Deutsche Telekom

INTERIM GROUP REPORT

Q1 2023

JANUARY 1 TO MARCH 31

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 €

		Q1 2023	Q1 2022	Change %	FY 2022
Revenue and earnings (according to the management approach)[a]					
Net revenue[b]		27,839	27,746	0.3	114,413
Of which: domestic	%	22.6	23.2		22.1
Of which: international	%	77.4	76.8		77.9
Service revenue[b, c]		22,814	22,033	3.5	91,988
EBITDA		24,046	13,092	83.7	43,986
EBITDA (adjusted for special factors)		11,516	11,436	0.7	46,410
EBITDA AL		22,364	11,087	n.a.	35,989
EBITDA AL (adjusted for special factors)		9,963	9,873	0.9	40,208
EBITDA AL margin (adjusted for special factors)	%	35.8	35.6		35.1
Profit (loss) from operations (EBIT)		18,015	6,327	n.a.	16,159
Revenue and earnings from continuing operations (according to financial statements)[a]					
Net revenue[b]		27,824	27,693	0.5	114,197
EBITDA		11,044	12,863	(14.1)	43,049
Profit (loss) from operations (EBIT)		5,014	6,194	(19.1)	15,414
Net profit (loss)		15,360	3,949	n.a.	8,001
Net profit (loss) (adjusted for special factors)		1,959	2,238	(12.5)	9,081
Earnings per share (basic and diluted)	€	3.09	0.79	n.a.	1.61
Adjusted earnings per share (basic and diluted)	€	0.39	0.45	(13.3)	1.83
Statement of financial position					
Total assets		303,793	292,422	3.9	298,590
Shareholders' equity		98,685	87,656	12.6	87,320
Equity ratio	%	32.5	30.0		29.2
Net debt[d]		133,517	135,947	(1.8)	142,425
Cash flows					
Net cash from operating activities		9,558	9,358	2.1	35,819
Cash capex		(4,826)	(7,173)	32.7	(24,114)
Cash capex (before spectrum investment)		(4,759)	(4,658)	(2.2)	(21,019)
Free cash flow (before dividend payments and spectrum investment)		4,822	4,750	1.5	15,239
Free cash flow AL (before dividend payments and spectrum investment)		3,579	3,781	(5.3)	11,470
Net cash from (used in) investing activities		2,005	(4,512)	n.a.	(22,306)
Net cash (used in) from financing activities		(6,340)	(2,653)	n.a.	(15,438)

[a] The GD Towers business entity, which operated the cell tower business in Germany and Austria and was assigned to the Group Development operating segment, was recognized as a discontinued operation in the interim consolidated financial statements from the third quarter of 2022 until its sale on February 1, 2023. Prior-year comparatives were adjusted retrospectively. In the interim Group management report, we include the contributions by GD Towers in the results of operations according to the management approach for the period mentioned. The prior-year comparatives were not adjusted retrospectively. For information on the sale of GD Towers, 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.
[b] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.
[c] As of January 1, 2023, the definition of service revenue was extended. Prior-year comparatives were adjusted retrospectively.
[d] Including net debt reported under liabilities directly associated with non-current assets and disposal groups held for sale.

millions

	Mar. 31, 2023	Dec. 31, 2022	Change Mar. 31, 2023/ Dec. 31, 2022 %	Mar. 31, 2022	Change Mar. 31, 2023/ Mar. 31, 2022 %
Fixed-network and mobile customers					
Mobile customers[a]	248.1	245.4	1.1	248.3	(0.1)
Fixed-network lines	25.7	25.3	1.7	26.0	(1.4)
Broadband customers[b]	21.6	21.4	0.7	21.7	(0.8)

[a] Including T-Mobile US wholesale customers (Mar. 31, 2023: 29.7 million; Dec. 31, 2022: 30.2 million; Mar. 31, 2022: 32.3 million).
[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.

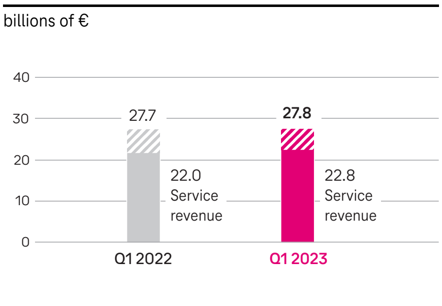
For information on the development of business in the operating segments, please refer to the section "Development of business in the operating segments" in the interim Group management report and in the IR back-up on our Investor Relations website.

To our shareholders

Development of selected financial data

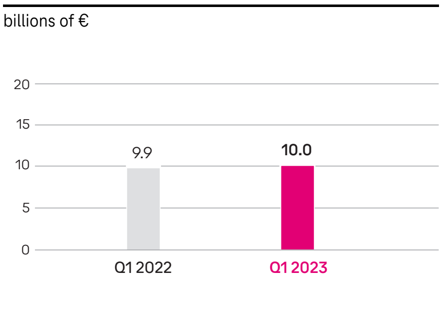
Net revenue, service revenue[a, b]

- Net revenue increased slightly by 0.3 % to EUR 27.8 billion; in organic terms, it decreased slightly by 0.5 %. Service revenue increased by 3.5 % to EUR 22.8 billion; in organic terms, the increase was 2.6 %.
- Our Germany segment increased revenue by 3.0 % year-on-year, on the back of strong development of service revenues.
- The United States segment recorded revenue growth of 2.1 %, mainly due to exchange rate effects, but on an organic basis, revenue was down 2.3 % against the prior year.
- Revenue in our Europe segment grew by 3.8 % on account of the positive trend in mobile business and by 4.9 % in organic terms.
- Revenue in Systems Solutions was up 2.0 % year-on-year on the back of growth in the Digital, Road Charging, and Advisory portfolio areas.
- In Group Development, revenue declined by 87.6 % due to the sale of T-Mobile Netherlands and GD Towers, but was up 4.2 % against the prior year on an organic basis.



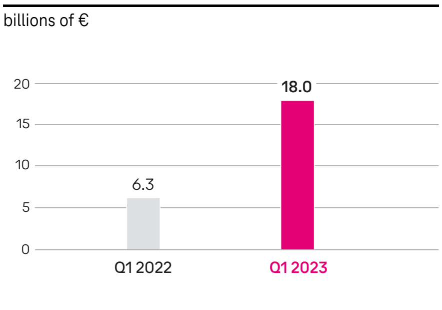
EBITDA AL (adjusted for special factors)[a]

- Adjusted EBITDA AL grew slightly by 0.9 % to EUR 10.0 billion. In organic terms, it increased by 1.0 %.
- In our Germany segment, adjusted EBITDA AL was up 4.0 %, driven by high-value revenue growth and enhanced cost efficiency.
- In the United States, adjusted EBITDA AL increased by 5.9 %, mainly due to exchange rate effects. In organic terms, it increased by 1.3 %. Adjusted core EBITDA AL grew by 11.5 % to EUR 6.4 billion.
- Adjusted EBITDA AL in the Europe segment increased slightly by 0.7 %. In organic terms, it increased by 1.2 %.
- In Systems Solutions, adjusted EBITDA AL grew by 10.3 % due to efficiency effects and increased revenue in our Digital and Road Charging portfolio areas.
- In Group Development, adjusted EBITDA AL declined by 81.7 % due to the sale of T-Mobile Netherlands and GD Towers. In organic terms, it increased by 32.0 %.
- At 35.8 %, the Group's adjusted EBITDA AL margin remained at the same high level posted in the prior year. The adjusted EBITDA AL margin was 40.5 % in the Germany segment, 35.3 % in the Europe segment, and 35.8 % in the United States segment.



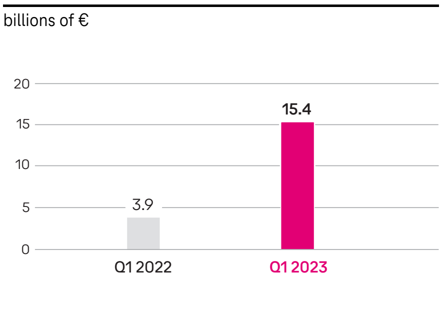
Profit/loss from operations (EBIT)[a]

- EBIT increased substantially to EUR 18.0 billion, mainly as a result of the gain on deconsolidation from the sale of GD Towers.
- Special factors had a positive effect of EUR 12.4 billion on EBITDA AL. Deconsolidations, disposals and acquisitions generated proceeds of EUR 12.6 billion, most of which was attributable to the sale of GD Towers. In the prior-year period, the special factors affecting EBITDA AL totaled EUR 1.2 billion.
- EBITDA AL thus increased by EUR 11.3 billion to EUR 22.4 billion.
- At EUR 6.0 billion, depreciation, amortization and impairment losses were lower than in the prior-year period, with the decrease being almost exclusively attributable to the United States and Group Development operating segments.



