2.7)**
Of which: civil servants (in Germany, with an active service relationship)	8,889	9,653	(764)	(7.9)
Germany	58,794	60,189	(1,395)	(2.3)
United States	68,826	71,094	(2,268)	(3.2)
Europe	34,689	35,319	(630)	(1.8)
Systems Solutions	28,187	27,754	433	1.6
Group Development	829	2,674	(1,845)	(69.0)
Group Headquarters & Group Services	19,270	19,498	(228)	(1.2)

As of June 30, 2022, the Group's headcount was down by 2.7 % compared with the end of 2021. In our Germany operating segment, the number of employees declined by 2.3 % against year-end 2021, largely due to the take-up of socially responsible instruments as part of staff restructuring activities, such as dedicated retirement and phased retirement. The total number of full-time equivalent employees in the United States operating segment decreased by 3.2 % from June 30, 2022 compared to December 31, 2021 – primarily due to intentional headcount rationalization to manage costs. In our Europe operating segment, the headcount was down slightly by 1.8 % compared with the end of the prior year, in particular in Croatia, Slovakia, and Poland. The headcount in our Systems Solutions operating segment was up 1.6 % against the end of 2021. The effect on headcount of our efficiency enhancement measures was more than offset by increased staff requirements in our growth areas. In the Group Development operating segment, the sharp year-on-year decrease in headcount of 69.0 % was due to the sale of T-Mobile Netherlands as of March 31, 2022. The headcount in the Group Headquarters & Group Services segment was down 1.2 % compared with the end of 2021, mainly due to ongoing staff restructuring at Vivento.

Financial position of the Group

Condensed consolidated statement of financial position

millions of €

	June 30, 2022	%	Dec. 31, 2021	Change	June 30, 2021
Assets					
Cash and cash equivalents	5,281	1.8	7,617	(2,336)	8,861
Trade receivables	16,853	5.6	15,299	1,554	13,968
Intangible assets	144,544	47.9	132,647	11,897	128,431
Property, plant and equipment	65,185	21.6	61,770	3,415	60,439
Right-of-use assets	38,061	12.6	30,777	7,284	30,624
Current and non-current financial assets	9,394	3.1	8,888	506	9,072
Deferred tax assets	8,604	2.9	7,906	698	7,752
Non-current assets and disposal groups held for sale	99	0.0	4,856	(4,757)	664
Other assets	13,665	4.5	11,867	1,798	10,693
Total assets	**301,686**	**100.0**	**281,627**	**20,059**	**270,504**
Liabilities and shareholders' equity					
Current and non-current financial liabilities	114,506	38.0	111,466	3,040	109,690
Current and non-current lease liabilities	42,525	14.1	33,133	9,392	33,263
Trade and other payables	11,179	3.7	10,452	727	8,342
Provisions for pensions and other employee benefits	3,913	1.3	6,134	(2,221)	5,925
Current and non-current other provisions	8,378	2.8	9,463	(1,085)	8,575
Deferred tax liabilities	22,925	7.6	19,809	3,116	18,257
Liabilities directly associated with non-current assets and disposal groups held for sale	0	0.0	1,365	(1,365)	271
Other liabilities	9,768	3.2	8,336	1,432	9,181
Shareholders' equity	88,492	29.3	81,469	7,023	77,000
Total liabilities and shareholders' equity	**301,686**	**100.0**	**281,627**	**20,059**	**270,504**

Total assets amounted to EUR 301.7 billion as of June 30, 2022, up by EUR 20.1 billion against December 31, 2021. Exchange rate effects in particular, primarily from the translation of U.S. dollars into euros, had an increasing effect. This increase is also due to the sustained high level of investing activities including, among other investments, spectrum acquisitions in the United States operating segment. The agreement signed between T-Mobile US and Crown Castle on the modification of existing arrangements concerning the lease of cell sites also increased total assets. Total assets were reduced due to the sale of T-Mobile Netherlands.

On the assets side, **trade receivables** amounted to EUR 16.9 billion, up by EUR 1.6 billion against the 2021 year-end. In the United States operating segment, the increase in receivables was mainly due to exchange rate effects. The increase in receivables there was also attributable to the Equipment Installment Plan and customer additions. The carrying amount also increased as a result of higher receivables in the Germany operating segment.

Intangible assets increased by EUR 11.9 billion to EUR 144.5 billion, due in particular to exchange rate effects of EUR 10.0 billion, primarily from the translation of U.S. dollars into euros. The carrying amount was further increased by additions of EUR 5.1 billion, EUR 2.7 billion of which related to the acquisition of mobile spectrum and resulted almost entirely from the 199 mobile licenses acquired in January 2022 at the 3,450 MHz auction held by the Federal Communications Commission (FCC). Positive effects from changes in the composition of the Group also contributed EUR 0.1 billion to the increase in the carrying amount, while amortization and impairment losses totaling EUR 3.3 billion and disposals of EUR 0.1 billion reduced the carrying amount.

Property, plant and equipment increased by EUR 3.4 billion to EUR 65.2 billion compared to December 31, 2021. Additions of EUR 8.5 billion for the upgrade and build-out of the network and in connection with the broadband/fiber-optic build-out and mobile infrastructure build-out increased the carrying amount. The modification of the arrangements between T-Mobile US and Crown Castle for existing cell sites increased the carrying amount by EUR 0.8 billion. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 2.5 billion. Reclassifications of lease assets upon expiry of the contractual lease term to property, plant and equipment, in the United States operating segment in particular, increased the carrying amount by EUR 0.2 billion, while depreciation and impairment losses of EUR 6.9 billion had an offsetting effect. This includes impairment losses of EUR 0.2 billion, relating to the impairment test of the former Sprint's fiber-optic-based wireline assets carried out as of June 30, 2022. Disposals of EUR 0.7 billion also reduced the carrying amount.

Compared with December 31, 2021, **right-of-use assets** increased by EUR 7.3 billion to EUR 38.1 billion. The increase of the carrying amount was driven by additions of EUR 8.9 billion, primarily as a result of the agreement signed between T-Mobile US and Crown Castle on the modification of existing arrangements, mainly concerning the lease of Crown Castle's cell sites. As a result of the modification of the arrangements, right-of-use assets increased by EUR 6.6 billion. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 2.8 billion. Depreciation, amortization and impairment losses of EUR 4.1 billion reduced the carrying amount. This included a EUR 1.1 billion increase in depreciation and amortization due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint. This also includes impairment losses of EUR 0.2 billion, relating to the impairment test of the former Sprint's fiber-optic-based wireline assets carried out as June 30, 2022. Reclassifications of lease assets upon expiry of the contractual lease term to property, plant and equipment, in the United States operating segment in particular, also reduced the carrying amount by EUR 0.2 billion. Disposals of EUR 0.1 billion also reduced the carrying amount.

Current and non-current **financial assets** increased by EUR 0.5 billion to EUR 9.4 billion. Originated loans and receivables increased by EUR 0.2 billion to EUR 3.6 billion. A contingent consideration receivable of EUR 0.4 billion was recorded in connection with the sale of a 50 % stake in GlasfaserPlus. Cash collateral also increased. In connection with receivables from grants still to be received from funding projects for the broadband build-out in Germany, originated loans and receivables increased by EUR 0.2 billion. The carrying amount of derivatives with a hedging relationship decreased by EUR 0.5 billion to EUR 1.0 billion, mainly due to the decrease in positive fair values from interest rate swaps in fair value hedges, which is primarily the result of a significant increase in the interest rate level. A net increase from EUR 1.2 billion to EUR 1.4 billion was recorded in the carrying amount of derivatives without a hedging relationship. This was due to an increase of EUR 0.4 billion in the carrying amount of interest rate and currency derivatives due to exchange rate effects (primarily from the strengthening of the U.S. dollar against the euro). The carrying amount was also increased by positive measurement effects of EUR 0.1 billion from energy forward agreements embedded in contracts. In connection with negative measurement effects from derivatives embedded in bonds issued by T-Mobile US, the carrying amount of derivatives without a hedging relationship decreased by EUR 0.4 billion.

Non-current assets and disposal groups held for sale decreased by EUR 4.8 billion compared with December 31, 2021 to EUR 0.1 billion. EUR 4.7 billion of this decrease related to the sale of T-Mobile Netherlands as of March 31, 2022 and EUR 0.1 billion to the sale of the 50 % stake in GlasfaserPlus as of February 28, 2022. Both these companies were classified as held for sale as of December 31, 2021 on account of the specific intention to sell them.

For further information on these corporate transactions and others, please refer to the section "Group organization, strategy, and management."

Other assets increased by EUR 1.8 billion to EUR 13.7 billion, EUR 1.1 billion of which was due to the increase in the carrying amount of investments accounted for using the equity method, essentially as a result of the sale of the 50 % stake in GlasfaserPlus. Following the loss of control from an accounting perspective as a result of the transaction, GlasfaserPlus was deconsolidated as of February 28, 2022. Since this date, the remaining 50 % of the shares in the joint venture have been included in the consolidated financial statements as an investment accounted for using the equity method. The carrying amount of the investment amounted to EUR 1.0 billion as of June 30, 2022. Inventories increased by EUR 0.1 billion, mainly due to higher inventories of high-priced mobile terminal equipment in the Germany operating segment. Exchange rate effects, mainly from the translation from U.S. dollars into euros, also increased the carrying amount. By contrast, inventories in the United States operating segment declined in particular due to a lack of new, high-priced devices being launched on the market.

On the liabilities and shareholders' equity side, current and non-current **financial liabilities** increased by EUR 3.0 billion compared with the end of 2021 to a total of EUR 114.5 billion. The carrying amount of bonds and other securitized liabilities increased by EUR 2.1 billion. Exchange rate effects, especially from the translation of U.S. dollars into euros, increased the carrying amount of bonds and other securitized liabilities by EUR 6.1 billion. Repayments by T-Mobile US of a bond with a volume of USD 0.5 billion (EUR 0.5 billion) and in the Group of a EUR bond with a volume of EUR 0.1 billion and a GBP bond with a volume of EUR 0.7 billion (EUR 0.8 billion) reduced the carrying amount. In addition, the carrying amount of bonds and other securitized liabilities decreased by EUR 2.4 billion in connection with measurement effects from derivatives with a hedging relationship, the offsetting entry for which is posted under bonds and other securitized liabilities. The carrying amount of other interest-bearing liabilities decreased by EUR 0.3 billion compared with December 31, 2021 to EUR 7.5 billion. In connection with cash collateral received for derivative financial instruments, the carrying amount of other interest-bearing liabilities decreased by a total of EUR 1.3 billion. The modification of the arrangements between T-Mobile US and Crown Castle regarding cell sites increased the carrying amount by EUR 0.8 billion. Negative measurement effects of derivatives with a hedging relationship increased the carrying amount, mainly due to the increase in negative fair values from interest rate swaps in fair value hedges, which is primarily the result of a significant increase in the interest rate level. The carrying amount was reduced by positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future.

Current and non-current **lease liabilities** increased by EUR 9.4 billion to EUR 42.5 billion compared with December 31, 2021. This increase primarily relates to the modification of the arrangements between T-Mobile US and Crown Castle, which resulted in an increase in the carrying amounts of lease liabilities of EUR 6.6 billion. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised lease liabilities by EUR 3.1 billion. By contrast, the carrying amount was reduced by EUR 0.1 billion, in part in connection with the decommissioning of former Sprint cell sites and the closure of some former Sprint shops in the United States operating segment. The carrying amount was also reduced by the decline of EUR 0.1 billion in the Group Headquarters & Group Services segment.

Trade and other payables increased by EUR 0.7 billion to EUR 11.2 billion, due in particular to higher liabilities in the Germany, United States, and Systems Solutions operating segments. In the United States operating segment, the increase was attributable to exchange rate effects. By contrast, liabilities to terminal equipment vendors, among others, declined in this segment. In the Europe operating segment, liabilities declined slightly.

Provisions for pensions and other employee benefits decreased by EUR 2.2 billion compared with December 31, 2021 to EUR 3.9 billion, mainly due to interest rate adjustments. The development of the fair values of plan assets had an offsetting effect. Overall, the remeasurement of defined benefit plans resulted in an actuarial gain of EUR 2.1 billion.

Current and non-current **other provisions** decreased by EUR 1.1 billion compared with the end of 2021 to EUR 8.4 billion. Other provisions for personnel costs decreased by EUR 1.0 billion, mainly in connection with the performance-based remuneration components for the prior year paid out to employees in the first half of 2022 and a decline in the provision recognized for the Civil Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK). The latter was primarily attributable to the subsequent measurement of the present value determined using actuarial principles (interest effect). The provisions for restoration obligations decreased by EUR 0.4 billion. By contrast, the provisions for litigation risks increased by a net amount of EUR 0.3 billion. This included EUR 0.4 billion in connection with the settlement reached and the further proceedings pending in consequence of the cyberattack on T-Mobile US.

Liabilities directly associated with non-current assets and disposal groups held for sale decreased by EUR 1.4 billion against December 31, 2021 to EUR 0.0 billion in connection with the sale of T-Mobile Netherlands as of March 31, 2022.

Other liabilities increased by EUR 1.4 billion compared to December 31, 2021 to EUR 9.8 billion, mainly due to an increase in other liabilities of EUR 0.8 billion, driven by an increase in liabilities from other taxes of EUR 0.4 billion. In addition, income tax liabilities increased by EUR 0.3 billion.

Shareholders' equity increased from EUR 81.5 billion as of December 31, 2021 to EUR 88.5 billion. Profit of EUR 5.7 billion, other comprehensive income of EUR 7.8 billion, and capital increases from share-based payments of EUR 0.3 billion contributed to this increase. Shareholders' equity was reduced in connection with dividend payments for the 2021 financial year to Deutsche Telekom AG shareholders in the amount of EUR 3.2 billion and to other shareholders of subsidiaries in the amount of EUR 0.2 billion. Transactions with owners also reduced the carrying amount by EUR 2.9 billion – mainly due to the acquisition of additional T-Mobile US shares to increase the stake. Changes in the composition of the Group – mainly due to the sale of T-Mobile Netherlands in the Group Development operating segment – reduced the carrying amount of shareholders' equity by EUR 0.6 billion.

For further information on the statement of financial position, please refer to the section "Selected notes to the consolidated statement of financial position" in the interim consolidated financial statements.

Calculation of net debt

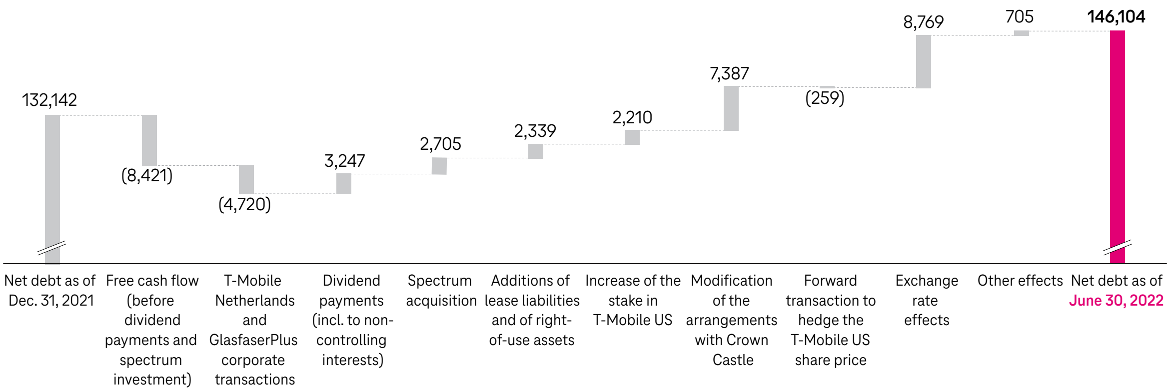
millions of €

	June 30, 2022	Dec. 31, 2021[a]	Change	Change %	June 30, 2021
Bonds and other securitized liabilities	95,953	93,857	2,096	2.2	91,749
Liabilities to banks	3,999	4,003	(4)	(0.1)	4,480
Other financial liabilities	14,554	13,730	824	6.0	13,461
Lease liabilities	42,525	33,767	8,758	25.9	33,263
Financial liabilities and lease liabilities	**157,032**	**145,357**	**11,675**	**8.0**	**142,953**
Accrued interest	(1,023)	(1,012)	(11)	(1.1)	(1,017)
Other	(994)	(855)	(139)	(16.3)	(934)
Gross debt	**155,015**	**143,490**	**11,525**	**8.0**	**141,002**
Cash and cash equivalents	5,281	7,617	(2,336)	(30.7)	8,861
Derivative financial assets	2,369	2,762	(393)	(14.2)	3,650
Other financial assets	1,261	969	292	30.1	519
Net debt	**146,104**	**132,142**	**13,962**	**10.6**	**127,972**

[a] Including the net debt of T-Mobile Netherlands included under liabilities directly associated with non-current assets and disposal groups held for sale as of December 31, 2021.

Changes in net debt

millions of €



The modification of the arrangements between T-Mobile US and Crown Castle resulted in an overall increase in net debt of EUR 7.4 billion, due to an increase in right-of-use assets and in lease liabilities of EUR 6.6 billion each and an increase in property, plant and equipment and in other financial liabilities of EUR 0.8 billion each. Other effects included a large number of smaller effects.

Calculation of free cash flow AL

millions of €

	H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Net cash from operating activities	**17,979**	**16,387**	**9.7**	**9,358**	**8,621**	**8,080**	**6.7**	**32,171**
Intangible assets	(4,679)	(10,089)	53.6	(3,551)	(1,128)	(1,016)	(11.0)	(12,749)
Property, plant and equipment	(7,579)	(6,505)	(16.5)	(3,621)	(3,958)	(3,306)	(19.7)	(13,616)
Cash capex	(12,259)	(16,593)	26.1	(7,173)	(5,086)	(4,322)	(17.7)	(26,366)
Spectrum investment	2,616	8,024	(67.4)	2,514	102	35	n.a.	8,388
Cash capex (before spectrum investment)	**(9,642)**	**(8,570)**	**(12.5)**	**(4,658)**	**(4,984)**	**(4,287)**	**(16.3)**	**(17,978)**
Proceeds from the disposal of intangible assets (excluding goodwill) and property, plant and equipment	84	105	(20.0)	50	34	58	(41.4)	139
Free cash flow (before dividend payments and spectrum investment)	**8,421**	**7,923**	**6.3**	**4,750**	**3,671**	**3,851**	**(4.7)**	**14,332**
Principal portion of repayment of lease liabilities[a]	(1,881)	(2,573)	26.9	(969)	(912)	(1,085)	15.9	(5,521)
Free cash flow AL (before dividend payments and spectrum investment)	**6,540**	**5,350**	**22.2**	**3,781**	**2,759**	**2,766**	**(0.3)**	**8,810**

[a] Excluding finance leases at T-Mobile US.

Free cash flow AL (before dividend payments and spectrum investment) increased from EUR 5.4 billion in the prior-year period to EUR 6.5 billion. The following effects impacted on this development:

Net cash from operating activities increased by EUR 1.6 billion to EUR 18.0 billion on the back of the good business performance. EUR 0.1 billion lower income tax payments were offset by EUR 0.1 billion higher net interest payments.

Cash capex (before spectrum investment) increased from EUR 8.6 billion to EUR 9.6 billion. Cash capex in the United States operating segment increased by EUR 1.1 billion to EUR 6.4 billion, mainly as a result of the ongoing build-out of the 5G network and due to exchange rate effects, primarily from the translation of U.S. dollars into euros. In the Germany operating segment, capital expenditure totaled around EUR 1.8 billion in the first half of 2022, EUR 0.1 billion more than in the prior-year period, with much of this figure going towards the build-out of our fiber-optic and 5G networks. In the Europe operating segment, our investments remained stable at EUR 0.8 billion. Here, we also continue to invest in the provision of broadband and fiber-optic technology and in 5G as part of our integrated network strategy.

The decrease in the principal portion of repayment of lease liabilities was due in particular to payments for leases in the United States operating segment.

For further information on the statement of cash flows, please refer to the section "Notes to the consolidated statement of cash flows" in the interim consolidated financial statements.

Development of business in the operating segments

Germany

Customer development

thousands

	June 30, 2022	Mar. 31, 2022	Change June 30, 2022/ Mar. 31, 2022 %	Dec. 31, 2021	Change June 30, 2022/ Dec. 31, 2021 %	June 30, 2021	Change June 30, 2022/ June 30, 2021 %
Mobile customers	54,551	53,968	1.1	53,211	2.5	50,272	8.5
Contract customers	23,402	23,165	1.0	23,129	1.2	22,682	3.2
Prepaid customers	31,149	30,803	1.1	30,081	3.6	27,590	12.9
Fixed-network lines	17,437	17,480	(0.2)	17,525	(0.5)	17,555	(0.7)
Retail broadband lines	14,578	14,533	0.3	14,478	0.7	14,304	1.9
Of which: optical fiber	10,836	10,584	2.4	10,379	4.4	9,971	8.7
Television (IPTV, satellite)	4,039	4,018	0.5	4,001	0.9	3,933	2.7
Unbundled local loop lines (ULLs)	3,351	3,487	(3.9)	3,622	(7.5)	3,853	(13.0)
Wholesale broadband lines	8,001	7,970	0.4	7,948	0.7	7,853	1.9
Of which: optical fiber	6,883	6,837	0.7	6,778	1.5	6,636	3.7

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. This success is attributable to our high-performance networks. We offer the best customer experience with award-winning network quality – in the fixed network as in mobile communications – and with a broad product portfolio and excellent service. We want to offer our customers a seamless and technology-neutral telecommunications experience. Hence, alongside fixed-network and mobile communications products, we also market convergence products. Around 5.4 million customers in total had opted for convergent products from our MagentaEINS family by the end of June 2022. The customer base is thus higher compared with the prior year.

Demand remained high for our fiber-optic-based lines. The total number of these customer lines increased to around 17.7 million by the end of June 2022, which means a further 562 thousand customers in Germany received a fiber-optic-based line from us in the first half of 2022. With the progress made in fiber-optic rollout, we also successfully drove forward the marketing of higher bandwidths.

Mobile communications

The number of high-value mobile contract customers under the Telekom and congstar brands grew by 387 thousand customers overall. Sustained demand for mobile rate plans with included data volumes continues to drive this trend. As of January 1, 2022, a portion of consumers previously reported under contract customers were reclassified as prepaid customers. Allowing for this change in disclosure, we have added 890 thousand prepaid customers since the start of the year, largely on the back of our automotive offerings targeted at business customers.

Fixed network

The fixed-network broadband market hosts a large number of players with differing infrastructures – from national through to regional providers. In order to consolidate our position on the market as Germany's leading telecommunications provider, we continue to add new offerings to our portfolio.

The number of broadband lines increased to 14.6 million in the first half of 2022. Demand for our retail fiber-optic-based lines was the biggest driver here, accounting for 457 thousand lines. We recorded an increase of 38 thousand in the number of TV customers compared with year-end 2021. In the traditional fixed network, the number of lines decreased by 88 thousand, bringing the number of fixed-network lines to 17.4 million.