Net profit

- Our net profit also increased significantly to EUR 15.4 billion due to the sale of GD Towers.
- The loss from financial activities increased by EUR 0.4 billion to EUR 1.3 billion, with other financial income decreasing in particular in connection with the measurement of provisions and liabilities. Finance costs increased by EUR 0.1 billion.
- The tax expense decreased by EUR 0.8 billion to EUR 0.3 billion.
- Profit attributable to non-controlling interests increased by EUR 0.6 billion to EUR 1.1 billion, a trend mainly attributable to the United States segment.
- Adjusted earnings per share decreased from EUR 0.45 to EUR 0.39.



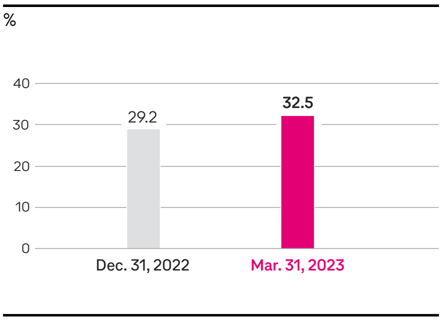
For a reconciliation for the organic development of key figures for the prior-year comparative period, please refer to the section "Additional information."

[a] The GD Towers business entity, which operated the cell tower business in Germany and Austria and was assigned to the Group Development operating segment, was recognized as a discontinued operation in the interim consolidated financial statements from the third quarter of 2022 until its sale on February 1, 2023. In the interim Group management report, we include the contributions by GD Towers in the results of operations according to the management approach for the period mentioned. For information on the sale of GD Towers, 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.

[b] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.

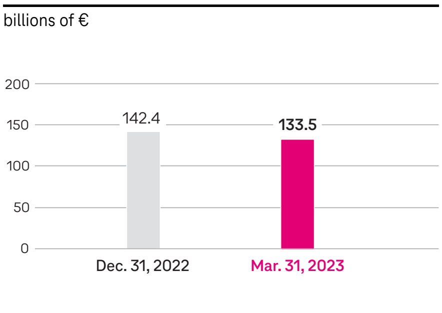
Equity ratio

- The equity ratio increased by 3.3 percentage points against December 31, 2022 to 32.5 %.
- The increase in shareholders' equity from EUR 87.3 billion to EUR 98.7 billion is primarily attributable to profit of EUR 16.4 billion.
- Shareholders' equity was reduced in particular by transactions with owners (EUR 4.5 billion), mainly in connection with the share buy-back program at T-Mobile US. Other comprehensive income also decreased the carrying amount (EUR 0.7 billion). This mainly includes effects from currency translations recognized directly in equity (EUR -1.1 billion) and positive effects from the remeasurement of defined benefit plans (EUR 0.4 billion).



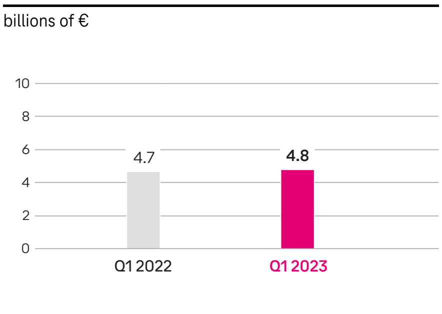
Net debt[c]

- Net debt decreased by EUR 8.9 billion compared with the end of 2022 to EUR 133.5 billion.
- The main reducing factor was cash proceeds of EUR 10.7 billion from the sale of GD Towers. It was further reduced by free cash flow (before dividend payments and spectrum investment) of EUR 4.8 billion and exchange rate effects of EUR 1.9 billion.
- The main factors increasing net debt were the share buy-back program at T-Mobile US (EUR 4.3 billion) and the sale-and-leaseback transaction in connection with the sale of the GD Towers (EUR 3.0 billion). Additions of lease liabilities and right-of-use assets (EUR 0.8 billion) and other effects (EUR 0.3 billion) also had an increasing impact.



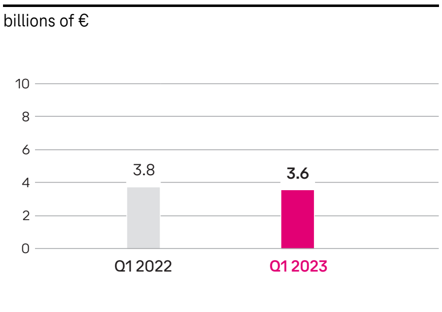
Cash capex (before spectrum investment)

- Cash capex (before spectrum investment) increased slightly by EUR 0.1 billion to EUR 4.8 billion.
- The increase resulted mainly from higher capital expenditure in the Germany and Europe operating segments. In the United States, cash capex decreased as a result of higher cash outflows in the prior year for the accelerated build-out of the 5G network and the integration of Sprint.
- By contrast, cash capex (including spectrum investment) decreased by EUR 2.3 billion to EUR 4.8 billion. Spectrum licenses were purchased for EUR 0.1 billion in the reporting period, in particular in the United States segment. In the prior-year period, the United States segment had acquired spectrum licenses for a total amount of EUR 2.5 billion.



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

- Free cash flow AL was down by EUR 0.2 billion to EUR 3.6 billion.
- It was reduced by a net increase of EUR 0.3 billion in interest payments, EUR 0.3 billion higher cash outflows for the repayment of lease liabilities, mainly in the United States operating segment, an increase of EUR 0.1 billion in cash capex (before spectrum investment), and an increase of EUR 0.1 billion in tax payments.
- The sound business performance in the operating segments had an increasing effect on net cash from operating activities. Lower cash outflows in connection with the integration of Sprint in the United States and exchange rate effects also had a positive impact.



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 to the IR back-up on our Investor Relations website.

c Including net debt reported under liabilities directly associated with non-current assets and disposal groups held for sale.

Highlights in the first quarter of 2023

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

For comprehensive information on the T-Share, please visit our Investor Relations website.

Guidance raised for the 2023 financial year

In view of the sound business performance in our United States operating segment, we are raising our guidance for adjusted EBITDA AL of the Group for the 2023 financial year. Instead of around EUR 40.8 billion, we now expect to post adjusted EBITDA AL of around EUR 40.9 billion.

Transactions

Sale of GD Towers. On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 % stake in the cell tower business companies in Germany and Austria (GD Towers), hitherto assigned to the Group Development operating segment, to DigitalBridge and Brookfield. After all necessary regulatory approvals had been duly granted and all other closing conditions met, the transaction was closed on February 1, 2023. Deutsche Telekom retains a 49.0 % stake, benefiting from future value upside at GD Towers. We have largely leased back the sold passive network infrastructure in Germany and Austria, enabling Telekom Deutschland and T-Mobile Austria to maintain their mobile network leadership.

Agreement on the acquisition of Ka'ena in the United States. On March 9, 2023, T-Mobile US entered into a Merger and Unit Purchase Agreement for the acquisition of 100 % of the outstanding equity of Ka'ena Corporation and its subsidiaries including, among others, Mint Mobile, for a maximum purchase price of USD 1.35 billion. The upfront payment is expected to be approximately USD 950 million, before working capital adjustments. The acquisition is subject to certain customary closing conditions, including certain regulatory approvals and is expected to close by the end of 2023.

Share buy-back program continued and majority stake in T-Mobile US secured. In the first quarter of 2023, T-Mobile US bought back around 33 million additional shares with a total volume of USD 4.8 billion (EUR 4.4 billion) under its share buy-back program. Taking the treasury shares held by T-Mobile US into account, Deutsche Telekom's stake in T-Mobile US stood at 50.2 % as of March 31, 2023.

For further information on these corporate 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.

Network build-out

Germany. As of the end of the first quarter of 2023, our 5G network was available to 95.1 % of the German population, and a total of around 5.7 million households have the option of a direct connection to our fiber-optic network.

United States. As of the end of the first quarter of 2023, T-Mobile US' 5G network covered around 98 % of the U.S. population, with 275 million people already benefiting from Ultra Capacity 5G.

Europe. As of the end of the first quarter of 2023, our national companies covered 51.1 % of the population in our European footprint with 5G, and a total of around 8.2 million households have the option of a direct connection to our fiber-optic network.

Sustainability

2022 Corporate Responsibility Report. Our CR Report illustrates the progress we made in 2022 with our activities and efforts to become more sustainable, focusing on the ESG pillars of the environment, social commitment, and governance. The report also contains a special section entitled "Experiencing sustainability," an interactive special on the circular economy, and practical tips for saving resources in daily life.

Cooperations, partnerships, and major deals

Fiber-optic cooperations. Consistent with our strategy regarding the shared use of networks, in the first quarter of 2023 we both agreed and finalized further fiber-optic cooperations. In addition to regional partnerships in the Stuttgart region (Stadtwerke Nürtingen), Upper Franconia (Städtische Werke Überlandwerke Coburg), and Bavaria (Stadtnetz Bamberg), the fiber-optic partnership of Magenta Telekom and Meridiam, Alpen Glasfaser GmbH, started operations in Austria in March 2023.

Major deal for T-Systems. The European Space Agency (ESA) has chosen T-Systems as a service provider for the Copernicus Data Space Ecosystem, one of the world's largest public platforms for Earth observation data. The data can be used to conduct trend analyses for science, industry, and politics. The public, including more than 600 thousand registered users, have had access to the new Copernicus Data Space Ecosystem since January 24, 2023.

For further information, please refer to our media report.

Products, rate plans, and services

Mobile World Congress (MWC) 2023. "Giving technology a heartbeat" was our motto at MWC Barcelona from February 27 to March 2, 2023, where we showcased technology and innovations for people, the environment, and businesses. The focus was on resilient and sustainable networks, e.g., for seamless connectivity across space via 5G (joint commitment with ESA) and IoT (in collaboration with Intelsat and Skylo), for the commercial deployment of Open RAN (with partners Nokia, Fujitsu, and Mavenir), and for easy access to application programming interfaces (APIs) via a cross-country and cross-network platform (e.g., T DevEdge in collaboration with T-Mobile US).

For further information, please refer to our media report.

Awards

Brand. For the first time, BrandZ rates Deutsche Telekom the most valuable German brand with a brand value of USD 67.2 billion in its March 2023 study Top50 Most Valuable German Brands. Deutsche Telekom is already ranked Europe's most valuable company brand for the first time with a brand value of USD 62.9 billion, according to the study Brand Finance Global 500 published in January 2023.

Networks. Both T-Mobile US and our national companies in Europe once again received accolades for their networks in the first quarter of 2023, including the Ookla® Speedtest Award™ for the best mobile network in Croatia and the Czech Republic, and for the fastest fixed-network internet in Austria.

Business Customers. T-Systems is a recognized Amazon Web Services (AWS) Networking Competency Partner, successfully meeting AWS's high technical bar and quality requirements for connecting customers' existing infrastructure to the cloud. In addition, together with its consulting company Detecon, T-Systems has been rated as a leading provider in all German categories by the analyst firm Information Services Group (ISG) in its survey Digital Business Enablement and ESG Services 2022, and by Pierre Audoin Consultants (PAC) in its Innovation Radar Leaders in Sustainability-related IT Consulting & Services in Europe 2023.

For information on awards for responsible corporate governance, please refer to our website.

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 2022 combined management report (2022 Annual Report). From the Group's point of view, the following significant events in the first three months of 2023 resulted in changes and/or additions.

Group organization

Sale of GD Towers. On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 % stake in the cell tower business companies in Germany and Austria (GD Towers), hitherto assigned to the Group Development operating segment, to DigitalBridge and Brookfield. After all necessary regulatory approvals had been duly granted and all other closing conditions met, the transaction was closed on February 1, 2023. The sale price is based on an enterprise value of EUR 17.5 billion. The total preliminary gain on deconsolidation resulting from the sale amounts to EUR 15.9 billion, of which EUR 12.9 billion is included in profit/loss from discontinued operation as other operating income in the consolidated income statement as of the deconsolidation date. As Deutsche Telekom has largely leased back the sold passive network infrastructure in Germany and Austria under a sale and leaseback transaction, a further EUR 3.0 billion will be recognized pro rata in subsequent periods. Overall, right-of-use assets were recognized in the amount of EUR 2.0 billion and lease liabilities in the amount of EUR 5.0 billion. The transaction resulted in preliminary cash proceeds of EUR 10.7 billion. The stake retained by Deutsche Telekom of 49.0 % has been included in the consolidated financial statements using the equity method since February 1, 2023. The carrying amount of the investment amounted to EUR 6.0 billion as of March 31, 2023.

For further information on the sale of the GD tower companies, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

Share buy-back program continued and majority stake in T-Mobile US secured. In the first quarter of 2023, T-Mobile US bought back around 33 million additional shares with a total volume of USD 4.8 billion (EUR 4.4 billion) under its share buy-back program. Taking the treasury shares held by T-Mobile US into account, Deutsche Telekom's stake in T-Mobile US stood at 50.2 % as of March 31, 2023.

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

Agreement to sell the U.S. wireline business. On September 6, 2022, T-Mobile US reached an agreement with Cogent Infrastructure (Cogent) on the sale of T-Mobile US' fiber-optic-based wireline business. Under the agreement, Cogent will take over all shares in the entity that holds all of the assets and liabilities related to the former Sprint's fiber-optic-based wireline network. The sale price is USD 1 and is subject to customary adjustments laid down in the purchase agreement. In addition, upon completion of the transaction, T-Mobile US undertakes to enter into a separate agreement on IP transit services, according to which T-Mobile US will pay a total of USD 700 million to Cogent. The assets and liabilities of the wireline business have been reported in the consolidated statement of financial position as held for sale since September 30, 2022. The transaction was closed on May 1, 2023. All necessary regulatory approvals had been duly granted and all other closing conditions met.

Agreement on the acquisition of Ka'ena in the United States. On March 9, 2023, T-Mobile US entered into a Merger and Unit Purchase Agreement for the acquisition of 100 % of the outstanding equity of Ka'ena Corporation and its subsidiaries including, among others, Mint Mobile, for a maximum purchase price of USD 1.35 billion to be paid out 39 % in cash and 61 % in shares of T-Mobile US common stock. Ka'ena Corporation is currently one of the wholesale partners of T-Mobile US, offering wireless telecommunications services to customers. The purchase price is variable dependent upon specified performance indicators of Ka'ena Corporation during certain periods before and after closing and consists of an upfront payment at deal close, subject to certain agreed-upon adjustments, and a variable earnout payable 24 months after the close of the transaction. The upfront payment is expected to be approximately USD 950 million, before working capital adjustments. The acquisition is subject to certain customary closing conditions, including certain regulatory approvals and is expected to close by the end of 2023.

Management of the Group

Presentation of GD Towers according to the management approach. The GD Towers business entity had been recognized in the interim consolidated financial statements as a discontinued operation from the third quarter of 2022 until its sale on February 1, 2023. In the interim Group management report, we include the contributions by GD Towers in the results of operations according to the management approach for the period mentioned. The following table provides a reconciliation of the amounts recognized in the consolidated income statement to the financial performance indicators relevant for the management approach:

millions of €		Q1 2023	Of which: continuing operations	Of which: discontinued operation	Q1 2022	Of which: continuing operations	Of which: discontinued operation
Net revenue[a]		27,839	27,824	15	27,746	27,693	53
Service revenue[a]		22,814	22,818	(4)	22,033	22,036	(4)
EBITDA		**24,046**	**11,044**	**13,001**	**13,092**	**12,863**	**229**
Depreciation of right-of-use assets		(1,246)	(1,246)	0	(1,654)	(1,604)	(50)
Interest expenses on recognized lease liabilities		(435)	(430)	(5)	(351)	(345)	(6)
EBITDA AL		**22,364**	**9,368**	**12,996**	**11,087**	**10,914**	**173**
Special factors affecting EBITDA AL		12,401	(523)	12,924	1,214	1,215	0
EBITDA AL (adjusted for special factors)		9,963	9,891	73	9,873	9,699	173
Depreciation, amortization and impairment losses		(6,030)	(6,030)	0	(6,765)	(6,669)	(96)
Profit (loss) from operations (EBIT)		18,015	5,014	13,001	6,327	6,194	133
Profit (loss) from financial activities		(1,331)	(1,315)	(16)	(890)	(898)	8
Profit (loss) before income taxes		16,685	3,699	12,986	5,438	5,296	141
Earnings per share (basic and diluted)	€	3.09	0.34	2.75	0.79	0.77	0.02
Adjusted earnings per share (basic and diluted)	€	0.39	0.39	0.01	0.45	0.43	0.02

[a] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.

Broader definition of service revenue. Since January 1, 2023, service revenue additionally includes certain software revenues generated with ICT business in the Systems Solutions and Europe operating segments, as well as in the Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively.

The economic environment

This section provides additional information on, and explains recent changes to, the economic situation as described in the 2022 combined management report (2022 Annual Report), focusing on macroeconomic developments, the overall economic outlook, the currently prevailing economic risks, and the regulatory environment in the first three months of 2023.