Wholesale

As of June 30, 2022, fiber-optic-based lines accounted for 60.6 % of all lines – 2.0 percentage points more than at the end of 2021. This growth is a result of the demand for our commitment agreements. Rising demand among retail customers for higher-bandwidth lines also contributed to the increase. The number of unbundled local loop lines decreased by 271 thousand compared with the end of the prior year, partly as a result of the shift to higher-value fiber-optic-based lines and partly from consumers switching to other providers. In addition, our wholesale customers are migrating their retail customers to their own fiber-optic-based lines. The total number of wholesale lines at the end of June 2022 was around 11.4 million.

Development of operations

millions of €		H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Total revenue		**12,059**	**11,844**	**1.8**	**5,994**	**6,064**	**5,903**	**2.7**	**24,164**
Consumers		6,151	5,963	3.2	3,066	3,086	2,979	3.6	12,221
Business Customers		4,375	4,354	0.5	2,173	2,202	2,166	1.7	8,878
Wholesale		1,380	1,388	(0.6)	693	687	679	1.2	2,767
Other		152	139	9.4	63	89	78	14.1	298
Service revenue		**10,692**	**10,542**	**1.4**	**5,316**	**5,376**	**5,280**	**1.8**	**21,298**
Profit (loss) from operations (EBIT)		**4,246**	**2,397**	**77.1**	**3,021**	**1,225**	**1,182**	**3.6**	**4,951**
EBIT margin	%	35.2	20.2		50.4	20.2	20.0		20.5
Depreciation, amortization and impairment losses		(1,991)	(2,010)	0.9	(997)	(994)	(1,009)	1.5	(4,016)
EBITDA		6,237	4,406	41.6	4,017	2,220	2,191	1.3	8,968
Special factors affecting EBITDA		1,409	(271)	n.a.	1,622	(213)	(172)	(23.8)	(588)
EBITDA (adjusted for special factors)		4,828	4,678	3.2	2,395	2,433	2,363	3.0	9,556
EBITDA AL		6,224	4,388	41.8	4,010	2,213	2,182	1.4	8,932
Special factors affecting EBITDA AL		1,409	(271)	n.a.	1,622	(213)	(172)	(23.8)	(588)
EBITDA AL (adjusted for special factors)		**4,815**	**4,659**	**3.3**	**2,388**	**2,426**	**2,354**	**3.1**	**9,520**
EBITDA AL margin (adjusted for special factors)	%	39.9	39.3		39.8	40.0	39.9		39.4
Cash capex		**(1,778)**	**(1,699)**	**(4.6)**	**(902)**	**(876)**	**(839)**	**(4.4)**	**(4,116)**

Total revenue, service revenue

In the first half of 2022, we generated total revenue of EUR 12.1 billion, which was up by 1.8 % year-on-year. The growth in service revenues of 1.4 % was attributable to increased revenue in the fixed-network core business, largely broadband-driven, and to higher mobile service revenues. In organic terms, service revenues were up 1.2 % year-on-year.

Revenue from **Consumers** increased by 3.2 % compared with the prior-year period. Revenue from broadband business grew by 6.3 %, due in part to the positive effects from increased customer appreciation for stable data lines and high bandwidths. Fixed-network terminal equipment business posted growth of 3.6 % on the back of strong demand on the customer side for terminal equipment lease models. Volume-driven declines in revenue from voice components continued to impact on traditional fixed-network business. Mobile business increased by 3.6 % thanks to higher service revenues, mainly due to positive customer development in our second brand congstar and general trends of recovery, including a return to travel and other recreational activities.

Revenue from **Business Customers** was up slightly by 0.5 % year-on-year. If the one-time effect from the public sector in the prior year is taken into account, operating revenue would have increased by 1.6 %. The mobile business grew by 6.6 % due to positive revenue from terminal equipment business and ongoing customer additions. By contrast, IT revenue declined on an operational basis by 1.2 %, due in part to the semiconductor shortage.

Wholesale revenue was down at the end of June 2022 by 0.6 % year-on-year. The positive trend in the number of fiber-optic-based lines continued, with an increase of 3.7 % compared with the prior-year period. However, this was not enough to offset the decrease in revenues of 13.0 % from declining volumes of unbundled local loop lines. Voice revenue was down against the prior-year period, mainly due to declining volumes.

Adjusted EBITDA AL, EBITDA AL

EBITDA AL adjusted for special factors increased by EUR 156 million or 3.3 % year-on-year to EUR 4.8 billion. In organic terms, too, adjusted EBITDA AL grew by 3.3 % year-on-year. Our adjusted EBITDA AL margin increased to 39.9 %, up from 39.3 % in the prior year. The main reasons for this increase are a sound operational development, driven by high-value revenue growth, and enhanced cost efficiency. Lower personnel costs resulting, among other factors, from the smaller headcount and the ongoing implementation of efficiency enhancement and digitalization measures reduced costs.

The special factors affecting adjusted EBITDA AL mainly included the gain resulting from the deconsolidation of GlasfaserPlus (EUR 1.7 billion) and an initial payment on account received in connection with the catastrophic flooding in July 2021 (EUR 0.1 billion). Expenses for socially responsible instruments in connection with staff restructuring also had an effect. In the first half of 2022, our EBITDA AL increased by EUR 1.8 billion to EUR 6.2 billion.

For further information on the joint venture GlasfaserPlus with IFM, please refer to the section "Group organization, strategy, and management."

Profit/loss from operations (EBIT)

Profit from operations (EBIT) amounted to EUR 4.2 billion, an increase of 77.1 % year-on-year. The positive trend in adjusted EBITDA AL together with the gain resulting from the deconsolidation of GlasfaserPlus contributed to this increase.

Cash capex

Cash capex increased by EUR 79 million or 4.6 % compared with the prior-year period. Capital expenditure totaled around EUR 1.8 billion in the first half of 2022, with much of this figure going towards the build-out of our fiber-optic and 5G networks. The total number of households in Germany passed by our fiber-optic network grew again in the first half of 2022. In mobile communications, our customers benefit from greater LTE and 5G network coverage. Over 92.6 % of German households can already use 5G.

United States

Customer development

thousands	June 30, 2022	Mar. 31, 2022	Change June 30, 2022/ Mar. 31, 2022 %	Dec. 31, 2021	Change June 30, 2022/ Dec. 31, 2021 %	June 30, 2021	Change June 30, 2022/ June 30, 2021 %
Customers	110,023	109,541	0.4	108,719	1.2	104,789	5.0
Postpaid customers	88,787	88,423	0.4	87,663	1.3	83,848	5.9
Postpaid phone customers[a, b]	71,053	70,656	0.6	70,262	1.1	68,029	4.4
Other postpaid customers[a, b]	17,734	17,767	(0.2)	17,401	1.9	15,819	12.1
Prepaid customers	21,236	21,118	0.6	21,056	0.9	20,941	1.4

[a] The total base adjustment in the second quarter of 2022 was a reduction of 1.32 million total customers. Customers impacted by the decommissioning of the legacy Sprint CDMA and LTE and T-Mobile US UMTS networks have been excluded from our customer base resulting in the removal of 212 thousand postpaid phone customers and 349 thousand postpaid other customers in the first quarter of 2022 and 284 thousand postpaid phone customers, 946 thousand postpaid other customers and 28 thousand prepaid customers in the second quarter of 2022. In connection with our acquisition of companies, we included a base adjustment in the first quarter of 2022 to increase postpaid phone customers by 17 thousand and reduce postpaid other customers by 14 thousand. Certain customers now serviced through reseller contracts were removed from our reported postpaid customer base resulting in the removal of 42 thousand postpaid phone customers and 20 thousand postpaid other customers in the second quarter of 2022.

[b] In the first quarter of 2021, we acquired 11 thousand postpaid phone customers and 1 thousand postpaid other customers through our acquisition of an affiliate.

Customers

At June 30, 2022, the United States operating segment (T-Mobile US) had 110.0 million customers, compared to 108.7 million customers at December 31, 2021. Net customer additions were 3.2 million in the first half of 2022, compared to 2.7 million in the first half of 2021 due to the factors described below.

Postpaid net customer additions were 3.0 million in the first half of 2022, compared to 2.5 million in the first half of 2021. This increase resulted from higher postpaid other net customer additions, primarily due to an increase in High Speed Internet net customer additions, connected devices and wearables. This increase was partially offset by lower postpaid phone net customer additions driven by a focus on deepening Sprint customer relationships in the prior year in order to decrease churn, as Sprint customers historically had fewer lines per account, partially offset by lower churn. High Speed Internet net customer additions included in postpaid other net customer additions were 826 thousand and 188 thousand in the first half of 2022 and 2021, respectively.

Prepaid net customer additions were 208 thousand in the first half of 2022, compared to 227 thousand prepaid net customer additions in the first half of 2021. This decrease was associated with the continued industry shift to postpaid plans, partially offset by the introduction of our High Speed Internet offering and lower churn. High Speed Internet net customer additions included in prepaid net customer additions were 72 thousand in the first half of 2022. Our prepaid High Speed Internet launch was in the first quarter of 2022, therefore there were no prepaid High Speed Internet net customer additions in the first half of 2021.

Development of operations

millions of €

		H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Total revenue		**36,673**	**33,126**	**10.7**	**18,048**	**18,626**	**16,643**	**11.9**	**68,359**
Service revenue		**28,163**	**23,604**	**19.3**	**13,624**	**14,539**	**11,929**	**21.9**	**48,929**
Profit (loss) from operations (EBIT)		**2,962**	**4,291**	**(31.0)**	**2,044**	**918**	**2,147**	**(57.2)**	**7,217**
EBIT margin	%	8.1	13.0		11.3	4.9	12.9		10.6
Depreciation, amortization and impairment losses		(10,046)	(9,062)	(10.9)	(4,604)	(5,443)	(4,484)	(21.4)	(18,338)
EBITDA		13,008	13,353	(2.6)	6,647	6,361	6,632	(4.1)	25,555
Special factors affecting EBITDA		(2,124)	(424)	n.a.	(820)	(1,304)	(272)	n.a.	(1,836)
EBITDA (adjusted for special factors)		15,132	13,777	9.8	7,467	7,665	6,904	11.0	27,392
EBITDA AL		9,055	10,694	(15.3)	4,914	4,141	5,248	(21.1)	20,060
Special factors affecting EBITDA AL		(3,454)	(750)	n.a.	(1,258)	(2,196)	(489)	n.a.	(2,637)
EBITDA AL (adjusted for special factors)		**12,509**	**11,444**	**9.3**	**6,172**	**6,337**	**5,737**	**10.5**	**22,697**
Core EBITDA AL (adjusted for special factors)[a]		11,717	9,796	19.6	5,741	5,976	4,967	20.3	19,912
EBITDA AL margin (adjusted for special factors)	%	34.1	34.5		34.2	34.0	34.5		33.2
Cash capex		**(9,003)**	**(13,237)**	**32.0**	**(5,535)**	**(3,468)**	**(2,725)**	**(27.3)**	**(18,594)**

[a] Adjusted core EBITDA AL is distinguished by excluding revenue from terminal equipment leases from adjusted EBITDA AL, thereby presenting operational development undistorted by the withdrawal from the terminal equipment lease business.

Total revenue, service revenue

Total revenue for the United States operating segment of EUR 36.7 billion in the first half of 2022 increased by 10.7 %, compared to EUR 33.1 billion in the first half of 2021. In U.S. dollars, T-Mobile US' total revenues remained relatively flat during the same period. Total revenues increased primarily due to increased service revenues, offset by lower equipment revenues. The components of these changes are described below.

Service revenues increased in the first half of 2022 by 19.3 % to EUR 28.2 billion. In organic terms, service revenues increased by 6.2 % year-on-year. The increase resulted from higher postpaid revenues primarily from higher average postpaid accounts and higher postpaid ARPA (Average Revenue per Account). In addition, service revenues increased due to higher prepaid revenues primarily from higher prepaid ARPU (Average Revenue per User) and higher average prepaid customers. This increase was partially offset by lower wholesale and other service revenues primarily from lower advertising and wireline revenues, partially offset by higher Lifeline revenues.

Equipment revenues decreased in the first half of 2022 primarily from a decrease in lease revenues and customer purchases of leased devices primarily due to a lower number of customer devices under lease as a result of the continued strategic shift from device financing from leasing to EIP. In addition, equipment revenues decreased due to lower average revenue per device sold primarily due to higher promotions, which included promotions for Sprint customers to facilitate the migration to the T-Mobile US network, partially offset by an increase in the high-end device mix. These decreases were partially offset by an increase in the number of devices sold, including to facilitate the migration of Sprint customers to the T-Mobile US network.

Adjusted EBITDA AL, EBITDA AL

In euros, adjusted EBITDA AL increased by 9.3 % to EUR 12.5 billion in the first half of 2022, compared to EUR 11.4 billion in the first half of 2021. The adjusted EBITDA AL margin decreased to 34.1 % in the first half of 2022, compared to 34.5 % in the first half of 2021. In U.S. dollars, adjusted EBITDA AL was relatively flat during the same period. Adjusted EBITDA AL decreased primarily due to higher bad debt expense driven by higher receivable balances, as well as normalization relative to muted Pandemic levels and estimated potential future macroeconomic impacts. This decrease was offset by higher service revenue as discussed above, lower cost of equipment sales and cost of services excluding Merger-related costs, and higher realized Merger synergies. In U.S. dollars, lease revenues decreased as a result of the continued strategic shift from device financing from leasing to EIP by 56.3 % in the first half of 2022.

Adjusted core EBITDA AL increased by 19.6 % to EUR 11.7 billion in the first half of 2022, compared to EUR 9.8 billion in the first half of 2021. In U.S. dollars, adjusted core EBITDA AL increased by 8.5 % during the same period. The change was primarily due to the fluctuation in adjusted EBITDA AL, discussed above, excluding the change in lease revenues.

EBITDA AL in the first half of 2022, included special factors of EUR -3.5 billion compared to EUR -0.8 billion in the first half of 2021. The change in special factors was primarily due to higher Merger-related costs, higher legal-related expenses, including the settlement of certain litigation associated with the cyberattack on T-Mobile US of EUR 0.4 billion, and higher impairment expense due to the non-cash impairment of certain wireline operating lease right-of use assets during the first half of 2022. Special factors include Merger-related costs predominantly associated with the integration of Sprint and are comprised of integration costs to achieve efficiencies in network, retail, information technology and back office operations, migrate customers to the T-Mobile US network and mitigate the impact of legal matters assumed as part of the Sprint Merger; restructuring costs, including severance, store rationalization and network decommissioning; and transaction costs, including legal and professional services related to the completion of transactions. Overall, EBITDA AL decreased by 15.3 % to EUR 9.1 billion in the first half of 2022, compared to EUR 10.7 billion in the first half of 2021, primarily due to the factors described above, including special factors.

Profit/loss from operations (EBIT)

EBIT decreased by 31.0 % to EUR 3.0 billion in the first half of 2022, compared to EUR 4.3 billion in the first half of 2021. In U.S. dollars, EBIT decreased by 36.6 % during the same period primarily due to lower EBITDA AL and higher depreciation, amortization and impairment losses. In U.S. dollars, depreciation, amortization and impairment losses remained relatively flat primarily due to the non-cash impairment of certain wireline network assets recorded during the first half of 2022 and higher depreciation expense (excluding leased devices) from the continued build-out of our nationwide 5G network. These increases were offset by lower depreciation expense on leased devices resulting from a lower number of total customer devices under lease and certain 4G-related network assets becoming fully depreciated, including assets impacted by the decommissioning of the legacy Sprint CDMA and LTE networks.

Cash capex

Cash capex decreased by 32.0 % to EUR 9.0 billion in the first half of 2022, compared to EUR 13.2 billion in the first half of 2021. In U.S. dollars, cash capex decreased by 37.3 % primarily from a decrease in spectrum purchases, primarily due to USD 8.9 billion paid for spectrum licenses won at the conclusion of the C-band auction in March 2021, compared to USD 2.8 billion paid for spectrum licenses won at the conclusion of Auction 110 in February 2022. This decrease was partially offset by an increase in purchases of property and equipment from the accelerated build-out of our nationwide 5G network, including from network integration related to the Sprint Merger.

Europe
Customer development

thousands

		June 30, 2022	Mar. 31, 2022	Change June 30, 2022/ Mar. 31, 2022 %	Dec. 31, 2021	Change June 30, 2022/ Dec. 31, 2021 %	June 30, 2021	Change June 30, 2022/ June 30, 2021 %
Europe, total[a, b]	Mobile customers	46,459	45,584	1.9	45,816	1.4	45,788	1.5
	Contract customers	26,046	25,803	0.9	26,575	(2.0)	27,172	(4.1)
	Prepaid customers	20,413	19,781	3.2	19,241	6.1	18,616	9.7
	Fixed-network lines	7,839	7,814	0.3	7,802	0.5	9,111	(14.0)
	Broadband customers	6,521	6,451	1.1	6,381	2.2	7,050	(7.5)
	Television (IPTV, satellite, cable)	4,067	4,050	0.4	4,019	1.2	5,098	(20.2)
	Unbundled local loop lines (ULLs)/ wholesale PSTN	1,849	1,886	(2.0)	1,932	(4.3)	1,996	(7.4)
	Wholesale broadband lines	937	909	3.1	865	8.3	774	21.1
Greece	Mobile customers	7,275	7,130	2.0	7,045	3.3	6,935	4.9
	Fixed-network lines	2,621	2,619	0.1	2,624	(0.1)	2,605	0.6
	Broadband customers	2,329	2,315	0.6	2,306	1.0	2,252	3.4
Romania[a]	Mobile customers	3,941	3,821	3.1	3,691	6.8	4,582	(14.0)
	Fixed-network lines	0	0	n.a.	0	n.a.	1,409	(100.0)
	Broadband customers	0	0	n.a.	0	n.a.	841	(100.0)
Hungary	Mobile customers	5,811	5,727	1.5	5,634	3.1	5,503	5.6
	Fixed-network lines	1,848	1,836	0.7	1,821	1.5	1,778	3.9
	Broadband customers	1,461	1,440	1.5	1,417	3.1	1,361	7.3
Poland	Mobile customers	12,107	11,845	2.2	11,542	4.9	11,290	7.2
	Fixed-network lines	29	29	0.0	29	0.0	30	(3.3)
	Broadband customers	107	91	17.6	77	39.0	53	n.a.
Czech Republic	Mobile customers	6,373	6,338	0.6	6,297	1.2	6,205	2.7
	Fixed-network lines	673	659	2.1	645	4.3	625	7.7
	Broadband customers	411	401	2.5	391	5.1	380	8.2
Croatia	Mobile customers	2,318	2,275	1.9	2,276	1.8	2,273	2.0
	Fixed-network lines	872	872	0.0	875	(0.3)	881	(1.0)
	Broadband customers	642	637	0.8	633	1.4	630	1.9
Slovakia	Mobile customers	2,460	2,479	(0.8)	2,502	(1.7)	2,479	(0.8)
	Fixed-network lines	858	867	(1.0)	880	(2.5)	865	(0.8)
	Broadband customers	636	639	(0.5)	633	0.5	620	2.6
Austria[b]	Mobile customers	4,557	4,394	3.7	5,258	(13.3)	5,067	(10.1)
	Fixed-network lines	601	598	0.5	593	1.3	582	3.3
	Broadband customers	661	659	0.3	656	0.8	650	1.7
Other[c]	Mobile customers	1,617	1,574	2.7	1,572	2.9	1,453	11.3
	Fixed-network lines	337	335	0.6	336	0.3	335	0.6
	Broadband customers	273	269	1.5	268	1.9	263	3.8

[a] The number of lines and customers in Romania decreased in the fourth quarter of 2021 due to the sale of Telekom Romania Communications, which operates the Romanian fixed-network business, effective September 30, 2021.

[b] Since January 1, 2022, 921 thousand contract customers of a service provider in Austria are reported as wholesale customers and no longer as our own customers. The prior-year figures have not been adjusted retrospectively.

[c] "Other": national companies of North Macedonia, Montenegro, and the lines of the GTS Central Europe group in Romania.

Total

In the Europe operating segment, all key performance indicators for customer development improved in organic terms compared with the end of 2021. Our convergent product portfolio, in particular, generated growth compared with year-end 2021 of 6.1 % in FMC customers thanks to ongoing demand. We are working flat out to build out our fixed-network infrastructure with state-of-the-art optical fiber. The number of broadband customers has increased by 2.2 %. In organic terms, the mobile business also recorded an increase of 3.5 % in customer numbers, with increases in both the number of high-value contract customers and the number of prepaid customers. Our build-out of the 5G network is making good progress. Almost all of our national companies have already launched the commercial sale of 5G products and services.

Mobile communications

We had a total of 46.5 million mobile customers at the end of the first half of 2022; an increase of 1.4 % compared with the end of 2021. The number of contract customers decreased slightly by 2.0 %, largely as a result of the fact that we no longer include the SIM cards of a service provider in Austria in our customer base since January 1, 2022 but instead count them as wholesale customers. Without this effect, the number of contract customers increased slightly by 1.5 %. By contrast, the contract customer base grew at our other national companies, especially in Poland, Hungary, the Czech Republic, and Greece – with the exception of Slovakia. Overall, contract customers accounted for 56.1 % of the total customer base. In parallel with pure customer development, we have successfully continued the "more-for-more" offering in our product portfolio, so as to sustainably increase value per customer. In addition, thanks to our integrated network strategy our customers benefited from greater coverage with fast mobile broadband. The footprint countries of our operating segment are also making excellent headway with 5G. As of the end of the first half of 2022, our national companies covered 36.5 % of the population (in particular in Greece, Croatia, and Austria) with 5G.

The prepaid customer base recorded growth of 6.1 % compared with the end of 2021. Customer additions were significantly higher in Poland in particular. Many refugees fleeing the war in Ukraine entered neighboring countries, in particular Poland. Our national companies are providing support, for example, by issuing prepaid SIM cards. As part of our ordinary business activities, we offer our prepaid customers high-value contract plans with the resulting number of contract conversions also contributing positively to contract customer business.

Fixed network

The broadband business increased by 2.2 % compared with the end of 2021 to total 6.5 million customers. This growth is mainly driven by the national companies in Hungary, Poland, Greece, and the Czech Republic. By continuing to invest in fiber-optic technologies, we are systematically building out our fixed-network infrastructure. At the end of the first half of 2022, a total of around 7.4 million households (coverage of 29.2 %) were provided with the option by our national companies to subscribe to a direct connection to our high-speed fiber-optic network with speeds reaching up to 1 Gbit/s. The utilization rate remained stable at around 32 %. The number of fixed-network lines increased further, reaching 7.8 million at the end of the first half of the year.

The TV and entertainment business had a total of 4.1 million customers as of June 30, 2022, up by 1.2 % compared with the end of the prior year. This was attributable among other things to the acquisition of exclusive rights to broadcast sports events. With both telecommunications providers and OTT players offering TV services, the TV market is already saturated in many countries of our segment.