Macroeconomic development

The development of the global economy was rather weak in spring 2023. While its gradual recovery from both the coronavirus pandemic and the consequences of the war in Ukraine is stimulating economic activity, persistent inflation and the tight monetary policy of central banks around the globe will continue to have a negative impact. The interest rate hikes worldwide since spring 2022 contributed to turbulences in the finance sector in the first quarter of 2023. The inflation-induced loss of purchasing power is stifling macroeconomic demand, while higher interest rates are negatively affecting financing terms for households and businesses.

In light of current developments, in its April 2023 forecast, the International Monetary Fund (IMF) expects global economic output to grow by 2.8 % in the current year compared to growth of 3.4 % in the prior year.

The IMF expects German economic output to decline by 0.1 % and consumer prices to increase by 6.2 % in the current year. According to the Bitkom-ifo-Digitalindex, the business climate in the digital sector remains significantly brighter than in the economy as a whole. In March 2023, the business expectations of IT and telecommunications companies for the coming months reached their highest level since the war broke out in Ukraine in February 2022.

The national economies in our core markets in North America and Europe are set to grow this year. According to the IMF forecast, economic output is expected to grow this year by 1.6 % in the United States and by 0.8 % in the eurozone.

Overall economic outlook

In particular China's U-turn on its strict zero-Covid policy is likely to stimulate steady global economic growth and revive global trade in goods. This should also help further alleviate supply shortages. With energy prices falling in Europe, the growth outlooks are brightening. However, an easing of consumer price inflation in the U.S. economic area and the eurozone is likely to be slow. High inflation is expected to continue to curb consumer spending in the coming quarters.

Significant downside risks continue to weigh on the economic outlook. If inflation falls at a slower rate than expected, it could result in the need for a more aggressive tightening of monetary policy. This would further dampen consumer demand. At the same time, the recent rise in financial market risks has hindered the central banks' efforts to combat inflation. Europe avoided a gas shortage in winter 2022/23, but the supply situation for winter 2023/24 is still uncertain and energy prices could rise if demand for natural gas increases in Asia. A possible escalation of the war in Ukraine could also lead to a renewed rise in energy prices. Geopolitical tensions between the United States and China present a further risk, and could put significant pressure on global trade in goods and international supply chains.

Regulation

Awarding of spectrum

At the multi-band auction in Croatia, which began with a bidding phase on January 17, 2023, Hrvatski Telekom secured an above-average package of spectrum, comprising the largest share of spectrum (2x 105 MHz), for around EUR 135 million.

The Polish regulatory authority UKE concluded an initial consultation on a draft award procedure for the 3,400 to 3,800 MHz band, and announced a further consultation which began on April 6, 2023. The procedure is now expected to conclude by the end of 2023. Awards for the 700/800 MHz and 26,000 MHz bands could follow in the course of 2023. In the Czech Republic, the procedure to extend the 900/1,800 MHz GSM license, which expires in 2024, is expected to begin in the course of 2023. Meanwhile, the Slovakian regulator announced a procedure (auction) to re-award spectrum in the 900 MHz and 2,100 MHz bands at the end of 2023. In Austria and Hungary, the millimeter wave spectrum in the 26,000 MHz band is also expected to come up for award in 2023. In order to free up this band, Hungary has already begun awarding substitute frequencies in the 32,000 MHz band.

In the United States, on August 8, 2022, T-Mobile US reached agreements with Channel 51 License and LB License on the acquisition of licenses in the 600 MHz spectrum for an aggregate purchase price of USD 3.5 billion (EUR 3.4 billion). On March 30, 2023, the contractual parties further agreed that the transaction be divided into two separate tranches. The transfer of the licenses in accordance with the agreements is subject to regulatory approvals and certain other customary closing conditions. The first tranche is expected to be concluded between the middle and end of 2023, while the second tranche is expected to be concluded in 2024.

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
Austria	Q2 2023	Q3 2023	26,000/3,400–3,800 (residual spectrum)	Details tbd	
Poland	Q3 2023	Q4 2023	3,400–3,800	Auction (SMRA[a]), 4 blocks of 100 MHz, cap set at 100 MHz in consultation draft	Start of procedure with first consultation in December 2022. Second consultation started in April 2023. Bidding process expected in H2 2023.
Poland	Q3 2023	Q4 2023	700/800	Auction or tender procedure[b], details and timeline tbd	Plans for all bands still unclear due to discussions on award models, dependency on the adoption of the Cyber Security Act, and standstill in 700 MHz border coordination talks with Russia.
Poland	Q3 2023	Q4 2023	26,000	Details tbd	Regulatory authority announced plans for award procedures in 2023 without giving details.
Slovakia	Q3 2023	Q4 2023	900/2,100	New award proceedings (auction)	
Czech Republic	Q2 2023	Q4 2023	900/1,800	Extension procedure	900/1,800 MHz GSM license of T-Mobile Czech Republic will expire in 2024. Extension procedure expected in 2023.
Hungary	Q3 2023	Q4 2023	26,000	Details tbd	Regulatory authority announced plans for award procedures in 2023 without giving details.

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

[b] Tender procedure (beauty contest auction) offering a competitive selection process for assigning scarce frequencies.

Development of business in the Group

This section provides additional information on, and explains recent changes to, the significant events as described in the 2022 combined management report (2022 Annual Report), and looks at the effects of these changes on the development of business in the Group. In the section "The economic environment," we also focus on macroeconomic developments in the first three months of 2023. For more information on global economic developments and the associated business risks, please refer to the section "Risks and opportunities."

For further information on significant events in the 2022 financial year, please refer to the sections "Group organization," "Management of the Group," and "Development of business in the Group" in the 2022 combined management report (2022 Annual Report).

Presentation of GD Towers according to the management approach. The GD Towers business entity had been recognized in the interim consolidated financial statements as a discontinued operation from the third quarter of 2022 until its sale on February 1, 2023. In the interim Group management report, we include the contributions by GD Towers in the results of operations according to the management approach for the period mentioned.

For further information on the sale and the presentation of GD Towers according to the management approach, including a reconciliation to the consolidated income statement, please refer to the section "Group organization, strategy, and management."

Results of operations of the Group

millions of €

		Q1 2023	Q1 2022	Change	Change %	FY 2022
Net revenue[a]		**27,839**	**27,746**	**93**	**0.3**	**114,413**
Service revenue[a, b]		**22,814**	**22,033**	**781**	**3.5**	**91,988**
EBITDA AL (adjusted for special factors)		**9,963**	**9,873**	**90**	**0.9**	**40,208**
EBITDA AL		22,364	11,087	11,277	n.a.	35,989
Depreciation, amortization and impairment losses		(6,030)	(6,765)	735	10.9	(27,827)
Profit (loss) from operations (EBIT)		**18,015**	**6,327**	**11,688**	**n.a.**	**16,159**
Profit (loss) from financial activities		(1,331)	(890)	(441)	(49.6)	(4,455)
Profit (loss) before income taxes		16,685	5,438	11,247	n.a.	11,703
Net profit (loss)		15,360	3,949	11,411	n.a.	8,001
Net profit (loss) (adjusted for special factors)		1,959	2,238	(279)	(12.5)	9,081
Earnings per share (basic and diluted)	€	3.09	0.79	2.30	n.a.	1.61
Adjusted earnings per share (basic and diluted)	€	**0.39**	**0.45**	**(0.06)**	**(13.3)**	**1.83**

[a] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.

[b] As of January 1, 2023, the definition of service revenue was extended. Prior-year comparatives were adjusted retrospectively.

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 were reduced in the Group Development operating segment in connection with the sale of T-Mobile Netherlands as of March 31, 2022, and of GD Towers as of February 1, 2023. The net positive exchange rate effects were primarily attributable to the translation of U.S. dollars to euros.

Revenue, service revenue

In the first quarter of 2023, we generated net revenue of EUR 27.8 billion, which was up EUR 0.1 billion or 0.3 % year-on-year. In organic terms, revenue decreased slightly by EUR 0.1 billion or 0.5 %, including positive net exchange rate effects of EUR 0.8 billion, with changes in the composition of the Group having a reducing effect of EUR 0.6 billion. Service revenue in the Group increased by EUR 0.8 billion or 3.5 % year-on-year to EUR 22.8 billion. In organic terms, service revenue increased by EUR 0.6 billion or 2.6 %.

Contribution of the segments to net revenue (according to the management approach)

millions of €

	Q1 2023	Q1 2022	Change	Change %	FY 2022
Germany	6,141	5,963	178	3.0	24,505
United States	18,262	17,880	382	2.1	75,436
Europe	2,784	2,682	102	3.8	11,158
Systems Solutions	946	927	19	2.0	3,811
Group Development	102	825	(723)	(87.6)	1,708
Group Headquarters & Group Services	578	604	(26)	(4.3)	2,407
Intersegment revenue	(975)	(1,134)	159	14.0	(4,612)
Net revenue[a]	**27,839**	**27,746**	**93**	**0.3**	**114,413**

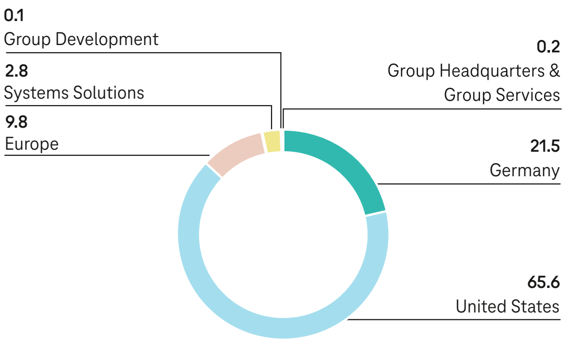
[a] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.

All of our operating segments with the exception of Group Development contributed to the positive revenue trend. Revenue in our home market of Germany was up on the prior-year level, increasing by 3.0 %. In organic terms, revenue grew by 2.3 % year-on-year. This increase was primarily driven by growth in service revenues, in both the fixed-network core business, mainly due to broadband, and in mobile communications. Our United States operating segment contributed revenue growth of 2.1 % to this trend, mainly due to exchange rate effects. In organic terms, revenue declined by 2.3 % year-on-year due to lower terminal equipment revenue, partially offset by higher service revenue. In our Europe operating segment, revenue increased by 3.8 % year-on-year. In organic terms, revenue increased by 4.9 %, primarily attributable to the increase in high-margin services revenues in the mobile business. Revenue in our Systems Solutions operating segment was up 2.0 % year-on-year; in organic terms, it was up 4.5 %. This positive revenue trend was mainly driven by growth in the Digital, Road Charging, and Advisory portfolio areas, which more than offset the expected decline in traditional IT infrastructure business. Revenue in our Group Development operating segment declined by 87.6 % compared with the prior-year period, due to the sales of T-Mobile Netherlands and GD Towers. In organic terms, it increased by 4.2 %.

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, b]

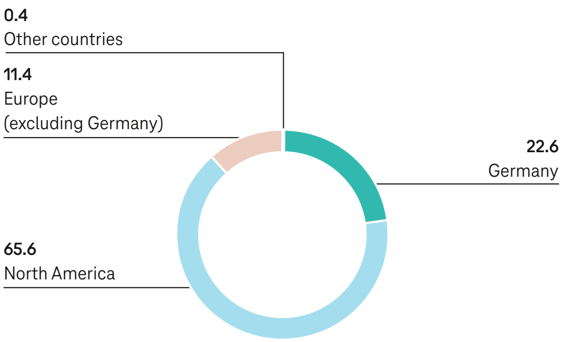
%



[a] For further information on net revenue, please refer to the section “Segment reporting” in the interim consolidated financial statements.
[b] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.

Breakdown of revenue by region[b]

%



At 65.6 %, our United States operating segment again provided by far the largest contribution to net revenue of the Group, up 1.2 percentage points above the level in the prior-year period. The proportion of net revenue generated internationally also increased from 76.8 % to 77.4 %.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased year-on-year by EUR 0.1 billion or 0.9 % to EUR 10.0 billion in the first quarter of 2023. In organic terms, adjusted EBITDA AL increased by EUR 0.1 billion or 1.0 %, including positive net exchange rate effects of EUR 0.3 billion, and with changes in the composition of the Group having a net reducing effect of EUR 0.3 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 0.4 billion or 4.1 % to EUR 9.8 billion.

Contribution of the segments to adjusted Group EBITDA AL (according to the management approach)

millions of €

	Q1 2023	Q1 2022	Change	Change %	FY 2022
Germany	2,489	2,393	96	4.0	9,837
United States	6,536	6,172	364	5.9	25,614
Europe	983	976	7	0.7	3,964
Systems Solutions	75	68	7	10.3	284
Group Development	65	356	(291)	(81.7)	964
Group Headquarters & Group Services	(176)	(85)	(91)	n.a.	(437)
Reconciliation	(9)	(7)	(2)	(28.6)	(17)
EBITDA AL (adjusted for special factors)	**9,963**	**9,873**	**90**	**0.9**	**40,208**

All operating segments with the exception of Group Development also made a positive contribution to the adjusted EBITDA AL trend. Our Germany operating segment contributed to the increase thanks to high-value revenue growth and improved cost efficiency with 4.0 % higher adjusted EBITDA AL; in organic terms, it increased by 3.1 %. In our United States operating segment, adjusted EBITDA AL increased by 5.9 %, essentially due to exchange rate effects. In organic terms, adjusted EBITDA AL grew by 1.3 % year-on-year. Adjusted core EBITDA AL at T-Mobile US increased by EUR 0.7 billion or 11.5 % to EUR 6.4 billion. Adjusted EBITDA AL in our Europe operating segment increased by 0.7 %. In organic terms, adjusted EBITDA AL grew by 1.2 %, again making a positive contribution to earnings, with a positive net margin more than sufficient to offset the higher indirect costs. In our Systems Solutions operating segment, adjusted EBITDA AL increased by 10.3 % or, in organic terms, by 4.6 %. Efficiency effects from our transformation program and increased revenue in our Digital and Road Charging portfolio areas exceeded the decline in earnings in the traditional IT infrastructure business. Adjusted EBITDA AL in our Group Development operating segment declined by 81.7 % year-on-year due to the sale of T-Mobile Netherlands and GD Towers. In organic terms, it increased by 32.0 %.

EBITDA AL increased by EUR 11.3 billion year-on-year to EUR 22.4 billion, with special factors affecting EBITDA AL changing by EUR 11.2 billion to EUR 12.4 billion. Net income of EUR 12.6 billion was recorded as special factors under effects of deconsolidations, disposals, and acquisitions. The deconsolidation of GD Towers as of February 1, 2023 gave rise to income of EUR 12.9 billion. Net expenses of EUR 0.3 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 include in particular expenses from the integration of IT systems, expenses in connection with the decommissioning of Sprint's wireless network and additional depreciation 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 income of EUR 1.3 billion had been recorded as special factors under effects of deconsolidations, disposals, and acquisitions. Of this income, EUR 1.7 billion resulted from the deconsolidation of GlasfaserPlus and a further EUR 0.9 billion from the sale of T-Mobile Netherlands. Net expenses of EUR 1.2 billion, mainly in connection with integration costs incurred as a result of the merger of T-Mobile US and Sprint, had an offsetting effect. Expenses incurred in connection with staff restructuring were on a par with the prior-year level at EUR 0.2 billion. No other special factors affecting EBITDA AL were recognized in the reporting period. The prior-year figure included payments on account received from insurance companies in connection with damage sustained in the catastrophic flooding 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."

Profit/loss from operations (EBIT)

Group EBIT increased to EUR 18.0 billion, up EUR 11.7 billion against the level of the prior-year period. This change was primarily due to the deconsolidation gain from the sale of GD Towers. At EUR 6.0 billion, depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets were EUR 0.7 billion lower in the first quarter of 2023 than in the prior-year period, with the decrease being almost exclusively attributable to the United States and Group Development operating segments. Depreciation and amortization at T-Mobile US were lower due to the ongoing strategic withdrawal from the terminal equipment lease business. Depreciation and amortization also decreased due to the complete write-off of certain 4G network components, including assets affected by the decommissioning of the former Sprint's legacy CDMA and LTE networks in 2022. The decrease was offset by increased depreciation and amortization in connection with the further build-out of the nationwide 5G network in the United States. In the Group Development operating segment, depreciation of property, plant and equipment and right-of-use assets were down on the prior-year level in connection with the fact that GD Towers had been held for sale until it was sold and accordingly the related depreciation had been suspended, and in connection with its subsequent sale. By contrast, a further reduction in the useful life of leased network technology for cell sites resulted in an increase in depreciation of the corresponding right-of-use assets of EUR 0.1 billion. No significant impairment losses were recorded either in the reporting period or in the prior-year period.

For information on the sale and the presentation of GD Towers according to the management approach, including a reconciliation for the consolidated income statement, please refer to the section "Group organization, strategy, and management."