FMC – fixed-mobile convergence and digitalization

Our portfolio of convergent products, MagentaOne, was highly popular with consumers across all of our national companies. At the end of the first half of 2022, we had 6.7 million FMC customers; this corresponds to growth of 6.1 % compared with the end of the prior year. Our national companies in Greece, Hungary, Austria, Poland, and the Czech Republic in particular contributed to this growth. As of June 30, 2022, FMC customers accounted for 59.3 % of the broadband customer base. We have also seen accelerated growth in the marketing of our MagentaOne Business product to business customers.

We continue to expand our digital interaction with customers, which means we can meet customer needs in a more personalized and efficient way, and position products and innovative services on the market more quickly. 64 % of our customers use our service app.

Development of operations

millions of €

		H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Total revenue		**5,451**	**5,551**	**(1.8)**	**2,704**	**2,747**	**2,823**	**(2.7)**	**11,384**
Greece		1,521	1,476	3.0	748	773	759	1.8	3,078
Romania		157	427	(63.2)	78	78	217	(64.1)	709
Hungary		865	830	4.2	437	427	424	0.7	1,769
Poland		691	689	0.3	342	349	349	0.0	1,427
Czech Republic		600	549	9.3	295	305	280	8.9	1,146
Croatia		425	442	(3.8)	209	216	223	(3.1)	908
Slovakia		391	384	1.8	192	198	194	2.1	790
Austria		678	652	4.0	342	335	327	2.4	1,351
Other[a]		158	146	8.2	75	83	76	9.2	301
Service revenue		**4,572**	**4,732**	**(3.4)**	**2,264**	**2,308**	**2,407**	**(4.1)**	**9,638**
Profit (loss) from operations (EBIT)		**889**	**810**	**9.8**	**446**	**443**	**425**	**4.2**	**1,814**
EBIT margin	%	16.3	14.6		16.5	16.1	15.1		15.9
Depreciation, amortization and impairment losses		(1,235)	(1,292)	4.4	(619)	(617)	(648)	4.8	(2,576)
EBITDA		2,124	2,102	1.0	1,065	1,059	1,073	(1.3)	4,390
Special factors affecting EBITDA		(18)	(25)	28.0	(1)	(16)	(15)	(6.7)	11
EBITDA (adjusted for special factors)		2,142	2,127	0.7	1,066	1,075	1,088	(1.2)	4,380
EBITDA AL		1,944	1,915	1.5	975	969	979	(1.0)	4,018
Special factors affecting EBITDA AL		(18)	(25)	28.0	(1)	(16)	(15)	(6.7)	11
EBITDA AL (adjusted for special factors)		**1,961**	**1,940**	**1.1**	**976**	**986**	**994**	**(0.8)**	**4,007**
Greece		633	602	5.1	314	319	304	4.9	1,265
Romania		25	81	(69.1)	12	14	44	(68.2)	147
Hungary		243	239	1.7	127	116	133	(12.8)	536
Poland		198	195	1.5	98	100	100	0.0	385
Czech Republic		252	231	9.1	125	127	120	5.8	471
Croatia		160	163	(1.8)	79	81	85	(4.7)	355
Slovakia		174	162	7.4	86	89	78	14.1	327
Austria		252	249	1.2	124	128	123	4.1	487
Other[a]		24	18	33.3	11	12	8	50.0	34
EBITDA AL margin (adjusted for special factors)	%	36.0	34.9		36.1	35.9	35.2		35.2
Cash capex		**(766)**	**(871)**	**12.1**	**(362)**	**(404)**	**(386)**	**(4.7)**	**(1,905)**

The contributions of the national companies correspond to their respective unconsolidated financial statements and do not take consolidation effects at operating segment level into account.

[a] "Other": national companies in North Macedonia, Montenegro, and the GTS Central Europe group in Romania, as well as the Europe Headquarters.

Total revenue, service revenue

Our Europe operating segment generated total revenue of EUR 5.5 billion in the first half of 2022, a slight year-on-year decrease of 1.8 %. In organic terms – i.e., adjusted for the sale of the Romanian fixed-network business on September 30, 2021, and assuming constant exchange rate effects – revenue increased by 4.2 % year-on-year. Service revenue declined year-on-year, but grew by 3.6 % in organic terms. Regulatory interventions such as the reduction in termination rates had a negative impact on our organic development of revenue in the first half of 2022.

Organic revenue growth was mainly driven by the strong performance of the mobile business, especially the increase in mobile service revenues with higher margins, increases in roaming and visitor revenues, and volume-driven increases in revenues from terminal equipment sales. Fixed-network service revenues developed better compared with the prior-year period. The strong performance of the broadband and TV business and higher wholesale revenues in particular helped to offset the declines in voice telephony revenues, which were in line with expectations. The systems solutions business made a positive contribution to revenue overall.

All countries contributed to the growth in revenue in organic terms, with our national companies in Hungary, Greece, Austria and the Czech Republic recording the best development by country.

Revenue from **Consumers** increased in organic terms by 3.2 % year-on-year, due in part to the mobile business, where both service revenues and sales of mobile terminal equipment increased. In the fixed network, revenue from broadband and TV business increased thanks to our innovative TV and entertainment offerings as well as the continuous rollout of fiber-optic technology. This more than offset the decline in revenue from voice telephony. In addition, the higher number of FMC customers had a positive impact on revenue.

Organic growth in the **Business Customer** unit increased year-on-year in the first half of 2022 to 4.7 % across all product categories (fixed network, mobile communications, and systems solutions). The upward trend in mobile revenue is attributable to rising service revenues in particular in Austria, Greece, Hungary, and Croatia, as well as to higher terminal equipment revenues. The positive trend in systems solutions business was driven mainly by activities in the Czech Republic, Poland, Greece, and Hungary. Growth in professional data communication products used for site-to-site connection was driven by the new SD-X and SD-WAN digital services as well as sustained demand for high-performing broadband internet lines. Our new growth areas of security and cloud computing posted double-digit revenue growth rates.

Adjusted EBITDA AL, EBITDA AL

Our Europe operating segment generated adjusted EBITDA AL of EUR 2.0 billion as of the end of the first half of 2022, up slightly by 1.1 % against the level in the prior-year period. In organic terms, i.e., adjusted for the sale of the Romanian fixed-network business, and assuming constant exchange rates, adjusted EBITDA AL increased by 5.7 %, again making a significant positive contribution to earnings, with an organic net margin more than sufficient to offset the rise in indirect costs. The latter is a result of the extra profit tax imposed by the Hungarian regulatory authorities in June 2022, which had an effect of EUR 31.1 million in the second quarter of 2022.

Looking at the development by country, the increase in adjusted organic EBITDA AL was attributable to the positive trends at all of our national companies, but in particular in Greece, Hungary, Romania, and Slovakia.

EBITDA AL increased by 1.5 % year-on-year to EUR 1.9 billion. Special factors were reduced slightly year-on-year. In organic terms, EBITDA AL grew by 6.2 %.

Development of operations in selected countries

Greece. As of June 30, 2022, revenue in Greece increased by 3.0 % year-on-year to EUR 1.5 billion. The intensive fiber-optic and vectoring build-out, together with the resulting higher numbers of customers, continued to have a positive impact on the fixed-network business. Fixed-network revenues increased, mainly driven by strong growth in the broadband and TV business. Wholesale revenues also increased as a result of a successful increase in the volume of international calls on our networks. The continued encouraging development in mobile business is mainly attributable to the addition of new contract customers. Visitor and roaming revenues increased substantially thanks to travel returning to more normal levels despite the coronavirus pandemic. Our convergence products also performed well, with further customer additions and corresponding revenue. The systems solutions business also contributed to revenue growth.

In the first half of 2022, adjusted EBITDA AL in Greece stood at EUR 633 million, which was a substantial increase of 5.1 % against the prior year. In addition to a higher net margin, this positive trend was also supported by lower indirect costs.

Hungary. Revenue in Hungary totaled EUR 865 million in the first six months of 2022, an increase of 4.2 % despite negative exchange rate effects. In organic terms, revenue was up 9.8 % against the prior-year period. The biggest driver of this increase was mobile business, mainly on account of higher service revenues. In addition, contract customer additions had positive effects on terminal equipment business. Fixed-network revenue also increased year-on-year. We also recorded increased service revenues in the broadband and TV business, both driven again by larger customer bases. Our convergence products also continued to perform well, with further customer additions and corresponding revenue. Systems solutions business also contributed to revenue growth.

Adjusted EBITDA AL stood at EUR 243 million, up 1.7 % year-on-year. In organic terms, adjusted EBITDA AL grew by 8.1 %. This growth is attributable in particular to significantly higher revenues, which more than offset the substantial rise in costs, driven mainly by the newly imposed extra profit tax in the amount of EUR 31.1 million.

Poland. Our revenue in Poland remained stable at EUR 691 million in the first half of 2022. In organic terms, revenue increased slightly by 2.3 %. Mobile revenues were up slightly, with contract customer additions also having a positive effect on terminal equipment business. In addition, higher roaming and visitor revenues offset the regulatory-induced reduction in termination rates. The number of FTTH customers in the fixed-network business also increased significantly, creating the basis for further broadband growth. This is reflected in higher broadband service revenues, and is also thanks to our successful partnership agreements on network infrastructure. Wholesale revenues were also negatively impacted by the regulatory-induced reduction in fixed-network termination rates. The number of customers using our convergence products increased again substantially in the first six months of 2022. This had a corresponding positive impact on revenues. Revenue also grew markedly in the systems solutions business.

Adjusted EBITDA AL stood at EUR 198 million in the first half of 2022, up 1.5 % year-on-year. In organic terms, adjusted EBITDA AL increased by 3.7 %, mainly on the back of a revenue-related increase in the net margin.

Czech Republic. Revenue in the Czech Republic stood at EUR 600 million, an increase of 9.3 % against the first half of the prior year. Excluding positive exchange rate effects, organic growth was 4.2 %. The realignment of our systems solutions business paid off: we recorded a substantial increase in revenue in this business area. The mobile and fixed-network businesses also contributed to revenue growth, although they were subject to a regulatory-induced reduction in termination rates. Our convergence products recorded further customer additions and corresponding revenue growth.

Adjusted EBITDA AL increased by 9.1 % compared with the first half of the prior year to EUR 252 million. In organic terms, earnings grew by 3.6 %.

Austria. Revenue generated in Austria totaled EUR 678 million in the first six months of 2022. This increase of 4.0 % was mainly attributable to growth in mobile revenues, with roaming and visitor revenues having a clearly positive impact. Service revenues in the fixed-network business also developed encouragingly. The broadband business generated substantial growth rates, due among other factors to a larger customer base and higher-value rate plans. Acceptance of our convergence products increased substantially again, also impacting positively on revenues.

Adjusted EBITDA AL increased by 1.2 % year-on-year to EUR 252 million. This revenue-induced increase more than offset the increase in costs.

Profit/loss from operations (EBIT)

Our Europe operating segment recorded an increase in EBIT of EUR 79 million in the first half of 2022. In addition to an increase in EBITDA of EUR 22 million, depreciation, amortization and impairment losses decreased – in Croatia and Slovakia in particular – by EUR 57 million, with depreciation and amortization in particular down on the prior year.

Cash capex

In the first half of 2022, the Europe operating segment reported cash capex of EUR 766 million, down 12.1 % year-on-year. This decrease is mainly due to lower cash outflows for the acquisition of spectrum licenses, primarily in the Czech Republic. The sale of the Romanian fixed-network business also resulted in lower cash capex. We continue to invest in the provision of broadband and fiber-optic technology and in 5G as part of our integrated network strategy.

Systems Solutions

Order entry

millions of €	H1 2022	Q1 2022	FY 2021	H1 2021	Change H1 2022/ H1 2021 %
Order entry	2,027	1,097	4,174	2,019	0.4

Development of business

The first half of 2022 continued to be dominated by the focusing of our systems solutions business on growth and future viability and the continuation of our transformation program. As communicated at the Capital Markets Day in May 2021, we have established four portfolio areas in line with market needs: Advisory, Cloud Services, Digital, and Security.

We have also defined selected industries (automotive, healthcare, public sector, and public transport), for which we have increased our offer of vertical solutions based on our expertise. In addition, we have agreed partnerships with leading cloud service providers (e.g., Amazon, Google, and Microsoft), so as to be able to offer our customers an even broader and more flexible range of cloud solutions.

Order entry in our Systems Solutions operating segment was up by 0.4 % year-on-year in the first half of 2022. This includes an increase of 92.4 % in our public cloud business. This growth offset a decline in traditional IT infrastructure business in particular.

Development of operations

millions of €

		H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Total revenue		**2,001**	**2,021**	**(1.0)**	**996**	**1,005**	**1,006**	**(0.1)**	**4,019**
Of which: external revenue		1,597	1,596	0.1	802	795	799	(0.5)	3,171
Service revenue[a]		**1,959**	**1,882**	**4.1**	**973**	**986**	**962**	**2.5**	**3,893**
Profit (loss) from operations (EBIT)		**6**	**(95)**	**n.a.**	**(2)**	**7**	**(68)**	**n.a.**	**(242)**
Special factors affecting EBIT		(88)	(160)	45.0	(45)	(43)	(104)	58.7	(393)
EBIT (adjusted for special factors)		94	65	44.6	43	50	36	38.9	151
EBIT margin (adjusted for special factors)	%	4.7	3.2		4.3	5.0	3.6		3.8
Depreciation, amortization and impairment losses		(132)	(155)	14.8	(71)	(61)	(74)	17.6	(425)
EBITDA		138	60	n.a.	70	68	7	n.a.	183
Special factors affecting EBITDA		(69)	(127)	45.7	(30)	(39)	(91)	57.1	(213)
EBITDA (adjusted for special factors)		207	187	10.7	100	107	98	9.2	396
EBITDA AL		86	7	n.a.	43	43	(19)	n.a.	73
Special factors affecting EBITDA AL		(69)	(127)	45.7	(31)	(38)	(91)	58.2	(213)
EBITDA AL (adjusted for special factors)		**155**	**134**	**15.7**	**73**	**82**	**72**	**13.9**	**286**
EBITDA AL margin (adjusted for special factors)	%	7.7	6.6		7.3	8.2	7.2		7.1
Cash capex		**(97)**	**(99)**	**2.0**	**(43)**	**(54)**	**(50)**	**(8.0)**	**(237)**

[a] As of January 1, 2022, we extended our definition of service revenue in the Group, which increased this figure in the reporting period. The prior-year figures have not been adjusted retrospectively.

Total revenue, service revenue

Total revenue in our Systems Solutions operating segment in the first half of 2022 amounted to EUR 2.0 billion, down 1.0 % on the prior-year level. External revenue was up 0.1 %. The decrease in total revenue was mainly driven by the expected decline in traditional IT infrastructure business, due in part to deliberate business decisions such as the reduction in end-user services. The positive trends, especially in the Digital Solutions portfolio unit (up 10.3 %), did not fully offset this decrease. In organic terms, revenue was down 0.6 % year-on-year. Service revenues increased by 4.1 % due to the extension of the definition.

Adjusted EBITDA AL, EBITDA AL

In the first half of 2022, adjusted EBITDA AL at our Systems Solutions operating segment increased by 15.7 % year-on-year to EUR 155 million. Efficiency effects from our transformation program and effects from increased revenue in our growth areas exceeded the decline in earnings in the traditional IT infrastructure business. In organic terms, adjusted EBITDA AL grew by 15.7 % year-on-year. EBITDA AL increased by EUR 79 million compared with the prior year to EUR 86 million. Special factors were down EUR 58 million on the prior year at EUR -69 million, mainly due to lower restructuring costs and to a loss on deconsolidation in connection with the sale of a business operation in the prior year.

Adjusted EBIT, EBIT

Adjusted EBIT in our Systems Solutions operating segment improved by EUR 29 million year-on-year in the first half of 2022, coming in at EUR 94 million, due to the reasons described under EBITDA AL and as a result of declines in depreciation, amortization and impairment losses. EBIT increased by EUR 101 million year-on-year to EUR 6 million. The expense arising from special factors decreased by EUR 72 million year-on-year, to EUR -88 million, also due to the reasons described under EBITDA AL.

Cash capex

Cash capex in our Systems Solutions operating segment in the first half of 2022 amounted to EUR 97 million, on a par with the prior-year level. We will continue to focus our investments on developing our growth business.

Group Development

The sale of T-Mobile Netherlands was consummated on March 31, 2022. As such, T-Mobile Netherlands has not been part of the Group since April 1, 2022. The contributions for the first quarter are still included in operational development due to the cumulative view.

For further information on the transaction closing, please refer to the section "Group organization, strategy, and management."

Customer development

thousands		June 30, 2022	Mar. 31, 2022	Change June 30, 2022/ Mar. 31, 2022 %	Dec. 31, 2021	Change June 30, 2022/ Dec. 31, 2021 %	June 30, 2021	Change June 30, 2022/ June 30, 2021 %
T-Mobile Netherlands	Mobile customers	0	6,949	(100.0)	6,939	(100.0)	6,853	(100.0)
	Fixed-network lines	0	754	(100.0)	739	(100.0)	707	(100.0)
	Broadband customers	0	744	(100.0)	728	(100.0)	695	(100.0)

Development of operations

millions of €		H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Total revenue		**1,115**	**1,563**	**(28.7)**	**825**	**291**	**780**	**(62.7)**	**3,165**
Of which: T-Mobile Netherlands		536	1,019	(47.4)	536	0	506	(100.0)	2,071
Of which: GD Towers[a]		570	565	0.9	284	285	283	0.7	1,112
Service revenue		**411**	**789**	**(47.9)**	**411**	**0**	**399**	**(100.0)**	**1,621**
Profit (loss) from operations (EBIT)		**1,357**	**547**	**n.a.**	**1,194**	**162**	**381**	**(57.5)**	**1,084**
Depreciation, amortization and impairment losses		(193)	(429)	55.0	(97)	(97)	(219)	55.7	(706)
EBITDA		1,550	976	58.8	1,291	259	600	(56.8)	1,790
Special factors affecting EBITDA		906	182	n.a.	869	38	198	(80.8)	173
EBITDA (adjusted for special factors)		644	794	(18.9)	422	222	403	(44.9)	1,618
Of which: T-Mobile Netherlands		201	355	(43.4)	201	0	184	(100.0)	757
Of which: GD Towers[a]		461	451	2.2	229	232	226	2.7	894
EBITDA AL		1,425	816	74.6	1,224	201	516	(61.0)	1,479
Special factors affecting EBITDA AL		906	182	n.a.	869	38	198	(80.8)	173
EBITDA AL (adjusted for special factors)		**519**	**634**	**(18.1)**	**356**	**164**	**318**	**(48.4)**	**1,307**
Of which: T-Mobile Netherlands		190	306	(37.9)	190	0	155	(100.0)	668
Of which: GD Towers[a]		347	339	2.4	173	174	170	2.4	669
EBITDA AL margin (adjusted for special factors)	%	46.5	40.6		43.2	56.4	40.8		41.3
Cash capex		**(158)**	**(250)**	**36.8**	**(99)**	**(59)**	**(134)**	**56.0**	**(572)**

The contributions of T-Mobile Netherlands and GD Towers are shown excluding consolidation effects at operating segment level.

[a] As of June 1, 2021, the Dutch cell tower business was sold to DIV and subsequently contributed into Cellnex Netherlands.

Total revenue, service revenue

Total revenue in our Group Development operating segment decreased in the first half of 2022 by 28.7 % year-on-year to EUR 1.1 billion. In organic terms, revenue changed in the prior-year period due to the sale of the Dutch cell tower business as of June 1, 2021 and the sale of T-Mobile Netherlands as of March 31, 2022, and increased 5.8 % year-on-year. This revenue increase resulted from the operational and structural growth of our business unit GD Towers, which includes the German and Austrian cell tower business. The positive trend is down to an increase in the number of sites we have in Germany and was further strengthened by the Austrian cell tower business. Service revenue decreased substantially due to the sale of T-Mobile Netherlands. The GD Towers business did not generate any service revenues.

Adjusted EBITDA AL, EBITDA AL
Adjusted EBITDA AL decreased by 18.1 % to EUR 519 million. Here too, the decline was mainly attributable to the sale of T-Mobile Netherlands. In organic terms, adjusted EBITDA AL grew by 15.0 %. The GD Towers business posted consistent growth on the back of rising volumes and was further strengthened by the Austrian cell tower business. An operational increase in adjusted EBITDA AL was also achieved through revenue growth and cost transformation. EBITDA AL was positively influenced by net special factors of EUR 906 million, which mainly related to the gain on deconsolidation due to the sale of the T-Mobile Netherlands business unit. EBITDA AL increased by EUR 609 million compared with the prior-year period to EUR 1.4 billion.

Profit/loss from operations (EBIT)
EBIT increased by EUR 0.8 billion year-on-year to EUR 1.4 billion, mainly as a result of the development described under EBITDA AL. Depreciation, amortization and impairment losses were down year-on-year, primarily due to lower depreciation and amortization in connection with the fact that T-Mobile Netherlands has been held for sale since September 6, 2021, and, accordingly, the related depreciation and amortization has been suspended.

Cash capex
Cash capex stood at EUR 158 million and thus well below the prior-year level. The reduction is mainly due to the sale of T-Mobile Netherlands and lower build-out investments made by GD Towers compared with the prior-year period.

Group Headquarters & Group Services
Development of operations

millions of €	H1 2022	H1 2021	Change %	Q1 2022	Q2 2022	Q2 2021	Change %	FY 2021
Total revenue	**1,220**	**1,296**	**(5.9)**	**604**	**616**	**671**	**(8.2)**	**2,515**
Service revenue	**486**	**500**	**(2.8)**	**245**	**242**	**256**	**(5.5)**	**984**
Profit (loss) from operations (EBIT)	**(766)**	**(735)**	**(4.2)**	**(369)**	**(397)**	**(378)**	**(5.0)**	**(1,764)**
Depreciation, amortization and impairment losses	(738)	(712)	(3.7)	(379)	(359)	(382)	6.0	(1,463)
EBITDA	(28)	(23)	(21.7)	10	(37)	4	n.a.	(300)
Special factors affecting EBITDA	2	(81)	n.a.	16	(14)	(55)	74.5	(182)
EBITDA (adjusted for special factors)	(30)	57	n.a.	(6)	(23)	59	n.a.	(118)
EBITDA AL	(184)	(186)	1.1	(72)	(112)	(75)	(49.3)	(622)
Special factors affecting EBITDA AL	1	(81)	n.a.	13	(12)	(55)	78.2	(182)
EBITDA AL (adjusted for special factors)	**(185)**	**(105)**	**(76.2)**	**(85)**	**(100)**	**(21)**	**n.a.**	**(440)**
Cash capex	**(473)**	**(472)**	**(0.2)**	**(235)**	**(238)**	**(222)**	**(7.2)**	**(1,007)**

Total revenue, service revenue
Total revenue in our Group Headquarters & Group Services segment in the first half of 2022 decreased by 5.9 % year-on-year, mainly as a result of lower intragroup revenues from land and buildings due to the ongoing optimized use of space as well as to lower intragroup service revenues at Deutsche Telekom IT from the licensing of the One.ERP system. The relocation of units previously assigned to the Germany operating segment in connection with the bundling of financial functions had an offsetting effect. Against this background, organic revenue decreased by 7.5 % compared with the prior-year period.