Profit before income taxes

Profit before income taxes increased by EUR 11.2 billion to EUR 16.7 billion. Loss from financial activities increased year-on-year from EUR 0.9 billion to EUR 1.3 billion, with other financial income declining from EUR 0.3 billion to EUR 0.1 billion, in particular in connection with the interest component from the measurement of provisions and liabilities. This decrease 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. Finance costs also increased from EUR 1.2 billion to EUR 1.4 billion, mainly due to the sale and leaseback of sold passive network infrastructure in Germany and Austria in connection with the sale of GD Towers and the modification of the arrangements between T-Mobile US and Crown Castle in 2022, which resulted in an increase in the carrying amounts of the lease liabilities.

Net profit, adjusted net profit

Net profit increased year-on-year by EUR 11.4 billion to EUR 15.4 billion. The tax expense decreased by EUR 0.8 billion to EUR 0.3 billion. The tax rate was significantly reduced in the first quarter of 2023 by the realization of tax-free income from the sale of GD Towers. Taxes were furthermore reduced by deferred tax effects arising in connection with the sale-and-leaseback transaction concluded. Profit attributable to non-controlling interests increased by EUR 0.6 billion to EUR 1.1 billion. This increase was primarily attributable to our United States operating segment. Excluding special factors, which had a positive overall effect of EUR 13.4 billion on net profit, adjusted net profit in the first quarter of 2023 amounted to EUR 2.0 billion, compared with EUR 2.2 billion in the prior-year period.

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

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 4,974 million as of March 31, 2023. This resulted in earnings per share of EUR 3.09, which was mainly affected by the gain on deconsolidation of GD Towers. In the prior-year period, earnings per share had been EUR 0.79. Earnings per share adjusted for special factors affecting net profit amounted to EUR 0.39 compared with EUR 0.45 in the prior-year period.

Employees

Headcount development

	Mar. 31, 2023	Dec. 31, 2022	Change	Change %
FTEs in the Group	**207,789**	**206,759**	**1,030**	**0.5**
Of which: civil servants (in Germany, with an active service relationship)	8,095	8,381	(286)	(3.4)
Germany	60,800	59,014	1,786	3.0
United States	68,890	67,088	1,802	2.7
Europe	33,729	34,083	(354)	(1.0)
Systems Solutions	25,695	27,392	(1,697)	(6.2)
Group Development	115	828	(713)	(86.1)
Of which: GD Towers	0	762	(762)	(100.0)
Group Headquarters & Group Services	18,560	18,353	207	1.1

As of March 31, 2023, the Group's headcount was up slightly compared with the end of 2022, by 0.5 %. In our Germany operating segment, the number of employees increased by 3.0 % against year-end 2022, mainly due to the transfer of employees of Multimedia Solutions GmbH from the Systems Solutions operating segment. The total number of full-time equivalent employees in the United States operating segment increased by 2.7 % against the end of 2022, primarily due to hiring and retention initiatives in sales and customer service. In our Europe operating segment, the headcount was down by 1.0 % compared with the end of the prior year, in particular in Slovakia, Croatia, and Hungary. The headcount in our Systems Solutions operating segment was down 6.2 % year-end 2022, mainly due to the transfer of Multimedia Solutions GmbH into the Germany operating segment. In the Group Development operating segment, the sharp year-on-year decrease in headcount of 86.1 % was mainly due to the sale of GD Towers as of February 1, 2023. The headcount in the Group Headquarters & Group Services segment was up 1.1 % compared with the end of 2022, mainly due to the increase in the number of employees in the Technology and Innovation Board department. The ongoing staff restructuring at Vivento had an offsetting effect.

Reconciliations of financial performance indicators from the IFRS consolidated financial statements
A reconciliation of the definition of EBITDA to the **"after leases" indicator** (EBITDA AL) can be found in the following table:

millions of €	Q1 2023	Q1 2022	Change	Change %	FY 2022
EBITDA	24,046	13,092	10,954	83.7	43,986
Depreciation of right-of-use assets[a]	(1,246)	(1,654)	408	24.7	(6,507)
Interest expenses on recognized lease liabilities[a]	(435)	(351)	(84)	(23.9)	(1,489)
EBITDA AL	**22,364**	**11,087**	**11,277**	**n.a.**	**35,989**
Special factors affecting EBITDA AL	12,401	1,214	11,187	n.a.	(4,219)
EBITDA AL (adjusted for special factors)	**9,963**	**9,873**	**90**	**0.9**	**40,208**

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

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

millions of €	Q1 2023	Q1 2022	Change	Change %	FY 2022
Net profit (loss)	**15,360**	**3,949**	**11,411**	**n.a.**	**8,001**
Special factors affecting EBITDA AL	12,401	1,214	11,187	n.a.	(4,219)
Staff-related measures	(232)	(183)	(49)	(26.8)	(1,230)
Non-staff-related restructuring	(10)	(9)	(1)	(11.1)	(175)
Effects of deconsolidations, disposals and acquisitions	12,623	1,333	11,290	n.a.	(2,256)
Impairment losses	(1)	(4)	3	75.0	(276)
Other	21	77	(56)	(72.7)	(283)
Special factors affecting net profit	1,000	496	504	n.a.	3,139
Impairment losses	(17)	(30)	13	43.3	(989)
Profit (loss) from financial activities	0	21	(21)	(100.0)	(487)
Income taxes	876	4	872	n.a.	1,936
Non-controlling interests	141	502	(361)	(71.9)	2,680
Special factors	**13,401**	**1,710**	**11,691**	**n.a.**	**(1,080)**
Net profit (loss) (adjusted for special factors)	**1,959**	**2,238**	**(279)**	**(12.5)**	**9,081**

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 Q1 2023	EBIT Q1 2023	EBITDA AL Q1 2022	EBIT Q1 2022	EBITDA AL FY 2022	EBIT FY 2022
EBITDA AL/EBIT	**22,364**	**18,015**	**11,087**	**6,327**	**35,989**	**16,159**
Germany	**(104)**	**(104)**	**1,621**	**1,621**	**1,162**	**1,162**
Staff-related measures	(98)	(98)	(100)	(100)	(523)	(523)
Non-staff-related restructuring	(5)	(5)	(1)	(1)	(8)	(8)
Effects of deconsolidations, disposals and acquisitions	6	6	1,656	1,656	1,608	1,608
Impairment losses	0	0	0	0	0	0
Other	(7)	(7)	66	66	84	84
United States	**(363)**	**(357)**	**(1,258)**	**(1,255)**	**(5,949)**	**(6,637)**
Staff-related measures	(74)	(74)	(28)	(28)	(352)	(352)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(328)	(319)	(1,229)	(1,226)	(4,956)	(5,084)
Impairment losses	(1)	(4)	0	0	(275)	(836)
Other	40	40	0	0	(366)	(366)
Europe	**(5)**	**(5)**	**(1)**	**(1)**	**(31)**	**(147)**
Staff-related measures	(5)	(5)	(6)	(6)	(70)	(70)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	4	4	5	5	12	12
Impairment losses	0	0	0	0	0	(117)
Other	(5)	(5)	0	0	27	27
Systems Solutions	**(26)**	**(35)**	**(30)**	**(43)**	**(159)**	**(270)**
Staff-related measures	(20)	(20)	(20)	(20)	(107)	(107)
Non-staff-related restructuring	(1)	(1)	0	0	(5)	(5)
Effects of deconsolidations, disposals and acquisitions	0	0	(2)	(2)	(2)	(2)
Impairment losses	0	(8)	(1)	(14)	0	(111)
Other	(6)	(6)	(7)	(7)	(44)	(44)
Group Development	**12,941**	**12,941**	**869**	**869**	**992**	**992**
Staff-related measures	(3)	(3)	(1)	(1)	(10)	(10)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	12,944	12,944	871	871	1,003	1,003
Impairment losses	0	0	0	0	0	0
Other	0	0	(1)	(1)	(1)	(1)
Group Headquarters & Group Services	**(42)**	**(42)**	**13**	**(3)**	**(234)**	**(270)**
Staff-related measures	(32)	(32)	(28)	(28)	(168)	(168)
Non-staff-related restructuring	(5)	(5)	(8)	(8)	(162)	(162)
Effects of deconsolidations, disposals and acquisitions	(4)	(4)	33	33	80	80
Impairment losses	0	0	(3)	(19)	0	(36)
Other	(1)	(1)	18	18	17	17
Group	**12,401**	**12,398**	**1,214**	**1,187**	**(4,219)**	**(5,171)**
Staff-related measures	(232)	(232)	(183)	(183)	(1,230)	(1,230)
Non-staff-related restructuring	(10)	(10)	(9)	(9)	(175)	(175)
Effects of deconsolidations, disposals and acquisitions	12,623	12,632	1,333	1,336	(2,256)	(2,384)
Impairment losses	(1)	(13)	(4)	(34)	(276)	(1,100)
Other	21	21	77	77	(283)	(283)
EBITDA AL/EBIT (adjusted for special factors)	**9,963**	**5,617**	**9,873**	**5,140**	**40,208**	**21,330**
Profit (loss) from financial activities (adjusted for special factors)		(1,317)		(908)		(3,931)
Profit (loss) before income taxes (adjusted for special factors)		**4,301**		**4,233**		**17,399**
Income taxes (adjusted for special factors)		(1,150)		(1,086)		(4,157)
Profit (loss) (adjusted for special factors)		**3,151**		**3,146**		**13,242**
Profit (loss) (adjusted for special factors) attributable to						
Owners of the parent (net profit (loss)) (adjusted for special factors)		1,959		2,238		9,081
Non-controlling interests (adjusted for special factors)		1,192		908		4,161