Adjusted EBITDA AL, EBITDA AL
Adjusted EBITDA AL in the Group Headquarters & Group Services segment declined by EUR 80 million year-on-year in the reporting period to EUR -185 million, largely as a result of lower revenue from land and buildings and at Deutsche Telekom IT.

Overall, positive net special factors of EUR 1 million affected EBITDA AL in the reporting period, with the positive effect from the reduction of other provisions, including in connection with the termination of legal proceedings, offsetting expenses for staff-related measures. In the prior-year period, EBITDA AL was negatively impacted by special factors amounting to EUR 81 million, especially for staff-related measures.

Profit/loss from operations (EBIT)

The year-on-year decline in EBIT of EUR 31 million to EUR -766 million resulted from an increase in depreciation, amortization and impairment losses, mainly due to shorter project runtimes at Deutsche Telekom IT. EBITDA AL was on a par with the comparable prior-year period.

Cash capex

Cash capex was at the level of the prior-year period. Lower cash capex for vehicles was offset by higher investments in technology and innovation.

Events after the reporting period

Please refer to the section "Events after the reporting period" in the interim consolidated financial statements.

Forecast

The statements in this section reflect the current views of our management. Contrary to the forecasts published in the 2021 combined management report (2021 Annual Report, page 120 et seq.) and in the Interim Group Report as of March 31, 2022 (page 34), we now expect to post higher adjusted EBITDA AL. Adjusted EBITDA AL for full-year 2022 was previously expected to reach over EUR 36.6 billion. We now expect adjusted EBITDA AL for the Group to come in at around EUR 37 billion in the 2022 financial year. This is largely attributable on the one hand to stronger-than-expected business performance in the United States operating segment, where we now anticipate adjusted EBITDA AL of around USD 26.8 billion, up from previously around USD 26.6 billion. But for business outside of the United States, we also expect higher adjusted EBITDA AL of EUR 14.3 billion, up from the previous guidance of EUR 14.2 billion. We expect the Group's free cash flow AL (before dividend payments and spectrum investment) to come in at the recently raised guidance of over EUR 10 billion. For business outside of the United States, we now expect to record free cash flow AL (before dividend payments and spectrum investments) of EUR 3.8 billion, up from the previous guidance of EUR 3.7 billion. Notwithstanding the current macroeconomic environment, all other published statements remain valid. Our planning assumes an unchanged U.S. dollar exchange rate of USD 1.18; financial results for T-Mobile Netherlands were not included.

For more information on global economic developments and the associated business risks, please refer to the section "Risks and opportunities." For additional information and recent changes in the economic situation, please refer to the section "The economic environment" in this interim Group management report. Readers are also referred to the Disclaimer at the end of this report.

Risks and opportunities

This section provides important additional information and explains recent changes in the risks and opportunities as described in the combined management report of the 2021 Annual Report. Readers are also referred to the Disclaimer at the end of this report.

Risks arising from the macroeconomic environment. Uncertainty over the global economic outlook remains high. The war in Ukraine has had a significant negative impact on the economic outlook. One repercussion is the sharp rise in energy prices, which in turn are driving up energy, transportation, and manufacturing costs. A halt in deliveries of Russian energy sources could push up global energy prices further and lead to supply shortages, especially for our Germany and Europe operating segments. The coronavirus pandemic also continues to have implications for the global economy and for society. Although the pandemic has only had a limited negative impact on the telecommunications sector so far, if the pandemic were to re-escalate, it could lead to prolonged and increased supply-side shortages. In this context, China's central role for global supply and value chains, combined with the zero-tolerance strategy adopted there, pose a particular risk. The combination of further price rises and persistent shortages entails the risk of stagflation, i.e., a situation with no or negative economic growth in conjunction with high inflation. This could lead to further increases in the prices of the products we purchase. In addition, the consumer behavior of customers could change, leading them to switch to lower-cost rate plans, and the number of customers defaulting on payment could rise. Similar developments could also arise in the United States, where pandemic-related government aid programs are coming to an end. In addition, interest rates are set to rise in the United States, in Europe, and in Germany, which may also lead to lower investments and a decline in consumer spending. Rising interest rates could lead to higher interest payments. Additional risks could potentially result from other geopolitical conflicts and the uncertainty from international trade conflicts. We therefore expect the macroeconomic situation in Germany, the United States, and Europe to deteriorate and are raising the risk significance from low to medium.

Procurement and supply risks. Deutsche Telekom's supply chains are currently being negatively impacted by a number of factors, e.g., by a shortage of semiconductor chips, the coronavirus pandemic, geopolitical tensions, and the war in Ukraine. There has been an imbalance between supply and demand on the global market for semiconductor chips for a number of quarters now. In addition, pandemic-related restrictions (for example, lockdowns in Asian countries) and geopolitics (for example, technology sanctions imposed by the United States) are impeding the global logistics stability of raw materials for chip production and related processes such as housing production and tests. Furthermore, the general costs of semiconductor materials, production and global logistics are rising, leading to general price increases for products and services. Europe is currently experiencing supply delays. However, short-term shortages were avoided thanks to action that was taken. Inventory shortages could also arise in the United States. The establishment of additional production capacities means that the situation regarding the availability of semiconductors is expected to ease in the medium term. Furthermore, the general costs of semiconductor materials, production, global logistics, energy, and wages are rising, in part driven by inflation, leading to general price increases for products and services. The risk significance of the risk category "Procurement and supply risks" has been raised from low to medium, since the situation could deteriorate due to China's zero-Covid policy and its implications, such as the closure of Chinese ports, as well as unforeseeable consequences of the Ukraine war. We employ organizational, contractual, and procurement strategy measures to counteract these challenges. For example, in early 2021, the Group-wide Supply Chain Resilience was set up to assess the risk situation at regular intervals and, where necessary, take relevant mitigating measures, and monitor their implementation.

Litigation

Claims relating to charges for the shared use of cable ducts. In the claims filed by Vodafone Deutschland GmbH and Vodafone Hessen et al. (now Vodafone West GmbH) against Telekom Deutschland GmbH alleging excessive charges for the use of cable ducts, which were referred by the Federal Court of Justice back to the responsible Higher Regional Courts, the plaintiff Vodafone Deutschland GmbH has since updated its demand for relief, which it now puts at approximately EUR 749 million plus interest for the period from January 1, 2012 to December 31, 2021. It is currently not possible to estimate the financial impact with sufficient certainty.

Proceedings against T-Mobile US in consequence of the cyberattack on T-Mobile US. As reported in the combined management report of the 2021 Annual Report, consumer class actions were filed against T-Mobile US and a derivative action was filed against the members of the Board of Directors of T-Mobile US as a result of the cyberattack. The derivative action filed against the members of the Board of Directors of T-Mobile US has since been withdrawn by the plaintiff. On July 22, 2022, T-Mobile US entered into an agreement to settle the consumer class action in the Federal Court for USD 350 million (EUR 331 million). In addition, T-Mobile US has committed to spending a total of USD 150 million (EUR 142 million) in 2022 and 2023 on data security and related technologies. The settlement is subject to court approval. Further proceedings brought in consequence of the cyberattack are still pending. In connection with the settlement reached and the further proceedings pending, T-Mobile US has recognized provisions for risks of around USD 0.4 billion (around EUR 0.4 billion). With regard to inquiries by various government agencies, law enforcement and other state authorities, T-Mobile US continues to give its full cooperation. At present the financial impact of these proceedings cannot be assessed with sufficient certainty.

Anti-trust proceedings

Claims for damages against Slovak Telekom following a European Commission decision to impose fines. As reported in the combined management report of the 2021 Annual Report, following the decision of the European Commission, competitors filed damage actions against Slovak Telekom with the civil court in Bratislava. A further action was filed with the court in the reporting period, such that there are now three claims pending, amounting to a total of EUR 219 million plus interest. It is currently not possible to estimate the financial impact with sufficient certainty.

Assessment of the aggregate risk position

The aggregate risk position has deteriorated compared with the risks and opportunities as described in the combined management report of the 2021 Annual Report due to the war in Ukraine and the resulting consequences for the global economy. At the time of preparing this report, neither our risk management system nor our management could identify any material risks to the continued existence of Deutsche Telekom AG or a significant Group company as a going concern.

Interim consolidated financial statements

Consolidated statement of financial position

millions of €	June 30, 2022	Dec. 31, 2021	Change	Change %	June 30, 2021
Assets					
Current assets	**33,630**	**38,799**	**(5,169)**	**(13.3)**	**32,728**
Cash and cash equivalents	5,281	7,617	(2,336)	(30.7)	8,861
Trade receivables	16,853	15,299	1,554	10.2	13,968
Contract assets	2,093	2,034	59	2.9	1,995
Current recoverable income taxes	195	321	(126)	(39.3)	242
Other financial assets	4,179	4,051	128	3.2	3,061
Inventories	2,992	2,855	137	4.8	2,066
Other assets	1,939	1,766	173	9.8	1,872
Non-current assets and disposal groups held for sale	99	4,856	(4,757)	(98.0)	664
Non-current assets	**268,056**	**242,828**	**25,228**	**10.4**	**237,775**
Intangible assets	144,544	132,647	11,897	9.0	128,431
Property, plant and equipment	65,185	61,770	3,415	5.5	60,439
Right-of-use assets	38,061	30,777	7,284	23.7	30,624
Capitalized contract costs	2,950	2,585	365	14.1	2,315
Investments accounted for using the equity method	1,995	938	1,057	n.a.	950
Other financial assets	5,215	4,836	379	7.8	6,011
Deferred tax assets	8,604	7,906	698	8.8	7,752
Other assets	1,502	1,369	133	9.7	1,255
Total assets	**301,686**	**281,627**	**20,059**	**7.1**	**270,504**
Liabilities and shareholders' equity					
Current liabilities	**39,647**	**38,803**	**844**	**2.2**	**35,225**
Financial liabilities	12,199	12,243	(44)	(0.4)	11,902
Lease liabilities	5,342	5,040	302	6.0	4,977
Trade and other payables	11,179	10,452	727	7.0	8,342
Income tax liabilities	811	549	262	47.7	833
Other provisions	4,009	3,903	106	2.7	3,389
Other liabilities	4,250	3,584	666	18.6	3,812
Contract liabilities	1,857	1,668	189	11.3	1,699
Liabilities directly associated with non-current assets and disposal groups held for sale	0	1,365	(1,365)	(100.0)	271
Non-current liabilities	**173,547**	**161,355**	**12,192**	**7.6**	**158,279**
Financial liabilities	102,307	99,223	3,084	3.1	97,788
Lease liabilities	37,183	28,094	9,089	32.4	28,286
Provisions for pensions and other employee benefits	3,913	6,134	(2,221)	(36.2)	5,925
Other provisions	4,369	5,560	(1,191)	(21.4)	5,186
Deferred tax liabilities	22,925	19,809	3,116	15.7	18,257
Other liabilities	2,114	1,959	155	7.9	2,257
Contract liabilities	736	577	159	27.6	580
Liabilities	**213,194**	**200,159**	**13,035**	**6.5**	**193,504**
Shareholders' equity	**88,492**	**81,469**	**7,023**	**8.6**	**77,000**
Issued capital	12,765	12,765	0	0.0	12,189
Treasury shares	(36)	(37)	1	2.7	(46)
	12,729	**12,728**	**1**	**0.0**	**12,144**
Capital reserves	62,266	63,773	(1,507)	(2.4)	62,597
Retained earnings including carryforwards	(33,938)	(36,358)	2,420	6.7	(36,217)
Total other comprehensive income	1,528	(1,641)	3,169	n.a.	(2,969)
Net profit (loss)	5,409	4,176	1,233	29.5	2,815
Issued capital and reserves attributable to owners of the parent	**47,993**	**42,679**	**5,314**	**12.5**	**38,370**
Non-controlling interests	40,499	38,790	1,709	4.4	38,630
Total liabilities and shareholders' equity	**301,686**	**281,627**	**20,059**	**7.1**	**270,504**

Consolidated income statement

millions of €

	H1 2022	H1 2021	Change %	Q2 2022	Q2 2021	Change %	FY 2021
Net revenue	**56,191**	**52,983**	**6.1**	**28,168**	**26,593**	**5.9**	**108,794**
Of which: interest income calculated using the effective interest method	266	141	88.7	138	69	100.0	276
Other operating income	3,452	841	n.a.	288	553	(47.9)	1,299
Changes in inventories	32	(5)	n.a.	11	(5)	n.a.	(6)
Own capitalized costs	1,407	1,380	2.0	721	706	2.1	2,868
Goods and services purchased	(25,611)	(23,155)	(10.6)	(12,669)	(11,722)	(8.1)	(49,683)
Personnel costs	(9,721)	(9,358)	(3.9)	(4,926)	(4,702)	(4.8)	(18,463)
Other operating expenses	(2,730)	(1,855)	(47.2)	(1,665)	(954)	(74.5)	(4,271)
Impairment losses on financial assets	(602)	(269)	n.a.	(361)	(124)	n.a.	(638)
Gains (losses) from the write-off of financial assets measured at amortized cost	(18)	(53)	66.0	(5)	(29)	82.8	(123)
Other	(2,110)	(1,533)	(37.6)	(1,299)	(801)	(62.2)	(3,510)
EBITDA	**23,019**	**20,830**	**10.5**	**9,927**	**10,469**	**(5.2)**	**40,539**
Depreciation, amortization and impairment losses	(14,335)	(13,623)	(5.2)	(7,570)	(6,781)	(11.6)	(27,482)
Profit (loss) from operations (EBIT)	**8,684**	**7,207**	**20.5**	**2,356**	**3,688**	**(36.1)**	**13,057**
Finance costs	(2,540)	(2,304)	(10.2)	(1,297)	(1,118)	(16.0)	(4,601)
Interest income	228	215	6.0	113	100	13.0	451
Interest expense	(2,768)	(2,519)	(9.9)	(1,410)	(1,218)	(15.8)	(5,052)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	1	(44)	n.a.	(18)	(33)	45.5	(102)
Other financial income (expense)	1,016	178	n.a.	681	656	3.8	(437)
Profit (loss) from financial activities	**(1,523)**	**(2,170)**	**29.8**	**(634)**	**(495)**	**(28.1)**	**(5,139)**
Profit (loss) before income taxes	**7,160**	**5,037**	**42.1**	**1,723**	**3,193**	**(46.0)**	**7,918**
Income taxes	(1,412)	(1,261)	(12.0)	(329)	(719)	54.2	(1,815)
Profit (loss)	**5,749**	**3,776**	**52.3**	**1,394**	**2,473**	**(43.6)**	**6,103**
Profit (loss) attributable to							
Owners of the parent (net profit (loss))	5,409	2,815	92.1	1,460	1,879	(22.3)	4,176
Non-controlling interests	340	960	(64.6)	(66)	594	n.a.	1,927

Earnings per share

		H1 2022	H1 2021	Change %	Q2 2022	Q2 2021	Change %	FY 2021
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	5,409	2,815	92.1	1,460	1,879	(22.3)	4,176
Adjusted weighted average number of basic/diluted ordinary shares outstanding	millions	4,972	4,744	4.8	4,972	4,744	4.8	4,813
Earnings per share (basic/diluted)	€	**1.09**	**0.59**	**84.7**	**0.29**	**0.40**	**(27.5)**	**0.87**

Consolidated statement of comprehensive income

millions of €	H1 2022	H1 2021	Change	Q2 2022	Q2 2021	Change	FY 2021
Profit (loss)	**5,749**	**3,776**	**1,973**	**1,394**	**2,473**	**(1,079)**	**6,103**
Items not subsequently reclassified to profit or loss (not recycled)							
Gains (losses) from the remeasurement of equity instruments	51	87	(36)	39	54	(15)	112
Gains (losses) from the remeasurement of defined benefit plans	2,142	1,610	532	994	631	363	1,426
Income taxes relating to components of other comprehensive income	(619)	(223)	(396)	(317)	(38)	(279)	(261)
	1,574	**1,474**	**100**	**715**	**648**	**67**	**1,278**
Items subsequently reclassified to profit or loss (recycled), if certain reasons are given							
Exchange differences on translating foreign operations							
Recognition of other comprehensive income in income statement	0	41	(41)	(2)	41	(43)	61
Change in other comprehensive income (not recognized in income statement)	5,975	2,047	3,928	4,586	(649)	5,235	5,142
Gains (losses) from the remeasurement of debt instruments							
Recognition of other comprehensive income in income statement	512	179	333	307	97	210	417
Change in other comprehensive income (not recognized in income statement)	(591)	(179)	(412)	(354)	(147)	(207)	(497)
Gains (losses) from hedging instruments (designated risk components)							
Recognition of other comprehensive income in income statement	(51)	14	(65)	(84)	98	(182)	17
Change in other comprehensive income (not recognized in income statement)	547	148	399	370	24	346	296
Gains (losses) from hedging instruments (hedging costs)							
Recognition of other comprehensive income in income statement	1	1	0	0	1	(1)	2
Change in other comprehensive income (not recognized in income statement)	(22)	21	(43)	(6)	12	(18)	60
Income taxes relating to components of other comprehensive income	(105)	(46)	(59)	(57)	(33)	(24)	(81)
	6,266	**2,226**	**4,040**	**4,760**	**(556)**	**5,316**	**5,417**
Other comprehensive income	**7,840**	**3,700**	**4,140**	**5,475**	**92**	**5,383**	**6,694**
Total comprehensive income	**13,589**	**7,475**	**6,114**	**6,869**	**2,565**	**4,304**	**12,798**
Total comprehensive income attributable to							
Owners of the parent	10,019	5,333	4,686	4,503	2,439	2,064	8,010
Non-controlling interests	3,570	2,142	1,428	2,366	126	2,240	4,788

Consolidated statement of changes in equity

millions of €

	Issued capital and reserves attributable to owners of the parent						
	Equity contributed			Consolidated shareholders' equity generated			
	Issued capital	Treasury shares	Capital reserves	Retained earnings including carryforwards	Net profit (loss)	Translation of foreign operations	Revaluation surplus
Balance at January 1, 2021	**12,189**	**(46)**	**62,640**	**(38,905)**	**4,158**	**(4,092)**	**(14)**
Transfer resulting from changes in accounting standards							
Changes in the composition of the Group							
Transactions with owners			(110)			1	
Unappropriated profit (loss) carried forward				4,158	(4,158)		
Dividends				(2,846)			
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			67				
Share buy-back/shares held in a trust deposit							
Profit (loss)					2,815		
Other comprehensive income				1,330		1,006	
Total comprehensive income							
Transfer to retained earnings				46			3
Balance at June 30, 2021	**12,189**	**(46)**	**62,597**	**(36,217)**	**2,815**	**(3,085)**	**(11)**
Balance at January 1, 2022	**12,765**	**(37)**	**63,773**	**(36,358)**	**4,176**	**(1,747)**	**(7)**
Transfer resulting from changes in accounting standards							
Changes in the composition of the Group							
Transactions with owners			(1,640)			4	
Unappropriated profit (loss) carried forward				4,176	(4,176)		
Dividends				(3,182)			
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			133				
Share buy-back/shares held in a trust deposit		1					
Profit (loss)					5,409		
Other comprehensive income				1,439		2,842	
Total comprehensive income							
Transfer to retained earnings				(14)			3
Balance at June 30, 2022	**12,765**	**(36)**	**62,266**	**(33,938)**	**5,409**	**1,099**	**(4)**

	Issued capital and reserves attributable to owners of the parent								
	Total other comprehensive income						Total	Non-controlling interests	Total shareholders' equity
	Equity instruments measured at fair value through other comprehensive income (IFRS 9)	Debt instruments measured at fair value through other comprehensive income (IFRS 9)	Hedging instruments: designated risk components (IFRS 9)	Hedging instruments: hedging costs (IFRS 9)	Investments accounted for using the equity method	Taxes			
	156	**0**	**(223)**	**24**	**0**	**34**	**35,922**	**36,628**	**72,550**
							0	0	0
							0	0	0
			4			(1)	(106)	10	(96)
							0	0	0
							(2,846)	(234)	(3,080)
							0	0	0
							67	83	150
							0	0	0
							2,815	960	3,776
	81		119	22		(41)	2,517	1,182	3,700
							5,333	**2,142**	**7,475**
	(52)					2	0	0	0
	185	**0**	**(100)**	**46**	**0**	**(5)**	**38,370**	**38,630**	**77,000**
	143	**(37)**	**(56)**	**86**	**0**	**(22)**	**42,679**	**38,790**	**81,469**
							0	0	0
							0	(583)	(583)
		(2)	(25)			8	(1,656)	(1,223)	(2,879)
							0	0	0
							(3,182)	(197)	(3,379)
							0	0	0
							133	143	275
							1	0	1
							5,409	340	5,749
	52	(38)	450	(22)		(113)	4,610	3,230	7,840
							10,019	**3,570**	**13,589**
	10						0	0	0
	205	**(77)**	**369**	**64**	**0**	**(128)**	**47,993**	**40,499**	**88,492**

Consolidated statement of cash flows

millions of €

	H1 2022	H1 2021	Change	Q2 2022	Q2 2021	Change	FY 2021
Profit (loss) before income taxes	7,160	5,037	2,123	1,723	3,193	(1,470)	7,918
Depreciation, amortization and impairment losses	14,335	13,623	712	7,570	6,781	789	27,482
(Profit) loss from financial activities	1,523	2,170	(647)	634	495	139	5,139
(Profit) loss on the disposal of fully consolidated subsidiaries	(2,553)	(163)	(2,390)	0	(163)	163	(130)
(Income) loss from the sale of stakes accounted for using the equity method	(66)	0	(66)	(66)	0	(66)	(13)
Other non-cash transactions	315	5	310	233	(92)	325	226
(Gains) losses from the disposal of intangible assets and property, plant and equipment	56	(2)	58	38	(7)	45	161
Change in assets carried as operating working capital	(433)	436	(869)	(135)	(242)	107	(1,475)
Change in other operating assets	(73)	(542)	469	9	(203)	212	(1,059)
Change in provisions	(354)	(499)	145	289	(80)	369	(152)
Change in liabilities carried as operating working capital	372	(1,130)	1,502	(163)	(330)	167	241
Change in other operating liabilities	643	397	246	254	145	109	(260)
Income taxes received (paid)	(257)	(357)	100	(209)	(102)	(107)	(893)
Dividends received	3	2	1	1	1	0	8
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	0	0	0	0	0	0	(1)
Cash generated from operations	**20,671**	**18,977**	**1,694**	**10,177**	**9,396**	**781**	**37,191**
Interest paid	(3,360)	(3,206)	(154)	(1,987)	(1,718)	(269)	(6,158)
Interest received	668	615	53	431	402	29	1,138
Net cash from operating activities	**17,979**	**16,387**	**1,592**	**8,621**	**8,080**	**541**	**32,171**
Cash outflows for investments in							
Intangible assets	(4,679)	(10,089)	5,410	(1,128)	(1,016)	(112)	(12,749)
Property, plant and equipment	(7,579)	(6,505)	(1,074)	(3,958)	(3,306)	(652)	(13,616)
Non-current financial assets	(501)	(176)	(325)	(225)	(111)	(114)	(336)
Payments for publicly funded investments in the broadband build-out	(162)	(179)	17	(90)	(95)	5	(436)
Proceeds from public funds for investments in the broadband build-out	129	103	26	85	77	8	420
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(52)	(25)	(27)	(1)	(1)	0	(1,617)
Proceeds from disposal of							
Intangible assets	2	1	1	1	1	0	2
Property, plant and equipment	82	105	(23)	33	57	(24)	137
Non-current financial assets	156	190	(34)	115	128	(13)	352
Changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	4,089	145	3,944	0	145	(145)	352
Net change in short-term investments and marketable securities and receivables	(1,633)	122	(1,755)	(467)	187	(654)	89
Other	1	0	1	0	0	0	0
Net cash used in investing activities	**(10,148)**	**(16,307)**	**6,159**	**(5,636)**	**(3,934)**	**(1,702)**	**(27,403)**
Proceeds from issue of current financial liabilities	1,212	4,297	(3,085)	1,180	3,673	(2,493)	4,431
Repayment of current financial liabilities	(3,438)	(11,105)	7,667	(2,238)	(7,331)	5,093	(18,040)
Proceeds from issue of non-current financial liabilities	1	8,575	(8,574)	1	2,909	(2,908)	12,925
Repayment of non-current financial liabilities	0	0	0	0	0	0	0
Dividend payments (including to other shareholders of subsidiaries)	(3,247)	(2,909)	(338)	(3,247)	(2,909)	(338)	(3,145)
Principal portion of repayment of lease liabilities	(2,415)	(3,035)	620	(1,180)	(1,311)	131	(6,458)
Cash inflows from transactions with non-controlling entities	25	11	14	22	8	14	14
Cash outflows from transactions with non-controlling entities	(2,629)	(347)	(2,282)	(2,377)	(140)	(2,237)	(506)
Net cash used in financing activities	**(10,491)**	**(4,513)**	**(5,978)**	**(7,838)**	**(5,100)**	**(2,738)**	**(10,779)**
Effect of exchange rate changes on cash and cash equivalents	316	356	(40)	259	(58)	317	620
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	8	(1)	9	0	(1)	1	68
Net increase (decrease) in cash and cash equivalents	**(2,336)**	**(4,078)**	**1,742**	**(4,594)**	**(1,014)**	**(3,580)**	**(5,323)**
Cash and cash equivalents, at the beginning of the period	**7,617**	**12,939**	**(5,322)**	**9,875**	**9,872**	**3**	**12,939**
Cash and cash equivalents, at the end of the period	**5,281**	**8,861**	**(3,580)**	**5,281**	**8,861**	**(3,580)**	**7,617**

Significant events and transactions

Accounting policies

In accordance with § 115 et seq. of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG), Deutsche Telekom AG's half-year financial report comprises interim consolidated financial statements and an interim management report for the Group as well as a responsibility statement pursuant to § 297 (2) sentence 4 and § 315 (1) sentence 5 of the German Commercial Code (Handelsgesetzbuch – HGB). The interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial reporting as adopted by the EU as of the reporting date. The interim management report for the Group was prepared in accordance with WpHG.