Financial position of the Group

Condensed consolidated statement of financial position

millions of €

	Mar. 31, 2023	%	Dec. 31, 2022	Change	Mar. 31, 2022
Assets					
Cash and cash equivalents	10,913	3.6	5,767	5,146	9,875
Trade receivables	15,891	5.2	16,766	(875)	15,542
Intangible assets	138,142	45.5	140,600	(2,458)	137,224
Property, plant and equipment	65,532	21.6	65,729	(197)	63,159
Right-of-use assets	34,524	11.4	33,727	797	37,028
Investments accounted for using the equity method	7,337	2.4	1,318	6,019	1,960
Current and non-current financial assets	10,939	3.6	9,910	1,029	8,348
Deferred tax assets	7,711	2.5	8,316	(605)	7,416
Non-current assets and disposal groups held for sale	487	0.2	4,683	(4,196)	71
Miscellaneous assets	12,317	4.1	11,774	543	11,799
Total assets	**303,793**	**100.0**	**298,590**	**5,203**	**292,422**
Liabilities and shareholders' equity					
Current and non-current financial liabilities	108,381	35.7	113,030	(4,649)	110,557
Current and non-current lease liabilities	42,454	14.0	38,792	3,662	40,131
Trade and other payables	11,106	3.7	12,035	(929)	10,865
Provisions for pensions and other employee benefits	3,676	1.2	4,150	(474)	5,010
Current and non-current other provisions	7,751	2.6	8,204	(453)	8,533
Deferred tax liabilities	21,835	7.2	22,800	(965)	20,517
Liabilities directly associated with non-current assets and disposal groups held for sale	384	0.1	3,347	(2,963)	0
Miscellaneous liabilities	9,521	3.1	8,912	609	9,153
Shareholders' equity	98,685	32.5	87,320	11,365	87,656
Total liabilities and shareholders' equity	**303,793**	**100.0**	**298,590**	**5,203**	**292,422**

Total assets amounted to EUR 303.8 billion as of March 31, 2023, up by EUR 5.2 billion against December 31, 2022. The main contributing factors were the cash proceeds from the sale of GD Towers, the sale-and-leaseback transaction concluded in this connection to lease the sold passive network infrastructure in Germany and Austria, and the inclusion of the remaining 49.0 % stake. Total assets were reduced in connection with the derecognition of the assets and liabilities that had been fully consolidated until the transaction was closed. Exchange rate effects, primarily from the translation of U.S. dollars into euros, decreased the carrying amount of total assets.

On the assets side, **trade receivables** amounted to EUR 15.9 billion, down by EUR 0.9 billion against the 2022 year-end. This was due to lower receivables in the United States and Germany, operating segments. Exchange rate effects, mainly from the translation of U.S. dollars into euros, also decreased the carrying amount.

Intangible assets decreased by EUR 2.5 billion to EUR 138.1 billion, due in particular to exchange rate effects of EUR 2.0 billion, primarily from the translation of U.S. dollars into euros. Amortization and impairment losses of EUR 1.7 billion also reduced it. By contrast, additions had an increasing effect of EUR 1.2 billion on the carrying amount.

Property, plant and equipment decreased by EUR 0.2 billion compared with December 31, 2022 to EUR 65.5 billion. Depreciation charges of EUR 2.9 billion had a decreasing effect on the carrying amount. Exchange rate effects of EUR 0.5 billion, primarily from the translation of U.S. dollars into euros, and disposals of EUR 0.1 billion also reduced the carrying amount. By contrast, additions for the upgrade and build-out of the network (broadband, fiber-optic, and mobile infrastructure build-out) increased the carrying amount by EUR 3.3 billion.

Compared with December 31, 2022, **right-of-use assets** increased by EUR 0.8 billion to EUR 34.5 billion. The carrying amount was increased by additions of EUR 2.8 billion, mainly due to the sale and leaseback of sold passive network infrastructure in Germany and Austria in connection with the sale of the GD Towers. In this connection, retained right-of-use assets of EUR 2.0 billion were recognized. Depreciation, amortization and impairment losses of EUR 1.4 billion and exchange rate effects of EUR 0.5 billion, primarily from the translation of U.S. dollars into euros, decreased the carrying amount.

For further information on the sale of GD Towers, please refer to the section "Group organization, strategy, and management."

Investments accounted for using the equity method increased by EUR 6.0 billion compared to December 31, 2022, to EUR 7.3 billion, essentially as a result of the sale of the 51.0 % stake in GD Towers. Following the loss of control pursuant to the IFRSs as a result of the transaction, the companies were deconsolidated as of February 1, 2023. Since this date, the remaining 49.0 % of the shares 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 6.0 billion as of March 31, 2023.

For further information on the sale of GD Towers, please refer to the section "Group organization, strategy, and management."

Current and non-current **financial assets** increased by EUR 1.0 billion to EUR 10.9 billion. The net total of originated loans and receivables increased by EUR 1.0 billion to EUR 5.3 billion. Under short-term investments, government bonds were bought during the course of the year. As of March 31, 2023, they had a carrying amount of EUR 0.8 billion. The carrying amount was also increased by an existing shareholder loan to GD Towers of EUR 0.4 billion, which must be reported in the consolidated statement of financial position as a result of the deconsolidation of the companies. By contrast, the carrying amount of cash collateral deposited was reduced by EUR 0.2 billion.

Non-current assets and disposal groups held for sale decreased by EUR 4.2 billion compared with December 31, 2022 to EUR 0.5 billion. The sale of GD Towers as of February 1, 2023 had a reducing effect of EUR 4.2 billion. Up until this date, the assets had been classified as held for sale on account of the sales agreement concluded.

For further information on the sale of GD Towers, please refer to the section "Group organization, strategy, and management."

Other assets increased by EUR 0.5 billion to EUR 12.3 billion. Current and non-current other assets contributed EUR 0.3 billion to this increase, due to an increase in receivables from other taxes. In addition, contract assets and capitalized contract costs each increased by EUR 0.1 billion.

On the liabilities and shareholders' equity side, current and non-current **financial liabilities** decreased by EUR 4.6 billion compared with the end of 2022 to a total of EUR 108.4 billion. The carrying amount of bonds and other securitized liabilities decreased by EUR 3.9 billion, with exchange rate effects, in particular from the translation of U.S. dollars into euros, accounting for EUR 1.3 billion of this decrease. Early repayments in the Group by way of early buy-backs in February and March 2023 of EUR, GBP, and USD bonds with a total volume of EUR 3.3 billion, and the scheduled repayment of a EUR bond of EUR 0.2 billion also reduced the carrying amount. Net repayments of commercial paper also decreased the carrying amount by EUR 2.3 billion. The carrying amount was increased by the senior notes issued in the reporting period by T-Mobile US with a total volume of USD 3.0 billion (EUR 2.8 billion). The carrying amounts of liabilities to banks, liabilities with the right of creditors to priority repayment in the event of default, other interest-bearing liabilities, and derivative financial liabilities all recorded minor decreases.

Current and non-current **lease liabilities** increased by EUR 3.7 billion to EUR 42.5 billion compared with December 31, 2022, mainly resulting from the sale and leaseback of sold passive network infrastructure in Germany and Austria in connection with the sale of GD Towers. As a result of this transaction, lease liabilities increased by EUR 5.0 billion. By contrast, lease liabilities in the United States operating segment decreased by EUR 0.6 billion due to a decline in network and build-out investments and the closure of former Sprint shops. Exchange rate effects, in particular from the translation of U.S. dollars into euros, reduced the carrying amount by EUR 0.6 billion.

For further information on the sale of GD Towers, please refer to the section "Group organization, strategy, and management."

Trade and other payables decreased by EUR 0.9 billion to EUR 11.1 billion, due in particular to lower liabilities following a sharp decline in procurement volumes in the United States and Europe operating segments owing to seasonal effects. Exchange rate effects, mainly from the translation of U.S. dollars into euros, also decreased the carrying amount.