Statement of compliance

The interim consolidated financial statements for the period ended June 30, 2022 are in compliance with International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements at December 31, 2021. All IFRSs applied by Deutsche Telekom AG have been adopted by the European Commission for use within the EU.

In the opinion of the Board of Management, the reviewed half-year financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the results of operations and financial position of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2021 for the accounting policies applied for the Group's financial reporting.

Initial application of standards, interpretations, and amendments in the reporting period

Pronouncement	Title	To be applied by Deutsche Telekom from	Changes	Expected impact on the presentation of Deutsche Telekom's results of operations and financial position
IFRSs endorsed by the EU				
Amendments to IAS 16	Proceeds before Intended Use	Jan. 1, 2022	The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The definition of the costs of testing is clarified. Revenue and cost that relate to items produced that are not an output of the entity's ordinary activities must be presented separately. The line item in the statement of comprehensive income that includes such revenue must be stated.	No material impact.
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Jan. 1, 2022	Clarification that the cost of fulfilling a contract includes all directly attributable costs. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract (such as direct wage and material costs) and an allocation of other costs that relate directly to fulfilling contracts. In addition, it is clarified that before a provision for an onerous contract is established, an entity should recognize any impairment loss that has occurred on assets used in (previously: dedicated to) fulfilling the contract.	No material impact.
Amendments to IFRS 3	Reference to the Conceptual Framework	Jan. 1, 2022	Reference to the revised IFRS Conceptual Framework was included. Requirement that, for identifying liabilities within the scope of IAS 37 or IFRIC 21, an acquirer should apply IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. Addition of an explicit statement that an acquirer should not recognize contingent assets acquired in a business combination.	No material impact.
Annual Improvements Project	Annual Improvements to IFRSs 2018–2020 Cycle	Jan. 1, 2022	Revision of specific aspects in IFRS 1, IFRS 9, IFRS 16, and IAS 41.	No material impact.

For further information on standards, interpretations, and amendments that have been issued but not yet applied, as well as disclosures on the recognition and measurement of items in the statement of financial position and discretionary decisions and estimation uncertainties, please refer to the section "Summary of accounting policies" in the notes to the consolidated financial statements in the 2021 Annual Report.

Changes in accounting policies and changes in the reporting structure

Deutsche Telekom did not make any major changes to its accounting policies in the reporting period.

War in Ukraine

Deutsche Telekom's business activities and hence its results of operations and financial position are not significantly impacted by the consequences of the war in Ukraine. Deutsche Telekom does not operate any networks in Russia or Ukraine. Neither would a stop on gas deliveries from Russia directly impact on the Group's network operations. Deutsche Telekom is discontinuing its developer activities in Russia. Possible future effects on the measurement of individual assets and liabilities are being analyzed on an ongoing basis. It is not yet possible to assess with certainty how Deutsche Telekom will be indirectly affected, in particular by the impact on the global economy. The overall economic outlook has deteriorated significantly as a result of the extensive sanctions, the limitations on trade in goods, and rising energy prices.

Coronavirus pandemic

The development of the global economy continues to be impacted by the coronavirus pandemic. Due to higher demand for certain telecommunications services, the impact of the crisis is being felt less severely by the telecommunications industry and Deutsche Telekom than by other industries. Business activities and thus the results of operations and financial position of Deutsche Telekom were impacted by the coronavirus pandemic in various business areas, affecting revenue and earnings, although not to any significant extent.

Although the pandemic has only had a limited negative impact on the telecommunications sector so far, if the global pandemic were to re-escalate, it could lead to prolonged and increased supply-side shortages. Due to the uncertain path of the coronavirus pandemic, Deutsche Telekom cannot rule out economic implications resulting from possible further developments, such as the emergence of virus mutations. Possible future effects on the measurement of individual assets and liabilities are being analyzed on an ongoing basis. Based on experience so far, the coronavirus pandemic is expected to continue to have only a limited impact on Deutsche Telekom's business going forward.

Changes in underlying parameters

Changes in the underlying parameters primarily relate to the exchange rates used for currency translation and to the interest rates for determining defined benefit obligations.

The euro exchange rates of certain significant currencies changed as follows:

€	Rate at the reporting date			Annual average rate	
	June 30, 2022	Dec. 31, 2021	June 30, 2021	H1 2022	H1 2021
100 Czech korunas (CZK)	4.04139	4.02124	3.92280	4.04515	3.92724
100 Croatian kuna (HRK)	13.27840	13.30760	13.34740	13.28860	13.33560
1,000 Hungarian forints (HUF)	2.51566	2.70845	2.84443	2.51843	2.85699
100 Macedonian denars (MKD)	1.62405	1.62339	1.62273	1.62386	1.62601
100 Polish zlotys (PLN)	21.32330	21.75600	22.13050	21.51700	22.20540
1 U.S. dollar (USD)	0.96219	0.88285	0.84076	0.94632	0.83050

The following key discount rates were used when calculating the present value of defined benefit obligations:

%	June 30, 2022	Dec. 31, 2021
Germany	3.22	1.18
United States	4.91	3.05
Switzerland	2.35	0.33

Changes in the composition of the Group and other transactions

In the first half of 2022, Deutsche Telekom conducted the following transactions, which had an impact on the composition of the Group. Other changes to the composition of the Group not shown here were of no material significance for Deutsche Telekom's interim consolidated financial statements.

Sale of T-Mobile Netherlands

On September 6, 2021, Deutsche Telekom and Tele2 signed an agreement to sell T-Mobile Netherlands to WP/AP Telecom Holdings IV, a private equity consortium advised by Apax Partners and Warburg Pincus. The transaction was consummated on March 31, 2022 after obtaining the necessary approvals from the authorities and satisfying the other closing conditions. The sale price is based on an enterprise value of EUR 5.1 billion. The cash proceeds – based on Deutsche Telekom's overall shareholding of 75 % – amounted to EUR 3.6 billion. The gain on deconsolidation resulting from the sale amounted to EUR 0.9 billion. Until the transaction was closed, the entity had been assigned to the Group Development operating segment. As of December 31, 2021, the assets and liabilities of T-Mobile Netherlands were classified as held for sale on account of the specific intention to sell them.

For further information on the assets and liabilities of T-Mobile Netherlands included in the consolidated financial statements as of December 31, 2021, please refer to Note 5 "Non-current assets and disposal groups held for sale and liabilities directly associated with non-current assets and disposal groups held for sale" in the notes to the consolidated financial statements in the 2021 Annual Report.

Joint venture GlasfaserPlus with IFM

On November 5, 2021, Deutsche Telekom announced that IFM Global Infrastructure Fund would acquire a stake of 50 % in GlasfaserPlus GmbH, a fiber-optic build-out entity. The sale of a 50 % stake in GlasfaserPlus was consummated on February 28, 2022, after the EU Commission approved the transaction on January 25, 2022 and the other closing conditions had been satisfied. The sale price was EUR 0.9 billion. The first tranche of the purchase price of EUR 0.4 billion was paid upon completion of the transaction. The remainder will arise in stages upon achieving certain build-out milestones. In this connection, a contingent consideration receivable of EUR 0.5 billion was recognized under other financial assets upon completion of the transaction. The resulting joint venture is to build out an additional four million gigabit-capable FTTH lines in rural and development areas by 2028. Following the loss of control as a result of the transaction, the GlasfaserPlus entities were deconsolidated as of February 28, 2022. Until the transaction was closed, the entity had been assigned to the Germany operating segment. The resulting gain on deconsolidation of EUR 1.7 billion is included in other operating income. The portion of the gain on deconsolidation attributable to the shares in the GlasfaserPlus entities remaining at Deutsche Telekom at the date when control was lost, calculated at their fair value, amounted to EUR 0.9 billion. The stakes in the joint venture have been included in the consolidated financial statements in the Germany operation segment using the equity method since February 28, 2022. The carrying amount of the stakes amounted to EUR 1.0 billion as of June 30, 2022.

For further information on the carrying amount of the contingent consideration receivable, please refer to the section "Disclosures on financial instruments."

The following transactions will change the composition of the Deutsche Telekom Group in the future.

Agreement with DigitalBridge and Brookfield on the Group's cell tower business in Germany and Austria

On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 % stake in GD Towers, comprising its tower assets in Germany and Austria, currently assigned to the Group Development operating segment (GD tower companies), to DigitalBridge and Brookfield. The preliminary sale price is based on an enterprise value of EUR 17.5 billion. The estimated cash proceeds from the transaction are expected to be EUR 10.9 billion. Once the transaction is complete, Deutsche Telekom will lose control over the GD tower companies. The stake retained by Deutsche Telekom of 49.0 % will then be included in the consolidated financial statements using the equity method. The transaction is subject to approval by the regulatory authorities. It is expected to be completed towards the end of 2022. Once the transaction is complete, the Deutsche Telekom Group will lease back the sold passive network infrastructure in Germany and Austria under a sale and leaseback arrangement. From the third quarter of 2022, the GD tower companies will be recognized in the consolidated financial statements as a discontinued operation.

New limited partners admitted to infrastructure fund (DIV II)

On August 2, 2022, Digital Transformation Capital Partners (DTCP Infra) admitted new investors to the investment company Digital Infrastructure Vehicle II SCSp SICAV-RAIF (DIV II). As a result, Deutsche Telekom's share in DIV II decreased from 66.67 % to 43.5 %. At the same time, an advisory committee is being established, which will comprise up to ten of the most important investors. By admitting new limited partners, Deutsche Telekom has lost control over DIV II. The entity will consequently be deconsolidated in the third quarter of 2022. The stake retained by the Group of 43.5 % will in the future be included in the consolidated financial statements as an associate using the equity method. There are plans to admit further investors. In the future, Deutsche Telekom's stake is expected to fall to around 25 %, in line with the target structure.

Other transactions that had no effect on the composition of the Group

OTE share buy-back

The extraordinary shareholders' meeting of OTE S.A. on January 18, 2022 resolved to retire 8,638,512 treasury shares, which had been acquired as part of a share buy-back program, with a corresponding capital reduction of around EUR 24 million. The shares were retired from the Athens Stock Exchange on February 22, 2022. As a result, Deutsche Telekom's share in OTE increased from 48.29 % to 49.22 %, and stood unchanged at 49.22 % as of June 30, 2022.

The shareholders' meeting of OTE S.A. on May 25, 2022 resolved to retire another 5,617,282 treasury shares, which had been acquired as part of a share buy-back program, with a corresponding capital reduction of around EUR 16 million. The shares were retired from the Athens Stock Exchange on July 12, 2022. As a result, Deutsche Telekom's share in OTE increased from 49.22 % to 49.85 % as of July 12, 2022.

Increase of the stake in T-Mobile US

In keeping with the declared strategic goal of securing control of T-Mobile US in the long term, on April 12, 2022, Deutsche Telekom acquired a total of around 21.2 million additional T-Mobile US shares from SoftBank for a purchase price of USD 2.4 billion (EUR 2.2 billion). To this end, Deutsche Telekom exercised a further portion of the stock options it had received from SoftBank in June 2020 to purchase shares in T-Mobile US. This gives a weighted average price of around USD 113 per T-Mobile US share. Upon its completion, the transaction increased Deutsche Telekom's stake in T-Mobile US by 1.7 percentage points to 48.4 %. The fair value of the consideration transferred (within the meaning of the IFRSs) amounts to EUR 2.7 billion and comprises a cash payment of EUR 2.2 billion and the fair value of the exercised stock options at the time of exercising of EUR 0.5 billion. The acquisition was made using cash proceeds from the sale of T-Mobile Netherlands. The percentage of T-Mobile US shares for which Deutsche Telekom can exercise voting rights, based on an agreement concluded with SoftBank in connection with the acquisition of Sprint, amounted to 51.8 % as of June 30, 2022.

For the presentation of the effects in connection with the partial exercise and subsequent measurement of the stock options, please refer to the sections "Shareholders' equity," "Other financial assets," and "Disclosures on financial instruments."

Selected notes to the consolidated statement of financial position

Trade receivables

At EUR 16.9 billion, trade receivables increased by EUR 1.6 billion against the 2021 year-end level. In the United States operating segment, the increase in receivables was mainly due to exchange rate effects. The increase in receivables there was also attributable to the Equipment Installment Plan and customer additions. The carrying amount also increased as a result of higher receivables in the Germany operating segment.

Contract assets

The carrying amount of contract assets at the reporting date totaled EUR 2.1 billion compared with EUR 2.0 billion as of December 31, 2021. Contract assets relate to receivables that have not yet legally come into existence, which arise from the earlier – as compared to billing – recognition of revenue, in particular from the sale of goods and merchandise. Furthermore, receivables from long-term construction contracts are recognized under contract assets.

Inventories

The carrying amount of inventories increased by EUR 0.1 billion compared to December 31, 2021 to EUR 3.0 billion, mainly due to higher inventories of high-priced mobile terminal equipment in the Germany operating segment. Exchange rate effects, mainly from the translation from U.S. dollars into euros, also increased the carrying amount. By contrast, inventories in the United States operating segment declined in particular due to a lack of new, high-priced devices being launched on the market.

Intangible assets

The carrying amount of intangible assets increased by EUR 11.9 billion to EUR 144.5 billion, due in particular to exchange rate effects of EUR 10.0 billion, primarily from the translation of U.S. dollars into euros. The carrying amount was further increased by additions of EUR 5.1 billion, EUR 2.7 billion of which related to the acquisition of mobile spectrum and resulted almost entirely from the 199 mobile licenses acquired in January 2022 at the 3,450 MHz auction held by the Federal Communications Commission (FCC). Positive effects from changes in the composition of the Group also contributed EUR 0.1 billion to the increase in the carrying amount, while amortization and impairment losses of EUR 3.3 billion reduced it. This includes impairment losses of EUR 0.1 billion. Disposals decreased the carrying amount by EUR 0.1 billion.

For further information on impairment losses, please refer to the section "Property, plant and equipment."

Property, plant and equipment

The carrying amount of property, plant and equipment increased by EUR 3.4 billion compared to December 31, 2021 to EUR 65.2 billion. Additions of EUR 8.5 billion for the upgrade and build-out of the network and in connection with the broadband/fiber-optic build-out and mobile infrastructure build-out increased the carrying amount. The modification of the arrangements between T-Mobile US and Crown Castle for existing cell sites increased the carrying amount by EUR 0.8 billion. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 2.5 billion. Reclassifications of lease assets upon expiry of the contractual lease term to property, plant and equipment, in the United States operating segment in particular, increased the carrying amount by EUR 0.2 billion, while depreciation and impairment losses of EUR 6.9 billion had an offsetting effect. This includes impairment losses of EUR 0.2 billion, relating to the impairment test of the former Sprint's fiber-optic-based wireline assets, which is described below. Disposals of EUR 0.7 billion also reduced the carrying amount.

For further information on the modification of the arrangements between T-Mobile US and Crown Castle, please refer to the section "Right-of-use assets."

In the second quarter of 2022, T-Mobile US decommissioned its 3G CDMA network and began switching off the former Sprint's 4G LTE network. Until now, the operation of these networks has been supported by Sprint's own fiber-optic-based wireline network. The assets of this wireline network, which mainly comprise land and buildings, communication systems and network technology, fiber-optic cable equipment and right-of-use assets, therefore had to be grouped together with the mobile assets for the purposes of the impairment test and were thus part of the United States cash-generating unit. Due to the decommissioning of Sprint's mobile networks, the assets of Sprint's fiber-optic-based wireline network now generate cash inflows independently of the assets of the mobile business. As such, they are no longer assigned to the United States cash-generating unit. This resulted in an ad hoc impairment test of the fiber-optic-based wireline assets as of June 30, 2022. The fair value of the assets was determined using the combination of cost, income, and market-value-based approaches, including assumptions of the market participants. The value was calculated using Level 3 input parameters. A discount rate of 7.5 % was used. The recoverable amount of the assets, calculated as fair value less costs of disposal, was EUR 452 million below the carrying amount and stood at EUR 649 million. EUR 228 million of the impairment loss related to property, plant and equipment, EUR 201 million to right-of-use assets, and EUR 23 million to intangible assets.

Right-of-use assets

The carrying amount of the right-of-use assets increased by EUR 7.3 billion compared to December 31, 2021 to EUR 38.1 billion. This increase was driven by additions of EUR 8.9 billion, primarily as a result of the modification to existing leases agreed between T-Mobile US and Crown Castle in January 2022, mainly concerning the lease of Crown Castle's cell sites. This agreement includes a modification of the monthly lease payments for existing cell sites and an extension of the non-cancelable lease term until December 31, 2033 (with additional extension options). The modification of the arrangements results in an increase of USD 7.3 billion (EUR 6.6 billion) each in the right-of-use assets and in lease liabilities, and an increase of USD 0.9 billion (EUR 0.8 billion) each in property, plant and equipment and in other financial liabilities for contract components that, due to their financing character, do not fall under the scope of IFRS 16. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 2.8 billion. Depreciation, amortization and impairment losses of EUR 4.1 billion reduced the carrying amount. This included a EUR 1.1 billion increase in depreciation and amortization due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint. This also includes impairment losses of EUR 0.2 billion, relating to the impairment test of the former Sprint's fiber-optic-based wireline assets. Reclassifications of lease assets upon expiry of the contractual lease term to property, plant and equipment, in the United States operating segment in particular, also reduced the carrying amount by EUR 0.2 billion. Disposals of EUR 0.1 billion also reduced the carrying amount.

For further information on impairment losses, please refer to the section "Property, plant and equipment."

Capitalized contract costs

As of June 30, 2022, the carrying amount of capitalized contract costs was up by EUR 0.4 billion against the level of December 31, 2021 to EUR 3.0 billion. The capitalized contract costs primarily relate to the United States, Germany, and Europe operating segments.

Investments accounted for using the equity method

The carrying amount of investments accounted for using the equity method increased by EUR 1.1 billion as of December 31, 2021 to EUR 2.0 billion, mainly in connection with the completed sale of a 50 % stake in GlasfaserPlus. Following the loss of control as a result of the transaction, the GlasfaserPlus entities were deconsolidated as of February 28, 2022. Since this date, the remaining 50 % of the shares in the joint venture have been included in the consolidated financial statements as an investment accounted for using the equity method. After the transaction was consummated, EUR 0.1 billion was paid into the reserves of GlasfaserPlus as per agreement. The carrying amount of the investment amounted to EUR 1.0 billion as of June 30, 2022.

For further information on the joint venture GlasfaserPlus with IFM, please refer to the section "Changes in the composition of the Group and other transactions."

Since June 1, 2021, 37.65 % of the shares in Cellnex Netherlands B.V. have been included in the consolidated financial statements using the equity method as a result of the transaction completed in the prior year in connection with the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund. The purchase price allocation to measure the 37.65 % shares in Cellnex Netherlands B.V. as of the acquisition date of June 1, 2021 was finalized in May 2022. According to the purchase price allocation, the consideration transferred amounted to EUR 0.4 billion. The pro rata hidden reserves mainly related to goodwill (EUR 0.2 billion). The carrying amount of the investment amounted to EUR 0.4 billion as of June 30, 2022.

For further information on the combination of the cell tower business in the Netherlands and on the set-up of an infrastructure fund, please refer to the section "Changes in the composition of the Group and other transactions" in the notes to the consolidated financial statements in the 2021 Annual Report.

Other financial assets

millions of €

	June 30, 2022	Dec. 31, 2021
	Total	Total
Originated loans and receivables	3,622	3,426
Other receivables – publicly funded projects	1,980	1,794
Derivative financial assets	2,369	2,762
Of which: derivatives with a hedging relationship	1,019	1,560
Of which: derivatives without a hedging relationship	1,350	1,202
Equity instruments – measured at fair value through profit or loss	3	3
Equity instruments – measured at fair value through other comprehensive income	539	437
Debt instruments – measured at fair value through profit or loss	667	233
Lease assets	211	228
Other	4	4
	9,394	**8,888**

The carrying amount of current and non-current other financial assets increased by EUR 0.5 billion compared to December 31, 2021 to EUR 9.4 billion. The net total of originated loans and receivables increased by EUR 0.2 billion to EUR 3.6 billion. A contingent consideration receivable was recorded in connection with the sale of a 50 % stake in GlasfaserPlus. As the remainder of the purchase price, this receivable will fall due in stages upon achieving certain build-out milestones and, as of June 30, 2022, amounted to EUR 0.4 billion. The carrying amount of cash collateral also increased. In connection with receivables from grants still to be received from funding projects for the broadband build-out in Germany, the carrying amount of other receivables increased by EUR 0.2 billion. The carrying amount of derivatives with a hedging relationship decreased by EUR 0.5 billion to EUR 1.0 billion, mainly due to the decrease in positive fair values from interest rate swaps in fair value hedges, which is primarily the result of a significant increase in the interest rate level. A net increase from EUR 1.2 billion to EUR 1.4 billion was recorded in the carrying amount of derivatives without a hedging relationship. This was due to an increase of EUR 0.4 billion in the carrying amount of interest rate and currency derivatives due to exchange rate effects (primarily from the strengthening of the U.S. dollar against the euro). The carrying amount was also increased by positive measurement effects of EUR 0.1 billion from energy forward agreements embedded in contracts. In connection with the stock options received from SoftBank to purchase shares in T-Mobile US, the carrying amount of the stock options remained stable against December 31, 2021, due on the one hand to the positive development of the T-Mobile US share price and the amortization from the initial measurement of the stock options at fair value, and on the other, to the derecognition of the exercised options in April 2022. At the time of exercising the stock options, they had a fair value of EUR 0.5 billion. In connection with negative measurement effects from derivatives embedded in bonds issued by T-Mobile US, the carrying amount of derivatives without a hedging relationship decreased by EUR 0.4 billion.

For further information on embedded derivatives at T-Mobile US and on the stock options, please refer to the section "Disclosures on financial instruments."

For further information on the joint venture GlasfaserPlus with IFM, please refer to the section "Changes in the composition of the Group and other transactions."

Other assets
The carrying amount of current and non-current other assets increased by EUR 0.3 billion to EUR 3.4 billion. As of June 30, 2022, the carrying amount included various advance payments, totaling EUR 2.8 billion (December 31, 2021: EUR 2.6 billion), mainly including advance payments in connection with agreements on services for certain mobile communications equipment that do not fall under the scope of IFRS 16 – Leases. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.2 billion.

Non-current assets and disposal groups held for sale
The carrying amount of non-current assets and disposal groups held for sale decreased by EUR 4.8 billion compared with December 31, 2021 to EUR 0.1 billion. EUR 4.7 billion of this decrease related to the sale of T-Mobile Netherlands as of March 31, 2022 and EUR 0.1 billion to the sale of the 50 % stake in GlasfaserPlus on February 28, 2022. Both these companies were classified as held for sale as of December 31, 2021 on account of the specific intention to sell them.

For further information on these corporate transactions, please refer to the section “Changes in the composition of the Group and other transactions.”

Financial liabilities and lease liabilities
The following table shows the composition and maturity structure of **financial liabilities** as of June 30, 2022:

millions of €

	June 30, 2022	Due within 1 year	Due > 1 ≤ 5 years	Due > 5 years	Dec. 31, 2021
Bonds and other securitized liabilities	95,953	6,675	30,678	58,600	93,857
Liabilities to banks	3,999	1,942	1,291	767	4,003
Liabilities with the right of creditors to priority repayment in the event of default	3,272	594	2,321	357	3,248
Other interest-bearing liabilities	7,494	1,259	2,547	3,689	7,826
Other non-interest-bearing liabilities	1,980	1,654	122	203	1,829
Derivative financial liabilities	1,808	77	542	1,190	703
Financial liabilities	**114,506**	**12,199**	**37,501**	**64,806**	**111,466**

The carrying amount of current and non-current financial liabilities increased by EUR 3.0 billion compared with year-end 2021 to EUR 114.5 billion, primarily due to the factors described below. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 6.8 billion.

The carrying amount of bonds and other securitized liabilities increased by EUR 2.1 billion. Exchange rate effects, especially from the translation of U.S. dollars into euros, increased the carrying amount of bonds and other securitized liabilities by EUR 6.1 billion. Repayments by T-Mobile US of a bond with a volume of USD 0.5 billion (EUR 0.5 billion) and in the Group of a EUR bond with a volume of EUR 0.1 billion and a GBP bond with a volume of GBP 0.7 billion (EUR 0.8 billion) reduced the carrying amount in the reporting period. In addition, the carrying amount decreased by EUR 2.4 billion in connection with measurement effects from derivatives with a hedging relationship, the offsetting entry for which is posted under bonds and other securitized liabilities. This is mainly due to the decline in fair values from interest rate swaps in fair value hedges, which is primarily the result of a significant increase in the interest rate level. The subsequent measurement under the effective interest method reduced the carrying amount by EUR 0.2 billion.

The carrying amount of liabilities to banks remained unchanged against December 31, 2021 at EUR 4.0 billion.

The liabilities with the right of creditors to priority repayment in the event of default of EUR 3.3 billion (December 31, 2021: EUR 3.2 billion) relate primarily to bonds issued by Sprint. Collateral was provided for these bonds, hence they constitute a separate class of financial instruments. Repayments in the reporting period in the amount of EUR 0.2 billion when translated into euros reduced the carrying amount. Exchange rate effects from the translation of U.S. dollars into euros raised the carrying amount by EUR 0.3 billion.

The carrying amount of other interest-bearing liabilities decreased by EUR 0.3 billion compared with December 31, 2021 to EUR 7.5 billion. In connection with cash collateral received for derivative financial instruments, the carrying amount of other interest-bearing liabilities decreased by a total of EUR 1.3 billion. The modification of the arrangements between T-Mobile US and Crown Castle regarding cell sites increased the carrying amount by EUR 0.8 billion.

For further information on cash collateral, please refer to the section “Disclosures on financial instruments.”

For further information on the modification of the arrangements between T-Mobile US and Crown Castle, please refer to the section “Right-of-use assets.”

The carrying amount of derivative financial liabilities increased by EUR 1.1 billion to EUR 1.8 billion, driven by negative measurement effects of derivatives with a hedging relationship. This is mainly due to the increase in negative fair values from interest rate swaps in fair value hedges, which is primarily the result of a significant increase in the interest rate level. The carrying amount was reduced by positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future.

For further information on derivative financial liabilities, please refer to the section "Disclosures on financial instruments."

The carrying amount of current and non-current **lease liabilities** increased by EUR 9.4 billion to EUR 42.5 billion compared with December 31, 2021. This increase primarily relates to the modification of the arrangements between T-Mobile US and Crown Castle, which resulted in an increase in the carrying amounts of lease liabilities of EUR 6.6 billion. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 3.1 billion. By contrast, the carrying amount was reduced by EUR 0.1 billion, in part in connection with the decommissioning of former Sprint cell sites and the closure of some former Sprint shops in the United States operating segment. The carrying amount was also reduced by the decline of EUR 0.1 billion in the Group Headquarters & Group Services segment.

For further information on the modification of the arrangements between T-Mobile US and Crown Castle, please refer to the section "Right-of-use assets."

Trade and other payables

The carrying amount of trade and other payables increased by EUR 0.7 billion to EUR 11.2 billion, due in particular to higher liabilities in the Germany, United States, and Systems Solutions operating segments. In the United States operating segment, the increase was attributable to exchange rate effects. By contrast, liabilities to terminal equipment vendors, among others, declined in this segment. In the Europe operating segment, liabilities declined slightly.

Provisions for pensions and other employee benefits

The carrying amount of provisions for pensions and other employee benefits decreased by EUR 2.2 billion as of December 31, 2021 to EUR 3.9 billion, mainly due to interest rate adjustments. The development of the fair values of plan assets had an offsetting effect. Overall, the remeasurement of defined benefit plans resulted in an actuarial gain of EUR 2.1 billion.

Current and non-current other provisions

The carrying amount of current and non-current other provisions decreased by EUR 1.1 billion compared with the end of 2021 to EUR 8.4 billion. Other provisions for personnel costs decreased by EUR 1.0 billion, mainly in connection with the performance-based remuneration components for the prior year paid out to employees in the first half of 2022 and a decline in the provision recognized for the Civil Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK). The latter was primarily attributable to the subsequent measurement of the present value determined using actuarial principles (interest effect) and is due to a significant increase in the interest rate level. The provisions for restoration obligations decreased by EUR 0.4 billion. This was also attributable to the increase in the interest level. By contrast, the provisions for litigation risks increased by a net amount of EUR 0.3 billion. This included EUR 0.4 billion in connection with the settlement reached and the further proceedings pending in consequence of the cyberattack on T-Mobile US. Exchange rate effects, in particular from the translation of U.S. dollars into euros, also contributed to the increase.

Other liabilities

The carrying amount of current and non-current other liabilities increased by EUR 0.8 billion to EUR 6.4 billion, EUR 0.4 billion of which was attributable to an increase in liabilities from other taxes. Liabilities due to existing build-out obligations in connection with grants still to be received from funding projects for the broadband build-out in Germany increased by EUR 0.1 billion. Exchange rate effects, in particular from the translation of U.S. dollars into euros, also contributed to the increase.

Contract liabilities

The carrying amount of current and non-current contract liabilities increased by EUR 0.3 billion compared with December 31, 2021 to EUR 2.6 billion. These mainly comprise deferred revenues.

Liabilities directly associated with non-current assets and disposal groups held for sale

The carrying amount of liabilities directly associated with non-current assets and disposal groups held for sale decreased by EUR 1.4 billion against December 31, 2021 to EUR 0.0 billion, in connection with the sale of T-Mobile Netherlands as of March 31, 2022. This company was classified as held for sale as of December 31, 2021 on account of the specific intention to sell it.

For further information on the sale of T-Mobile Netherlands, please refer to the section "Changes in the composition of the Group and other transactions."

Shareholders' equity

The carrying amount of shareholders' equity increased from EUR 81.5 billion as of December 31, 2021 to EUR 88.5 billion, with profit of EUR 5.7 billion and other comprehensive income of EUR 7.8 billion having an increasing effect. Other comprehensive income increased mainly as a result of currency translation effects of EUR 6.0 billion recognized directly in equity and the remeasurement of defined benefit plans accounting for EUR 2.1 billion, as well as gains from hedging instruments of EUR 0.5 billion. By contrast, income taxes relating to components of other comprehensive income of EUR 0.7 billion had a negative impact on other comprehensive income. Capital increases from share-based payments increased shareholders' equity by EUR 0.3 billion. Shareholders' equity was reduced in connection with dividend payments for the 2021 financial year to Deutsche Telekom AG shareholders in the amount of EUR 3.2 billion and to other shareholders of subsidiaries in the amount of EUR 0.2 billion. Transactions with owners also reduced the carrying amount by EUR 2.9 billion – mainly due to the acquisition of additional T-Mobile US shares to increase the stake. Changes in the composition of the Group – mainly due to the sale of T-Mobile Netherlands in the Group Development operating segment – reduced the carrying amount of shareholders' equity by EUR 0.6 billion.

For further information on the increase of the stake in T-Mobile US by way of the agreement concluded with SoftBank, please refer to the section "Changes in the composition of the Group and other transactions."

The following table shows the changes in the composition of the Group, the development of transactions with owners, and the capital increase made against contribution in kind in the previous financial year:

millions of €

	June 30, 2022			Dec. 31, 2021		
	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Changes in the composition of the Group	**0**	**(583)**	**(583)**	**0**	**(181)**	**(181)**
Sale of T-Mobile Netherlands	0	(583)	(583)	0	0	0
Sale of Telekom Romania Communications	0	0	0	0	(170)	(170)
Other effects	0	0	0	0	(11)	(11)
Transactions with owners	**(1,656)**	**(1,223)**	**(2,879)**	**(179)**	**(48)**	**(227)**
OTE share buy-back	(52)	(97)	(149)	(62)	(131)	(193)
Hrvatski Telekom share buy-back	(2)	(22)	(24)	(1)	(12)	(13)
Increase of the stake in T-Mobile US	(1,493)	(1,178)	(2,672)			
T-Mobile US share-based payment	(123)	127	4	(157)	165	9
Magyar Telekom share buy-back	15	(53)	(38)	9	(38)	(29)
T-Mobile Netherlands sale and leaseback	0	0	0	33	(33)	0
Other effects	0	0	0	0	0	0
Capital increase of Deutsche Telekom AG	**0**	**0**	**0**	**1,511**	**(2,358)**	**(847)**

Selected notes to the consolidated income statement

Net revenue

Net revenue breaks down into the following revenue categories:

millions of €	H1 2022	H1 2021
Revenue from the rendering of services	**45,184**	**41,401**
Germany	10,306	10,131
United States	28,343	24,247
Europe	4,510	4,638
Systems Solutions	1,566	1,550
Group Development	418	795
Group Headquarters & Group Services	42	40
Revenue from the sale of goods and merchandise	**9,608**	**9,250**
Germany	1,193	1,065
United States	7,535	7,230
Europe	740	709
Systems Solutions	23	31
Group Development	117	215
Group Headquarters & Group Services	0	0
Revenue from the use of entity assets by others	**1,399**	**2,331**
Germany	302	356
United States	792	1,648
Europe	100	105
Systems Solutions	8	16
Group Development	144	144
Group Headquarters & Group Services	55	63
Net revenue	**56,191**	**52,983**

For further information on changes in net revenue, please refer to the section "Development of business in the Group" in the interim Group management report.

Other operating income

millions of €	H1 2022	H1 2021
Income from the reversal of impairment losses on non-current assets	2	1
Income from the disposal of non-current assets	38	82
Income from reimbursements	62	64
Income from insurance compensation	132	47
Income from ancillary services	12	11
Miscellaneous other operating income	3,208	636
Of which: gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method	2,619	201
	3,452	**841**

Income from insurance compensation mainly resulted from payments on account from insurance companies in connection with damage sustained in the catastrophic flooding in North Rhine-Westphalia and Rhineland-Palatinate in July 2021. Gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method of EUR 1.7 billion were attributable to the loss of control over the GlasfaserPlus entities. The sale of T-Mobile Netherlands resulted in a gain on deconsolidation of EUR 0.9 billion, which was determined taking the repayment of internal shareholder loans and the net assets on the date of deconsolidation into account. Other operating income also includes a payment of EUR 0.2 billion in connection with the settlement of a series of patent disputes between T-Mobile US and a competitor as well as a large number of individual items at marginal amounts.

For further information on these corporate transactions, please refer to the section "Changes in the composition of the Group and other transactions."

Other operating expenses

millions of €	H1 2022	H1 2021
Impairment losses on financial assets	(602)	(269)
Gains (losses) from the write-off of financial assets measured at amortized cost	(18)	(53)
Other	(2,110)	(1,533)
Legal and audit fees	(576)	(272)
Losses from asset disposals	(94)	(80)
Income (losses) from the measurement of factoring receivables	(2)	(2)
Other taxes	(320)	(270)
Cash and guarantee transaction costs	(294)	(256)
Insurance expenses	(81)	(67)
Miscellaneous other operating expenses	(743)	(586)
	(2,730)	**(1,855)**

The year-on-year increase in impairment losses on financial assets was mainly attributable to allowances of customer receivables primarily in the United States operating segment. These resulted from higher receivables and potential future macroeconomic effects. Expenses for legal and audit fees included EUR 0.4 billion for the settlement reached and the further proceedings pending in consequence of the cyberattack on T-Mobile US. Miscellaneous other operating expenses include expenses of EUR 0.2 billion in the United States operating segment for data storage in data centers, in cloud applications, or other IT services. This position also includes a large number of individual items accounting for marginal amounts.

Depreciation, amortization and impairment losses

At EUR 14.3 billion, depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets were EUR 0.7 billion higher overall in the first half of 2022 than in the prior-year period, with depreciation and amortization increasing by EUR 0.3 billion. In the United States operating segment, a reduction in the useful life of leased network technology for cell sites following the business combination of T-Mobile US and Sprint increased depreciation of the corresponding right-of-use assets by EUR 1.1 billion. By contrast, depreciation on property, plant and equipment in the United States operating segment declined due to the ongoing strategic withdrawal from the terminal equipment lease business. In the Group Development operating segment, depreciation, amortization and impairment losses were down on the prior-year level in connection with the fact that T-Mobile Netherlands had been held for sale until it was sold and accordingly the related depreciation and amortization had been suspended, and in connection with the subsequent sale of T-Mobile Netherlands. Impairment losses increased year-on-year by EUR 0.4 billion to EUR 0.5 billion. The impairment losses recorded in the reporting period mainly related to the former Sprint's fiber-optic-based wireline assets.

For further information on impairment losses, please refer to the section "Property, plant and equipment."

Profit/loss from financial activities

The loss from financial activities decreased from EUR 2.2 billion in the first half of 2021 to EUR 1.5 billion, with other financial income improving from EUR 0.2 billion to EUR 1.0 billion. This positive trend was attributable in particular to positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future and to less pronounced negative measurement effects from derivatives of T-Mobile US embedded in bonds compared with the prior-year period. Positive measurement effects from the amortization and subsequent measurement of the stock options to buy shares in T-Mobile US received from SoftBank in June 2020 were slightly up on the prior-year level. The interest component from the measurement of provisions and liabilities increased by EUR 0.4 billion. This increase was mainly attributable to the subsequent measurement using actuarial principles of the present value of the provision recognized for the Civil Service Health Insurance Fund. By contrast, finance costs increased from EUR 2.3 billion to EUR 2.5 billion. Overall, the share of profit/loss of associates and joint ventures accounted for using the equity method was on a par with the prior-year period.

For further information on embedded derivatives at T-Mobile US, please refer to the section "Disclosures on financial instruments."

Income taxes

A tax expense of EUR 1.4 billion was recorded in the first half of 2022. The tax amount essentially reflects the shares of the different countries in profit before income taxes and their respective national tax rates. However, the effective tax rate was significantly reduced by the realization of tax-free income from the sale of T-Mobile Netherlands and the shares in GlasfaserPlus. In the prior-year period, a tax expense of EUR 1.3 billion had been recorded despite lower profit/loss before income taxes.

Other disclosures

Notes to the consolidated statement of cash flows

Net cash from operating activities

Net cash from operating activities increased by EUR 1.6 billion year-on-year to EUR 18.0 billion. The strong business performance both in the United States and outside of the United States had a positive effect here, as did the EUR 0.1 billion lower income tax payments. By contrast, the (net) increase in interest payments of EUR 0.1 billion had a reducing effect. Factoring agreements of EUR 0.1 billion had a positive impact on net cash from operating activities in the first half of 2022. In the prior-year period, factoring agreements had also had a positive effect of EUR 0.1 billion.

Net cash used in/from investing activities

millions of €

	H1 2022	H1 2021
Cash outflows for investments in intangible assets	(4,679)	(10,089)
Outflows for investments in property, plant and equipment	(7,579)	(6,505)
Payments for publicly funded investments in the broadband build-out	(162)	(179)
Proceeds from public funds for investments in the broadband build-out	129	103
Net cash flows for collateral deposited and hedging transactions	(1,657)	124
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(52)	(25)
Changes in cash and cash equivalents in connection with the contribution of the stake in T-Mobile Infra into Cellnex Netherlands[a]	0	135
Changes in cash and cash equivalents in connection with the sale of the 75 % stake in T-Mobile Netherlands[b]	3,642	0
Changes in cash and cash equivalents in connection with the sale of the 50 % stake in GlasfaserPlus[c]	432	0
Other changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	15	33
Proceeds from the disposal of property, plant and equipment, and intangible assets	84	83
Other	(320)	13
	(10,148)	**(16,307)**

[a] Includes, in addition to the cash inflow for the sale of the business operation of EUR 113 million (cash inflow of EUR 118 million less outflows of cash and cash equivalents of EUR 5 million), the cash inflow from the sale-and-leaseback transaction of EUR 23 million.

[b] Includes, in addition to the cash inflow of EUR 3,671 million for the sale of the 75 % stake, outflows of cash and cash equivalents in the amount of EUR 29 million.

[c] Includes, in addition to the cash inflow of EUR 441 million for the sale of the 50 % stake, outflows of cash and cash equivalents in the amount of EUR 9 million.

At EUR 12.3 billion, cash outflows for investments in intangible assets and property, plant and equipment were EUR 4.3 billion lower than in the prior-year period. In the reporting period, the United States operating segment acquired spectrum licenses for EUR 2.6 billion. Another EUR 0.1 billion was paid in this connection in the 2021 financial year as an advance payment and included in prior-year cash outflows for investments in intangible assets and property, plant and equipment. In the prior-year period, this item had included cash outflows for the acquisition of mobile spectrum licenses of EUR 8.0 billion in the United States operating segment and of EUR 0.1 billion in the Europe operating segment. Excluding investments in mobile spectrum licenses, cash outflows for investments in intangible assets and property, plant and equipment were up EUR 1.1 billion year-on-year. This change was primarily attributable to an increase in the United States operating segment as a result of the further build-out of the 5G network and to exchange rate effects.

Net cash used in/from financing activities

millions of €	H1 2022	H1 2021
Repayment of bonds	(1,385)	(5,330)
Dividend payments (including to other shareholders of subsidiaries)	(3,247)	(2,909)
Repayment of financial liabilities from financed capex and opex	0	(41)
Repayment of EIB loans	(12)	(481)
Net cash flows for collateral deposited and hedging transactions	122	0
Principal portion of repayment of lease liabilities	(2,415)	(3,035)
Repayment of financial liabilities for media broadcasting rights	(171)	(140)
Cash flows from continuing involvement factoring, net	13	(71)
Issuance of bonds	0	8,332
Overnight borrowings from banks, net	1	0
Repayment of liabilities from 5G spectrum acquired in Germany	(85)	(85)
Repayment of liabilities with the right of creditors to priority repayment in the event of default	(243)	(474)
Changes in cash and cash equivalents in connection with the sale and leaseback of the passive mobile infrastructure of T-Mobile Infra	0	242
Cash inflows from transactions with non-controlling entities		
T-Mobile US stock options	3	7
Cellnex Netherlands capital contributions	16	3
Other cash inflows	5	0
	25	**11**
Cash outflows from transactions with non-controlling entities		
Increase of the stake in T-Mobile US	(2,210)	0
T-Mobile US share buy-backs	(192)	(243)
OTE share buy-backs	(151)	(65)
Other payments	(76)	(39)
	(2,629)	**(347)**
Other	(464)	(184)
	(10,491)	**(4,513)**

Non-cash transactions

In the reporting period, Deutsche Telekom leased assets totaling EUR 8.9 billion, mainly network equipment, cell sites, and land and buildings. As a result, these assets are recognized in the statement of financial position under right-of-use assets and the related liabilities under lease liabilities. Future repayments of the liabilities will be recognized in net cash used in/from financing activities. In the reporting period, EUR 6.6 billion related to the modification of the arrangements with Crown Castle, resulting in an increase in the same amount in the carrying amount of the right-of-use assets and the lease liabilities. Excluding this effect, asset leases declined by EUR 0.4 billion against the prior-year period, primarily due to the sale of T-Mobile Netherlands. The modification of the arrangement also increased property, plant and equipment and other financial liabilities by EUR 0.8 billion each for contractual components that, due to their financing character, do not fall under the scope of IFRS 16.

For further information on the modification of the arrangement between T-Mobile US and Crown Castle, please refer to the section "Right-of-use assets."

Consideration for the acquisition of broadcasting rights is paid by Deutsche Telekom in accordance with the terms of the contract on the date of its conclusion or spread over the term of the contract. Financial liabilities of EUR 0.2 billion were recognized in the reporting period for future consideration for acquired broadcasting rights (prior-year period: EUR 0.1 billion). The payment of the consideration will be recognized in net cash used in/from financing activities.

In the United States operating segment, EUR 0.2 billion was recognized for mobile terminal equipment under property, plant and equipment in the reporting period (prior-year period: EUR 0.7 billion). This relates to the terminal equipment lease model at T-Mobile US, under which customers do not purchase the devices but lease them. The cash outflows are presented under net cash from operating activities. The decline was primarily due to the withdrawal from the terminal equipment lease model.

Segment reporting

The following table provides an overview of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first half of 2022 and the first half of 2021.

For further information, please refer to the section "Development of business in the operating segments" in the interim Group management report.

In accordance with the Company's own principles of segment management, when loans with embedded derivatives are granted internally to Group entities, the derivative component is recognized separately also in the creditor company's financial statements and measured at fair value through profit or loss.

Segment information in the first half of the year

millions of €

		Comparative period						Reporting date		
		Net revenue	Inter-segment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets[a]	Segment liabilities[a]	Investments accounted for using the equity method[a]
Germany	H1 2022	11,801	258	12,059	4,246	(1,990)	(1)	49,420	33,151	998
	H1 2021	11,552	292	11,844	2,397	(2,008)	(1)	46,407	33,071	33
United States	H1 2022	36,669	4	36,673	2,962	(9,576)	(470)	219,882	145,823	366
	H1 2021	33,125	1	33,126	4,291	(9,036)	(26)	196,781	129,522	323
Europe	H1 2022	5,349	102	5,451	889	(1,230)	(5)	23,609	8,719	54
	H1 2021	5,452	99	5,551	810	(1,290)	(2)	24,135	8,284	54
Systems Solutions	H1 2022	1,597	404	2,001	6	(113)	(19)	4,084	3,324	23
	H1 2021	1,596	425	2,021	(95)	(122)	(33)	4,120	3,619	23
Group Development	H1 2022	678	437	1,115	1,357	(193)	0	6,115	4,092	539
	H1 2021	1,154	409	1,563	547	(429)	0	10,700	6,587	491
Group Headquarters & Group Services	H1 2022	96	1,124	1,220	(766)	(715)	(24)	37,151	56,373	15
	H1 2021	103	1,193	1,296	(735)	(697)	(14)	38,851	58,470	14
Total	**H1 2022**	**56,191**	**2,329**	**58,519**	**8,694**	**(13,817)**	**(519)**	**340,261**	**251,482**	**1,995**
	H1 2021	**52,983**	**2,419**	**55,401**	**7,215**	**(13,582)**	**(76)**	**320,994**	**239,553**	**938**
Reconciliation	H1 2022	0	(2,329)	(2,329)	(10)	1	0	(38,575)	(38,288)	0
	H1 2021	0	(2,419)	(2,419)	(8)	35	0	(39,367)	(39,394)	0
Group	**H1 2022**	**56,191**	**0**	**56,191**	**8,684**	**(13,816)**	**(519)**	**301,686**	**213,194**	**1,995**
	H1 2021	**52,983**	**0**	**52,983**	**7,207**	**(13,547)**	**(76)**	**281,627**	**200,159**	**938**

[a] Figures relate to the reporting dates of June 30, 2022 and December 31, 2021, respectively.

Contingencies

This section provides additional information and explains recent changes in the contingent liabilities and assets as described in the consolidated financial statements for the 2021 financial year.

Claims relating to charges for the shared use of cable ducts. In the claims filed by Vodafone Deutschland GmbH and Vodafone Hessen et al. (now Vodafone West GmbH) against Telekom Deutschland GmbH alleging excessive charges for the use of cable ducts, which were referred by the Federal Court of Justice back to the responsible Higher Regional Courts, the plaintiff Vodafone Deutschland GmbH has since updated its demand for relief, which it now puts at approximately EUR 749 million plus interest for the period from January 1, 2012 to December 31, 2021. It is currently not possible to estimate the financial impact with sufficient certainty.

Proceedings against T-Mobile US in consequence of the cyberattack on T-Mobile US. As reported in the combined management report of the 2021 Annual Report, consumer class actions were filed against T-Mobile US and a derivative action was filed against the members of the Board of Directors of T-Mobile US as a result of the cyberattack. The derivative action filed against the members of the Board of Directors of T-Mobile US has since been withdrawn by the plaintiff. On July 22, 2022, T-Mobile US entered into an agreement to settle the consumer class action in the Federal Court for USD 350 million (EUR 331 million). In addition, T-Mobile US has committed to spending a total of USD 150 million (EUR 142 million) in 2022 and 2023 on data security and related technologies. The settlement is subject to court approval. Further proceedings brought in consequence of the cyberattack are still pending. In connection with the settlement reached and the further proceedings pending, T-Mobile US has recognized provisions for risks of around USD 0.4 billion (around EUR 0.4 billion). With regard to inquiries by various government agencies, law enforcement and other state authorities, T-Mobile US continues to give its full cooperation. At present the financial impact of these proceedings cannot be assessed with sufficient certainty.

Claims for damages against Slovak Telekom following a European Commission decision to impose fines. As reported in the combined management report of the 2021 Annual Report, following the decision of the European Commission, competitors filed damage actions against Slovak Telekom with the civil court in Bratislava. A further claim was filed with the court in the reporting period, such that there are now three claims pending, amounting to a total of EUR 219 million plus interest. It is currently not possible to estimate the financial impact with sufficient certainty.

Compensation in connection with the catastrophic flooding in July 2021. There are contingent assets of EUR 0.1 billion in connection with damage sustained in the catastrophic flooding in North Rhine-Westphalia and Rhineland-Palatinate in July 2021.

Other financial obligations

The following table provides an overview of Deutsche Telekom's other financial obligations as of June 30, 2022:

millions of €	June 30, 2022
Purchase commitments regarding property, plant and equipment	7,750
Purchase commitments regarding intangible assets	1,539
Firm purchase commitments for inventories	4,966
Other purchase commitments and similar obligations	27,615
Payment obligations to the Civil Service Pension Fund	901
Obligations arising in connection with business combinations	19
Miscellaneous other obligations	51
	42,841

Disclosures on financial instruments

Carrying amounts, amounts recognized, and fair values by class and measurement category

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount June 30, 2022	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value June 30, 2022[b]
Assets								
Cash and cash equivalents	AC	5,281	5,281					
Trade receivables								
At amortized cost	AC	6,556	6,556					
At fair value through other comprehensive income	FVOCI	10,296			10,296			10,296
At fair value through profit or loss	FVTPL	0				0		0
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	5,605	5,605					5,620
Of which: collateral paid	AC	973	973					
Of which: publicly funded projects	AC	1,980	1,980					
At fair value through other comprehensive income	FVOCI	0			0			0
At fair value through profit or loss	FVTPL	667				667		667
Equity instruments								
At fair value through other comprehensive income	FVOCI	539		539				539
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,350				1,350		1,350
Of which: termination rights embedded in bonds issued	FVTPL	68				68		68
Of which: energy forward agreements embedded in contracts	FVTPL	303				303		303
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	262				262		262
Derivatives with a hedging relationship	n.a.	1,019			931	88		1,019
Lease assets	n.a.	211					211	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	0	0					
Equity instruments within non-current assets and disposal groups held for sale	FVOCI	0		0				0

[a] For energy forward agreements embedded in contracts and options received from third parties for the purchase or sale of shares in subsidiaries and associates, please refer to the detailed comments in the following section.

[b] The practical expedients under IFRS 7.29 were applied for disclosures on specific fair values.

millions of €

	Measurement category in accordance with IFRS 9	Carrying amount June 30, 2022	Amounts recognized in the statement of financial position in accordance with IFRS 9				Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value June 30, 2022[b]
			Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]		
Liabilities								
Trade payables	AC	11,179	11,179					
Bonds and other securitized liabilities	AC	95,953	95,953					90,906
Liabilities to banks	AC	3,999	3,999					3,903
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,272	3,272					3,187
Other interest-bearing liabilities	AC	7,494	7,494					7,307
Of which: collateral received	AC	323	323					
Other non-interest-bearing liabilities	AC	1,980	1,980					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	203	203					
Lease liabilities	n.a.	42,525					42,525	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	364				364		364
Of which: energy forward agreements embedded in contracts	FVTPL	0				0		0
Derivatives with a hedging relationship	n.a.	1,444			53	1,391		1,444
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	0	0					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	17,442	17,442					5,620
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	10,296			10,296			10,296
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	539		539				539
Financial assets at fair value through profit or loss	FVTPL	2,020				2,020		2,020
Liabilities								
Financial liabilities at amortized cost	AC	123,877	123,877					105,303
Financial liabilities at fair value through profit or loss	FVTPL	364				364		364

[a] For energy forward agreements embedded in contracts and options received from third parties for the purchase or sale of shares in subsidiaries and associates, please refer to the detailed comments in the following section.

[b] The practical expedients under IFRS 7.29 were applied for disclosures on specific fair values.

Carrying amounts, amounts recognized, and fair values by class and measurement category

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount Dec. 31, 2021	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2021[b]
Assets								
Cash and cash equivalents	AC	7,617	7,617					
Trade receivables								
At amortized cost	AC	5,814	5,814					
At fair value through other comprehensive income	FVOCI	9,486			9,486			9,486
At fair value through profit or loss	FVTPL	0				0		0
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	5,224	5,224					5,252
Of which: collateral paid	AC	589	589					
Of which: publicly funded projects	AC	1,794	1,794					
At fair value through other comprehensive income	FVOCI	0			0			0
At fair value through profit or loss	FVTPL	233				233		233
Equity instruments								
At fair value through other comprehensive income	FVOCI	437		437				437
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,202				1,202		1,202
Of which: termination rights embedded in bonds issued	FVTPL	464				464		464
Of which: energy forward agreements embedded in contracts	FVTPL	191				191		191
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	264				264		264
Derivatives with a hedging relationship	n.a.	1,560			364	1,196		1,560
Lease assets	n.a.	228					228	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	428	428					
Equity instruments within non-current assets and disposal groups held for sale	FVOCI	29		29				29
Liabilities								
Trade payables	AC	10,452	10,452					
Bonds and other securitized liabilities	AC	93,857	93,857					103,397
Liabilities to banks	AC	4,003	4,003					4,090
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,248	3,248					3,389
Other interest-bearing liabilities	AC	7,826	7,826					7,321
Of which: collateral received	AC	1,616	1,616					
Other non-interest-bearing liabilities	AC	1,829	1,829					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	185	185					

[a] For energy forward agreements embedded in contracts and options received from third parties for the purchase or sale of shares in subsidiaries and associates, please refer to the detailed comments in the following section.

[b] The practical expedients under IFRS 7.29 were applied for disclosures on specific fair values.

millions of €

	Measurement category in accordance with IFRS 9	Carrying amount Dec. 31, 2021	Amounts recognized in the statement of financial position in accordance with IFRS 9				Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2021[b]
			Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]		
Lease liabilities	n.a.	33,133					33,133	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	586				586		586
Of which: energy forward agreements embedded in contracts	FVTPL	7				7		7
Derivatives with a hedging relationship	n.a.	118			107	11		118
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	1,086	1,086					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	19,083	19,083					5,252
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	9,486			9,486			9,486
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	466		466				466
Financial assets at fair value through profit or loss	FVTPL	1,438				1,438		1,438
Liabilities								
Financial liabilities at amortized cost	AC	122,300	122,300					118,197
Financial liabilities at fair value through profit or loss	FVTPL	586				586		586

[a] For energy forward agreements embedded in contracts and options received from third parties for the purchase or sale of shares in subsidiaries and associates, please refer to the detailed comments in the following section.

[b] The practical expedients under IFRS 7.29 were applied for disclosures on specific fair values.

Trade receivables include receivables amounting to EUR 2.9 billion (December 31, 2021: EUR 2.8 billion) due in more than one year. The fair value generally equals the carrying amount.

Disclosures on fair value

When determining the fair value, it is important to maximize the use of current inputs observable in liquid markets for the financial instrument in question and minimize the use of other inputs (e.g., historical prices, prices for similar instruments, prices on illiquid markets). A three-level measurement hierarchy is defined for these purposes. If prices quoted in liquid markets are available at the reporting date for the respective financial instrument, these will be used unadjusted for the measurement (Level 1 measurement). Other input parameters are then irrelevant for the measurement. One such example is shares and bonds that are actively traded on a stock exchange. If quoted prices on liquid markets are not available at the reporting date for the respective financial instrument, but the instrument can be measured using other inputs that are observable on the market at the reporting date, a Level 2 measurement will be applied. The conditions for this are that no major adjustments have been made to the observable inputs and no unobservable inputs are used. Examples of Level 2 measurements are collateralized interest rate swaps, currency forwards, and cross-currency swaps that can be measured using current interest rates or exchange rates. If the conditions for a Level 1 or Level 2 measurement are not met, a Level 3 measurement is applied. In such cases, major adjustments must be made to observable inputs or unobservable inputs must be used.

Financial instruments measured at fair value

millions of €

	June 30, 2022				Dec. 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Trade receivables								
At fair value through other comprehensive income			10,296	**10,296**			9,486	**9,486**
At fair value through profit or loss			0	**0**			0	**0**
Other financial assets – Originated loans and other receivables								
At fair value through other comprehensive income			0	**0**			0	**0**
At fair value through profit or loss	215		452	**667**	145	77	10	**232**
Equity instruments								
At fair value through other comprehensive income	11		528	**539**	29		437	**466**
At fair value through profit or loss			3	**3**			3	**3**
Derivative financial assets								
Derivatives without a hedging relationship		716	634	**1,350**		286	916	**1,202**
Derivatives with a hedging relationship		1,019		**1,019**		1,560		**1,560**
Liabilities								
Derivative financial liabilities								
Derivatives without a hedging relationship		364		**364**		579	7	**586**
Derivatives with a hedging relationship		1,444		**1,444**		118		**118**

Of the equity instruments measured at fair value through other comprehensive income and recognized under other financial assets, the instruments presented in the different levels constitute separate classes of financial instruments. In each case, the fair values of the total volume of equity instruments recognized as Level 1 are the price quotations at the reporting date.

The listed bonds and other securitized liabilities are assigned to Level 1 or Level 2 depending on the market liquidity of the relevant instrument. Consequently, issues denominated in euros or U.S. dollars with relatively large nominal amounts are to be classified as Level 1, the rest as Level 2. The fair values of the instruments assigned to Level 1 equal the nominal amounts multiplied by the price quotations at the reporting date. The fair values of the instruments assigned to Level 2 are calculated as the present values of the payments associated with the debts, based on the applicable yield curve and Deutsche Telekom's credit spread curve for specific currencies.

The fair values of liabilities to banks and other interest-bearing liabilities are calculated as the present values of the payments associated with the debts, based on the applicable yield curve and Deutsche Telekom's credit spread curve for specific currencies. The fair values of trade receivables and of originated loans and other receivables are calculated as the present values of the payments associated with the receivables, based on the applicable yield curve and the credit risk of the debtors.

Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 2 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the price that Deutsche Telekom would receive or have to pay if the financial instrument were transferred at the reporting date. Interest rates of contractual partners relevant as of the reporting date are used in this respect. The middle rates applicable as of the reporting date are used as exchange rates. In the case of interest-bearing derivatives, a distinction is made between the clean price and the dirty price. In contrast to the clean price, the dirty price also includes the interest accrued. The fair values carried correspond to the full fair value or the dirty price.

The equity instruments measured at fair value through other comprehensive income comprise a large number of investments in strategic, unlisted individual positions. Deutsche Telekom considers the chosen measurement through other comprehensive income without recycling to profit or loss to be appropriate because there are no plans to use the investments for short-term profit-taking. At the date of disposal of an investment, the total cumulative gain or loss is reclassified to retained earnings. Acquisitions and disposals are based on business policy investment decisions.

Development of the carrying amounts of the financial assets and financial liabilities assigned to Level 3

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets at fair value through profit or loss: stock options	Derivative financial assets: energy forward agreements[a]	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial assets at fair value through profit or loss: put option for shares	Originated loans and other receivables at fair value through profit or loss: contingent consideration receivable
Carrying amount as of January 1, 2022	**437**	**464**	**222**	**191**	**(7)**	**22**	**0**
Additions (including first-time categorization as Level 3)	57	0	0	0	0	0	455
Decreases in fair value recognized in profit/loss (including losses on disposal)	0	(419)	0	(92)	0	(12)	(28)
Increases in fair value recognized in profit/loss (including gains on disposal)	0	0	464	192	7	7	0
Decreases in fair value recognized directly in equity	(9)	0	0	0	0	0	0
Increases in fair value recognized directly in equity	68	0	0	0	0	0	0
Disposals	(29)	0	(462)	(13)	0	0	0
Currency translation effects recognized directly in equity	4	23	0	25	0	0	0
Carrying amount as of June 30, 2022	**528**	**68**	**224**	**303**	**0**	**17**	**427**

[a] Some energy forward agreements are measured at fair value through profit or loss, while the rest are designated as hedging instruments in hedging relationships. For more details, please refer to the explanations below.

The equity instruments assigned to Level 3 that are measured at fair value through other comprehensive income and carried under other financial assets are equity investments with a carrying amount of EUR 505 million measured using the best information available at the reporting date. As a rule, Deutsche Telekom considers transactions involving shares in those companies to have the greatest relevance. Transactions involving shares in comparable companies are also considered. The proximity of the relevant transaction to the reporting date, and the question of whether it was conducted at arm's length, are relevant for deciding which information is used for the measurement. Furthermore, the degree of similarity between the object being measured and comparable companies must be taken into consideration. Based on Deutsche Telekom's own assessment, the fair values of the equity investments at the reporting date could be determined with sufficient reliability. For the development of the carrying amounts in the reporting period, please refer to the table above. At the reporting date, no investments were held for sale. In the case of investments with a carrying amount of EUR 267 million, transactions involving shares in these companies took place at arm's length sufficiently close to the reporting date, which is why the share prices agreed in the transactions were to be used without adjustment for the measurement as of June 30, 2022. In the case of investments with a carrying amount of EUR 9 million, an analysis of operational indicators (especially revenue, EBIT, and liquidity) revealed that the carrying amounts were equivalent to current fair values. Due to better comparability, previous arm's length transactions involving shares in these companies are preferable to more recent transactions involving shares in similar companies. In the case of investments with a carrying amount of EUR 229 million, for which the last arm's length transactions relating to shares in these companies took place further in the past, a measurement performed more recently relating to shares in similar companies provides the most reliable representation of the fair values. Here, multiples to the reference variable of expected revenue (ranging between 3.1 and 15.9) were taken. The 25 % quantile, the median, or the 75 % quantile was used for the multiples depending on the specific circumstances. If other values had been used for the multiples and for the expected revenue amounts, the calculated fair values would have been different. These hypothetical deviations (sensitivities) are shown in the table below. In addition, non-material individual items with a carrying amount of EUR 23 million when translated into euros are included with differences in value of minor relevance.

The derivatives without a hedging relationship assigned to Level 3 and carried under derivative financial assets relate to options embedded in bonds issued by T-Mobile US with a carrying amount of EUR 68 million when translated into euros. The options, which can be exercised by T-Mobile US at any time, allow early redemption of the bonds at fixed exercise prices. Observable market prices are available regularly and also at the reporting date for the bonds as entire instruments, but not for the options embedded therein. The termination rights are measured using an option pricing model. Historical interest rate volatilities of bonds issued by T-Mobile US and comparable issuers are used for the measurement because these provide a more reliable estimate at the reporting date than current market interest rate volatilities. The spread curve, which is also unobservable, was derived on the basis of current market prices of bonds issued by T-Mobile US and debt instruments of comparable issuers. Risk-free interest rates and spreads were simulated separately from each other. At the current reporting date, the following interest rate volatility and spreads were used for the various rating levels of the bonds:

Interest rate volatilities and spreads used by rating levels

%

	Interest volatility (absolute figure)	Spread
BBB+	0.1 % – 0.2 %	0.3 % – 1.6 %
BBB-	0.3 % – 0.4 %	0.7 % – 2.7 %
BB+/BB	0.4 % – 0.6 %	1.2 % – 4.6 %

For the mean reversion input, which is unobservable, 3 % was used. In our opinion, the values used constitute the best estimate in each case. If other values had been used for interest rate volatility, spread curve, or mean reversion, the calculated fair values would have been different. These hypothetical deviations (sensitivities) are shown in the table below. If the risk-free interest rate had been 50 basis points higher (lower) at the reporting date, the fair value of the options would have been EUR 21 million lower (EUR 29 million higher). In the reporting period, a net expense of EUR 419 million when translated into euros was recognized under the Level 3 measurement in other financial income/expense for unrealized losses for the options in the portfolio at the reporting date. In the reporting period, no option was exercised. Please refer to the table above for the development of the carrying amounts in the reporting period. The changes in value recognized in profit or loss in the reporting period were mainly attributable to fluctuations in the interest rates and historical interest rate volatilities in absolute terms that are relevant for measurement. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

Sensitivities[a] of the carrying amounts of the financial assets and financial liabilities assigned to Level 3 depending on unobservable inputs

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets at fair value through profit or loss: stock options	Derivative financial assets: energy forward agreements[g]	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial assets at fair value through profit or loss: put option for shares	Originated loans and other receivables at fair value through other comprehensive income: contingent consideration receivable
Multiple next-level-up quantile	174						
Multiple next-level-down quantile	(107)						
Expected revenues +10 %	21						
Expected revenues -10 %	(21)						
Interest rate volatility[b] +10 %		2					
Interest rate volatility[b] -10 %		(1)					
Spread curve[c] +50 basis points		(24)					(10)
Spread curve[c] -50 basis points		40					10
Mean reversion[d] +100 basis points		(1)					
Mean reversion[d] -100 basis points		1					
Future energy prices +10 %				106	10		
Future energy prices -10 %				(113)	(10)		
Future energy output +5 %				60	3		
Future energy output -5 %				(67)	(3)		
Future prices for renewable energy credits[e] +100 %				11	2		
Future prices for renewable energy credits[e] from zero				(18)	(2)		
Share price volatility[f] +10 %			12				
Share price volatility[f] -10 %			(13)				
Volatility of the fair value of the shares +10 %						3	
Volatility of the fair value of the shares -10 %						(3)	
Fair value of the shares +10 %						(19)	
Fair value of the shares -10 %						21	
Planned fiber-optic build-out is completed one year earlier than expected							16
Planned fiber-optic build-out is completed one year later than expected							(17)
Actual fiber-optic build-out is 5 % higher than planned each year							42
Actual fiber-optic build-out is 5 % lower than planned each year							(42)

[a] Change in the relevant input parameter assuming all other input parameters are unchanged.

[b] Interest rate volatility shows the magnitude of fluctuations in interest rates over time (relative change). The larger the fluctuations, the higher the interest rate volatility.

[c] The spread curve shows, for the respective maturities, the difference between the interest rates payable by the debtor and the risk-free interest rates. A minimum of zero was set for the spread curve for the sensitivity calculation, i.e., negative spreads are not applicable.

[d] Mean reversion describes the assumption that, after a change, an interest rate will revert to its average over time. The higher the selected value (mean reversion speed), the faster the interest rate will revert to its average in the measurement model.

[e] Renewable energy credits is the term used for U.S. emission certificates.

[f] The share price volatility shows the range of variation of the basic value over the remaining term of an option.

[g] Some energy forward agreements are measured at fair value through profit or loss, while the rest are designated as hedging instruments in hedge relationships. For more details, please refer to the explanations below.

With a carrying amount of EUR 303 million when translated into euros, the derivatives without a hedging relationship assigned to Level 3 and carried under derivative financial assets relate to energy forward agreements embedded in contracts entered into by T-Mobile US. The same applies to derivative financial liabilities with a carrying amount of less than EUR 1 million when translated into euros. These agreements consist of two components: the energy forward agreement and the acquisition of renewable energy credits by T-Mobile US. In the case of one energy forward agreement, commercial operation is set to begin in 2024; with the others, it has already begun. Under the energy forward agreements, which are accounted for separately as derivatives, T-Mobile US receives variable amounts based on the actual energy output and the then current energy prices, and pays fixed amounts per unit of energy generated from the start of commercial operations throughout the term of the contract. The energy forward agreements are measured using valuation models because no observable market prices are available. The value of the derivatives is significantly influenced by the future energy output, the future energy prices on the relevant markets, and the future prices of renewable energy credits. The main contract parameters, including the assumptions made for unobservable parameters and periods, are set out in the following table. In our opinion, these assumptions made constitute the best estimate in each case. In the view of T-Mobile US, the contracts were entered into at current market conditions, and the most appropriate parameters for the unobservable inputs were used for measurement purposes. The transaction price at inception was zero in each case. Since the unobservable inputs have a significant influence on the measurement of the derivatives, the respective amount resulting from initial measurement (day 1 gain) – with the exception of the agreements concluded by Sprint that are explained below – was deferred on initial recognition. Instead, these day 1 gains are amortized in profit or loss on a straight-line basis over the period of commercial energy production. This amortization adjusts the effects from measuring the derivatives in each accounting period using the respective valuation models and updated parameters. All amounts from the measurement of the derivatives are presented in net terms per contract in the statement of financial position (derivative financial assets/liabilities) and in the income statement (other operating income/expenses). Sprint also has agreements of this kind in its portfolio. These were concluded before the business combination with T-Mobile US and, for these agreements too, unobservable inputs have a material influence on the measurement of the derivatives. However, under the requirements for business combinations, the respective amounts resulting from the measurement are recognized as derivative financial assets, as a result of which there are no amounts yet to be amortized for these agreements. On the following reporting dates, the effects from the periodic measurement of the derivatives will be recorded in full in the income statement (other operating expenses or other operating income). The aforementioned explanations also generally apply to derivatives with a hedging relationship assigned to Level 3 and carried under derivative financial assets with a carrying amount of less than EUR 1 million when translated into euros. These agreements were concluded in the reporting period in Europe and relate to free-standing energy forward agreements that do not include the acquisition of renewable energy certificates or other emission certificates. Accordingly, the value of these derivatives is not affected by the future prices for emission certificates. The agreements resulted in a day 1 gain that was deferred on initial recognition. Commercial operations are set to begin in 2023. Under the hedging relationship, the effective portion of the change in the fair value is recognized in other comprehensive income and, upon occurrence of the hedged item (physical supply of electricity), adjusts the corresponding goods and services purchased. Ineffectiveness is recorded in other operating expenses or other operating income. At the reporting date, the calculated fair value from Deutsche Telekom’s perspective for all energy forward agreements concluded by Group companies and described above is positive and amounts to EUR 597 million when translated into euros. If other values had been used for future energy prices, future energy output, or future prices of renewable energy credits, the calculated fair values would have been different. These hypothetical deviations (sensitivities) are shown in the table above. In the reporting period, net income of EUR 112 million when translated into euros was recognized under the Level 3 measurement in other operating income/expense for unrealized gains for the derivatives for all the above energy forward agreements. Please refer to the corresponding table for the development of the carrying amounts in the reporting period. The market-price changes in the reporting period were largely attributable to changes in observable and unobservable energy prices and to interest rate effects. In addition, T-Mobile US recognized an impairment loss for a project which has not yet begun commercial operations because it is expected that the contractual conditions will have to be amended in favor of the other contracting party in order to ensure the realization of the project. The development of the day 1 gain yet to be amortized in the income statement in the reporting period is shown in the following table. The straight-line amortization of the day 1 gains through profit or loss over the period of commercial energy production amounts to a total of EUR 23 million per year when translated into euros. Due to their distinctiveness, the energy forward agreements constitute a separate class of financial instruments.

millions of €	United States	Other
Term of the contract from the start of commercial operation in years	12 to 15	15
End of the term of contracts for which commercial operation has already begun	2029 to 2035	n.a.
Expected energy output in GWh per year	4,057	196
Expected energy prices per MWh for the unobservable portion of the term in €		37 to 231
On-peak (i.e., times of relatively high energy demand) in €	26 to 83	
Off-peak (i.e., times of relatively low energy demand) in €	24 to 66	
On-peak/off-peak ratio	52 %	
Length of time in years, for which energy prices are regularly observable	up to 10	around 3
Length of time in years, for which the prices of renewable energy credits are regularly observable	around 3	n.a.

The financial assets assigned to Level 3 include derivative financial assets with a carrying amount of EUR 224 million when translated into euros, resulting from the acquired stock options to purchase shares in T-Mobile US. The stock options, which can be exercised at any time, mature in 2024, can be exercised partially at fixed and partially at variable purchase prices, and are measured using an option pricing model. In addition to the share price observable on the market and the risk-free interest rates, average share price volatilities of T-Mobile US and comparable companies are calculated based on historic and current figures, since these provide a more reliable estimate for these inputs at the reporting date than exclusively using the current market volatilities. The figure used for the share price volatility at the current reporting date was 26.2 % which, in our opinion, constitutes the best estimate. At the reporting date, the calculated fair value for the stock option amounted to EUR 329 million when translated into euros. If another value had been used for the share price volatility, the calculated fair value would have been different. These hypothetical deviations (sensitivities) are shown in the table above. Due to their distinctiveness, these instruments constitute a separate class of financial instruments. The transaction price at inception was zero. Since the unobservable inputs have a material influence on the measurement of the options, the fair value resulting from initial measurement of EUR 1,005 million when translated into euros (before deduction of transaction costs) was not immediately recognized. Instead, this amount will be amortized in profit or loss over the lifetime of the options. This amortization adjusts the effects from measuring the options on an ongoing basis using the valuation model and updated parameters. All amounts from the measurement of the options are presented in net terms in the statement of financial position (other derivative financial assets) and in the income statement (other financial income/expense). The market-price changes in the reporting period are largely attributable to fluctuations in the share price and the risk-free interest rate. The stock options were partially exercised in the reporting period. The development of the amount yet to be amortized in the income statement in the reporting period is shown in the following table.

For further information on the stock options, please refer to the section "Other financial assets."

The financial assets assigned to Level 3 include a derivative financial asset with a carrying amount of EUR 17 million resulting from an acquired option for the sale of shares in Cellnex Netherlands (put option). The option was acquired together with the shares; the option writer is Cellnex. The exercise price of the option essentially corresponds to the fair value of the shares, although fixed minimum exercise prices have been agreed if it is exercised before the end of the fourth year of the term. The option can be exercised at any time until 2026 and is measured using an option pricing model. Taking into account the volatilities of comparable companies, a share price volatility of 20 % was used for the measurement, which in our opinion constitutes the best estimate for this unobservable input. The fair value of the shares, which is likewise unobservable, amounted to EUR 0.5 billion at the reporting date. The calculated fair value of the option was EUR 112 million at the reporting date. If other values had been used for the share price volatility and the fair value of the shares, the calculated fair value would have been different. These hypothetical deviations (sensitivities) are shown in the table above. The consideration transferred (in the meaning of the IFRS) by Deutsche Telekom to purchase the shares corresponded to the fair value of the shares; the transaction price for the option was zero. Since the unobservable inputs have a material influence on the measurement of the option, the fair value resulting from initial measurement of EUR 129 million was not immediately recognized. Instead, this amount will be amortized in profit or loss over four years. This amortization adjusts the effects from measuring the option on an ongoing basis using the valuation model and updated parameters. All amounts from the measurement of the options are presented net in the statement of financial position (other derivative financial assets) and in the income statement (other operating expenses or other operating income). The change in value in the reporting period is mainly attributable to the increase in the fair value of the shares and the shorter remaining maturity. The development of the amount yet to be amortized in the income statement in the reporting period is shown in the following table.

Development of the not yet amortized amounts

millions of €

	Energy forward agreements	Stock options	Put option for shares
Measurement amounts on initial recognition	**173**	**1,005**	**129**
Measurement amounts on initial recognition (additions during the reporting period)	141	0	0
Measurement amounts amortized in profit or loss in prior periods	(29)	(328)	(19)
Measurement amounts amortized in profit or loss in the current reporting period	(6)	(38)	(16)
Currency translation adjustments	15	(49)	0
Disposals in prior periods	0	(372)	0
Disposals in the current reporting period	0	(134)	0
Measurement amounts not amortized as of June 30, 2022	**294**	**84**	**94**

The financial assets assigned to Level 3 (originated loans and other receivables) include the contingent consideration receivable from the sale of a 50 % stake in GlasfaserPlus with a carrying amount of EUR 427 million, which arises in stages upon achieving certain fiber-optic build-out milestones and is measured at fair value through profit or loss. Deutsche Telekom measures this receivable on the basis of GlasfaserPlus' current build-out plans. At the current reporting date, it can be assumed that payments will fall due from 2025 to 2028. The spread of the debtor IFM constitutes an unobservable input; at the current reporting date, values of between 1.9 % and 2.1 % were used for the discounting of the individual payments. In our opinion, the assumptions used constitute the best estimate in each case. If other assumptions had been used for the amount and due dates of the payments and for the spread, the calculated fair value would have been different. These hypothetical deviations (sensitivities) are shown in the table above. In the reporting period, a net expense of EUR 28 million was recognized under the Level 3 measurement of the receivable in other operating income/expense for unrealized discounting effects. Please refer to the table above for the development of the carrying amounts in the reporting period. The market-price change in the reporting period is largely attributable to an increase in the interest rates that are relevant for measurement. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments. The other financial assets assigned to Level 3 (originated loans and other receivables) with a carrying amount of EUR 25 million relate to immaterial items for which no significant volatility in fair value is to be expected.

For further information on the joint venture GlasfaserPlus with IFM, please refer to the section "Changes in the composition of the Group and other transactions."

For the trade receivables as well as other originated loans and other receivables assigned to Level 3, which are measured either at fair value through other comprehensive income or at fair value through profit or loss, the main factor in determining fair value is the credit risk of the relevant counterparties. If the default rates applied as of the reporting date had been 1 % higher (lower) with no change in the reference variables, the fair values of the instruments would have been 1 % lower (higher).

The financial assets measured at fair value through profit or loss and assigned to Level 3 include additional options acquired from third parties for the purchase of company shares, with a carrying amount of EUR 21 million. No notable fluctuations in value are expected from these individual items. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

Disclosures on credit risk

In line with the contractual provisions, in the event of insolvency, all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. The net amounts are normally recalculated every bank working day and offset against each other. When the netting of the positive and negative fair values of all derivatives was positive from Deutsche Telekom's perspective, Deutsche Telekom received unrestricted cash collateral from counterparties pursuant to collateral agreements in the amount of EUR 323 million (December 31, 2021: EUR 1,616 million). The credit risk was thus reduced by EUR 323 million (December 31, 2021: EUR 1,590 million) because, on the reporting date, the cash collateral received was offset by corresponding net derivative positions in the same amount. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 1,734 million as of the reporting date (December 31, 2021: EUR 1,844 million) had a residual credit risk of EUR 259 million as of June 30, 2022 (December 31, 2021: EUR 13 million).

When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral in the amount of EUR 827 million as of the reporting date (December 31, 2021: EUR 423 million) to counterparties pursuant to collateral agreements. The cash collateral paid is offset by corresponding net derivative positions of EUR 655 million at the reporting date (December 31, 2021: EUR 423 million), which is why it was not exposed to any credit risks in this amount.

On account of its close connection to the corresponding derivatives, the collateral received (paid) constitutes a separate class of financial liabilities (assets). There were no other significant agreements reducing the maximum exposure to the credit risk of financial assets. The maximum exposure to the credit risk of the other financial assets thus corresponds to their carrying amounts.

In accordance with the terms of the bonds issued by T-Mobile US, T-Mobile US has the right to terminate the majority of bonds prematurely under specific conditions. The rights of early termination constitute embedded derivatives and are presented separately as derivative financial assets in the consolidated statement of financial position. Since they are not exposed to any credit risk, they constitute a separate class of financial instruments. Please refer to the explanations above for more information on the energy forward agreements for which no collateral is provided. There is also no credit risk on embedded derivatives held. No collateral is provided for the options acquired from third parties for shares in a subsidiary of Deutsche Telekom or shares in other companies (see explanations above).

In connection with auctions for the acquisition of spectrum licenses, subsidiaries of Deutsche Telekom have deposited additional cash collateral of EUR 64 million when translated into euros (December 31, 2021: EUR 90 million). At the reporting date, cash and cash equivalents of EUR 81 million (December 31, 2021: EUR 76 million) when translated into euros were pledged as cash collateral for liabilities issued by Sprint with the right of creditors to priority repayment in the event of default. This cash collateral is not exposed to any significant credit risk.

Related-party disclosures

The following significant change to the related-party disclosures reported in the consolidated financial statements as of December 31, 2021 was in effect as of June 30, 2022:

Joint ventures. On November 5, 2021, Deutsche Telekom announced that IFM Global Infrastructure Fund would acquire a stake of 50 % in GlasfaserPlus GmbH, a fiber-optic build-out entity. The sale of a 50 % stake in GlasfaserPlus was consummated on February 28, 2022, after the EU Commission approved the transaction on January 25, 2022 and the other closing conditions had been satisfied. The stakes in the joint venture have been included in the consolidated financial statements using the equity method since February 28, 2022. The carrying amount of the investment amounted to EUR 1.0 billion as of June 30, 2022.

For further information on the joint venture GlasfaserPlus with IFM, please refer to the section "Changes in the composition of the Group and other transactions."

Executive bodies

Board of Management. On December 15, 2021, the Supervisory Board of Deutsche Telekom AG resolved to cancel Timotheus Höttges' appointment as Chairman of the Board of Management effective December 31, 2021, and reappointed Mr. Höttges as Chairman of the Board of Management for the period from January 1, 2022 through December 31, 2026.

Supervisory Board. At the 2022 shareholders' meeting, held on April 7, 2022, the shareholders of Deutsche Telekom AG elected Dr. Frank Appel as a member of Deutsche Telekom AG's Supervisory Board. The Supervisory Board then elected Dr. Appel as the new Chairman of the Supervisory Board, as successor to Prof. Ulrich Lehner, who left the Supervisory Board with effect from the end of the shareholders' meeting.

Events after the reporting period

Agreement with DigitalBridge and Brookfield on the Group's cell tower business in Germany and Austria. On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 % stake in GD Towers, comprising its tower assets in Germany and Austria, currently assigned to the Group Development operating segment (GD tower companies), to DigitalBridge and Brookfield.

For further information on the agreement with DigitalBridge and Brookfield on GD Towers, please refer to the section "Changes in the composition of the Group and other transactions."

Proceedings against T-Mobile US in consequence of the cyberattack on T-Mobile US. For information on the agreement concluded on July 22, 2022 to settle the consumer class action in the Federal Court, please refer to the section "Contingencies."

New limited partners admitted to infrastructure fund (DIV II). On August 2, 2022, Digital Transformation Capital Partners (DTCP Infra) admitted new investors to the investment company Digital Infrastructure Vehicle II SCSp SICAV-RAIF (DIV II). As a result, Deutsche Telekom's share decreased from 66.67 % to 43.5 %.

For further information on the admission of new limited partners to the DIV II infrastructure fund, please refer to the section "Changes in the composition of the Group and other transactions."

Agreements on the acquisition of spectrum licenses in the United States. On August 8, 2022, T-Mobile US entered into agreements with Channel 51 License Co LLC and LB License Co, LLC (Sellers) for the acquisition of spectrum licenses in the 600 MHz band for a purchase price of USD 3.5 billion (EUR 3.4 billion). The licenses are to be acquired without any associated network assets. T-Mobile US currently utilizes these licenses under an existing arrangement with the Sellers covering fixed-term spectrum leases. The agreements are subject to approvals by the regulatory authorities and certain other customary closing conditions. The transactions are expected to be closed in mid to late 2023.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, August 11, 2022

Deutsche Telekom AG
The Board of Management

Timotheus Höttges

Adel Al-Saleh   Birgit Bohle   Srini Gopalan   Dr. Christian P. Illek

Thorsten Langheim   Dominique Leroy   Claudia Nemat

Review report

To Deutsche Telekom AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position as of June 30, 2022, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to June 30, 2022 which are part of the half-year financial report pursuant to § (Article) 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the consolidated interim financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements of Deutsche Telekom AG, Bonn, have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports.

Düsseldorf, August 11, 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christoph Schenk
Wirtschaftsprüfer
(German Public Auditor)

Marion Lammers
Wirtschaftsprüferin
(German Public Auditor)

Additional information

Reconciliation for the organic development of key figures for the prior-year comparative period

For the organic presentation of figures, prior-period comparatives are adjusted for the effects of changes in the composition of the Group, exchange rate effects, and other effects. This improves the informative value of the prior-year comparatives by taking account of changes to the company's structure or exchange rates.

millions of €

					Reconciliation to organic figures		Organic change		
	H1 2022	H1 2021	Change	Change %	Reconciliation H1 2021	Of which: exchange rate effects	Organic H1 2021	Change	Change %
Net revenue	**56,191**	**52,983**	**3,208**	**6.1**	**2,789**	**3,440**	**55,772**	**419**	**0.8**
Germany	12,059	11,844	215	1.8	5	4	11,850	209	1.8
United States	36,673	33,126	3,547	10.7	3,592	3,434	36,718	(44)	(0.1)
Europe	5,451	5,551	(100)	(1.8)	(322)	(23)	5,229	222	4.2
Systems Solutions	2,001	2,021	(20)	(1.0)	(8)	25	2,013	(12)	(0.6)
Group Development	1,115	1,563	(448)	(28.7)	(508)	0	1,054	61	5.8
Group Headquarters & Group Services	1,220	1,296	(76)	(5.9)	23	0	1,319	(98)	(7.5)
EBITDA AL	**18,539**	**17,591**	**948**	**5.4**	**710**	**1,103**	**18,301**	**239**	**1.3**
Germany	6,224	4,388	1,836	41.8	0	1	4,388	1,835	41.8
United States	9,055	10,694	(1,639)	(15.3)	1,143	1,101	11,836	(2,781)	(23.5)
Europe	1,944	1,915	29	1.5	(85)	(3)	1,830	113	6.2
Systems Solutions	86	7	79	n.a.	39	1	46	40	86.7
Group Development	1,425	816	609	74.6	(389)	0	427	998	n.a.
Group Headquarters & Group Services	(184)	(186)	2	1.1	(4)	(1)	(189)	6	3.0
EBITDA AL (adjusted for special factors)	**19,763**	**18,662**	**1,101**	**5.9**	**962**	**1,191**	**19,625**	**138**	**0.7**
Germany	4,815	4,659	156	3.3	1	1	4,660	155	3.3
United States	12,509	11,444	1,065	9.3	1,228	1,187	12,672	(163)	(1.3)
Europe	1,961	1,940	21	1.1	(85)	(3)	1,855	107	5.7
Systems Solutions	155	134	21	15.7	(1)	4	134	21	15.7
Group Development	519	634	(115)	(18.1)	(183)	0	452	68	15.0
Group Headquarters & Group Services	(185)	(105)	(80)	(76.2)	(4)	(1)	(109)	(76)	(69.5)

Glossary

For definitions, please refer to the 2021 Annual Report and the glossary therein.

Disclaimer

This Report (particularly the section "Forecast") contains forward-looking statements that reflect the current views of Deutsche Telekom's management with respect to future events. They are generally identified by the words "expect," "anticipate," "believe," "intend," "estimate," "aim," "goal," "plan," "will," "seek," "outlook," or similar expressions and include generally any information that relates to expectations or targets for revenue, adjusted EBITDA AL, or other performance measures.

Forward-looking statements are based on current plans, estimates, and projections. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. They include, for instance, the progress of Deutsche Telekom's staff-related restructuring measures and the impact of other significant strategic or business initiatives, including acquisitions, dispositions, and business combinations.

In addition, movements in exchange rates and interest rates, regulatory rulings, stronger than expected competition, technological change, litigation, and regulatory developments, among other factors, may have a material adverse effect on costs and revenue development.

If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, Deutsche Telekom's actual results may be materially different from those expressed or implied by such statements. Deutsche Telekom can offer no assurance that its expectations or targets will be achieved.

Without prejudice to existing obligations under capital market law, Deutsche Telekom does not assume any obligation to update forward-looking statements to account for new information or future events or anything else.

In addition to figures prepared in accordance with IFRS, Deutsche Telekom presents alternative performance measures, e.g., service revenue, EBITDA, EBITDA AL, adjusted EBITDA, adjusted EBITDA AL, adjusted core EBITDA AL, adjusted EBITDA AL margin, adjusted EBIT, EBIT margin, adjusted net profit/loss, adjusted earnings per share, free cash flow, free cash flow AL, gross debt, and net debt. These measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

For further information on alternative performance measures, please refer to the section "Management of the Group" in the 2021 Annual Report and our Investor Relations website.

The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures.

Our Interim Group Report (PDF and online) includes references and links to websites with additional information not contained in the Interim Group Report. These references and links are purely of a supplementary nature and are only intended to simplify access to this information. Please note that this information is not part of the Interim Group Report.

Financial calendar

August 11, 2022	November 10, 2022	February 23, 2023
Publication of the Interim Group Report as of June 30, 2022	Publication of the Interim Group Report as of September 30, 2022	Press conference on Deutsche Telekom's financial statements for the 2022 financial year and publication of the 2022 Annual Report

April 5, 2023	May 11, 2023	August 10, 2023
2023 shareholders' meeting	Publication of the Interim Group Report as of March 31, 2023	Publication of the Interim Group Report as of June 30, 2023

All dates are subject to change.

For more dates, an updated schedule, and information on webcasts, please visit our Investor Relations website.

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This Interim Group Report for January 1 to June 30, 2022 is a publication of Deutsche Telekom AG and is also available in German. The German version is legally binding.

This Interim Group Report is available online.

Our Annual Report is available online.

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