Provisions for pensions and other employee benefits decreased by EUR 0.5 billion compared with December 31, 2022 to EUR 3.7 billion, mainly due to an increase in the fair values of plan assets. The decline in the discount rate compared with December 31, 2022 had an offsetting effect. Overall, the remeasurement of defined benefit plans resulted in an actuarial gain of EUR 0.4 billion recognized directly in equity.

Current and non-current **other provisions** decreased by EUR 0.5 billion compared with the end of 2022 to EUR 7.8 billion. Other provisions for personnel costs decreased by EUR 0.2 billion, and the provisions for procurement and sales support by EUR 0.1 billion, mainly in connection with the bonuses paid out to employees and sales partners in the United States operating segment. Provisions for restoration obligations also decreased by EUR 0.1 billion, due in particular to the decommissioning of the former Sprint mobile network and shop closures. Exchange rate effects, in particular from the translation of U.S. dollars into euros, also contributed to the decrease in the carrying amount.

Liabilities directly associated with non-current assets and disposal groups held for sale decreased by EUR 3.0 billion against December 31, 2022 to EUR 0.4 billion. The sale of GD Towers as of February 1, 2023 reduced the carrying amount by EUR 3.0 billion. Up until this date, the liabilities had been classified as held for sale on account of the sales agreement concluded.

Miscellaneous liabilities increased by EUR 0.6 billion compared to December 31, 2022 to EUR 9.5 billion, mainly due to an increase in other liabilities of EUR 0.4 billion, driven by an increase in liabilities from other taxes. In addition, income tax liabilities increased by EUR 0.2 billion and contract liabilities by EUR 0.1 billion.

Shareholders' equity increased from EUR 87.3 billion as of December 31, 2022 to EUR 98.7 billion, with profit of EUR 16.4 billion and capital increases from share-based payments of EUR 0.1 billion having an increasing effect. By contrast, transactions with owners reduced shareholders' equity by EUR 4.5 billion, mainly in connection with the share buy-back program at T-Mobile US. Other comprehensive income also decreased the carrying amount by EUR 0.7 billion. The main factors here were negative currency translation effects recognized directly in equity amounting to EUR 1.1 billion, offset by a positive effect of EUR 0.4 billion from the remeasurement of defined benefit plans.

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

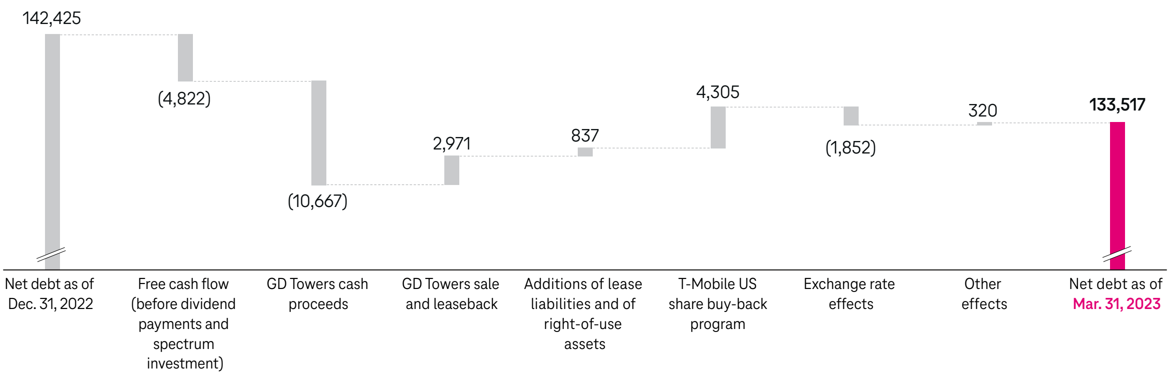
millions of €

	Mar. 31, 2023[a]	Dec. 31, 2022[a]	Change	Change %	Mar. 31, 2022[a]
Bonds and other securitized liabilities	89,892	93,802	(3,910)	(4.2)	93,296
Liabilities to banks	3,914	4,122	(208)	(5.0)	3,753
Other financial liabilities	14,575	15,107	(532)	(3.5)	13,508
Lease liabilities	42,736	41,063	1,673	4.1	40,131
Financial liabilities and lease liabilities	**151,117**	**154,093**	**(2,976)**	**(1.9)**	**150,688**
Accrued interest	(1,039)	(999)	(40)	(4.0)	(1,166)
Other	(967)	(805)	(162)	(20.1)	(889)
Gross debt	**149,111**	**152,289**	**(3,178)**	**(2.1)**	**148,633**
Cash and cash equivalents	10,913	5,767	5,146	89.2	9,875
Derivative financial assets	2,240	2,273	(33)	(1.5)	2,064
Other financial assets	2,441	1,824	617	33.8	747
Net debt	**133,517**	**142,425**	**(8,908)**	**(6.3)**	**135,947**
Lease liabilities[b]	40,469	38,692	1,777	4.6	37,818
Net debt AL	**93,048**	**103,733**	**(10,685)**	**(10.3)**	**98,129**

[a] Including net debt reported under liabilities directly associated with non-current assets and disposal groups held for sale.
[b] Excluding finance leases at T-Mobile US.

Changes in net debt

millions of €



Other effects of EUR 0.3 billion include, among other factors, the acquisition of spectrum, the recognition of liabilities for the acquisition of media broadcasting rights, share buy-backs at our subsidiaries, and contrasting measurement effects in connection with derivatives.

For further information on the sale of GD Towers, please refer to the section "Group organization, strategy, and management."

Calculation of free cash flow AL

millions of €

	Q1 2023	Q1 2022	Change	Change %	FY 2022
Net cash from operating activities	**9,558**	**9,358**	**200**	**2.1**	**35,819**
Cash outflows for investments in intangible assets	(1,187)	(3,551)	2,364	66.6	(7,551)
Cash outflows for investments in property, plant and equipment	(3,639)	(3,621)	(18)	(0.5)	(16,563)
Cash capex	(4,826)	(7,173)	2,347	32.7	(24,114)
Spectrum investment	67	2,514	(2,447)	(97.3)	3,096
Cash capex (before spectrum investment)	**(4,759)**	**(4,658)**	**(101)**	**(2.2)**	**(21,019)**
Proceeds from the disposal of intangible assets (excluding goodwill) and property, plant and equipment	23	50	(27)	(54.0)	439
Free cash flow (before dividend payments and spectrum investment)	**4,822**	**4,750**	**72**	**1.5**	**15,239**
Principal portion of repayment of lease liabilities[a]	(1,244)	(969)	(275)	(28.4)	(3,769)
Free cash flow AL (before dividend payments and spectrum investment)	**3,579**	**3,781**	**(202)**	**(5.3)**	**11,470**

[a] Excluding finance leases at T-Mobile US

Free cash flow AL (before dividend payments and spectrum investment) decreased by EUR 0.2 billion year-on-year to EUR 3.6 billion. The following effects impacted on this development:

Net cash from operating activities increased by EUR 0.2 billion to EUR 9.6 billion on the back of the good business performance. Lower cash outflows in connection with the integration of Sprint in the United States and exchange rate effects also had an increasing effect. The increase in net interest payments of EUR 0.3 billion and the increase in tax payments of EUR 0.1 billion, in particular, had a reducing effect.

Cash capex (before spectrum investment) increased slightly by EUR 0.1 billion to EUR 4.8 billion. In the Germany operating segment, capital expenditure totaled around EUR 1.2 billion in the first quarter of 2023, EUR 0.3 billion more than in the prior-year period, with much of this figure going towards the fiber-optic build-out. Cash outflows in the Europe operating segment increased by EUR 0.1 billion to EUR 0.4 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. By contrast, cash capex in the United States operating segment decreased by EUR 0.2 billion to EUR 2.8 billion, mainly as a result of higher cash outflows in the prior year for the accelerated build-out of the 5G network and the integration of Sprint. In the Systems Solutions operating segment, our capital expenditure was EUR 0.1 billion. The increase is mainly due to catch-up effects in the Cloud Services and Road Charging portfolio areas following supply shortages in 2022. In the Group Development operating segment, cash capex decreased, mainly due to the sales of T-Mobile Netherlands and GD Towers.

An increase of EUR 0.3 billion in cash outflows for the repayment of lease liabilities reduced free cash flow AL. This mainly related to 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	Mar. 31, 2023	Dec. 31, 2022	Change Mar. 31, 2023/ Dec. 31, 2022 %	Mar. 31, 2022	Change Mar. 31, 2023/ Mar. 31, 2022 %
Mobile customers	56,067	54,249	3.4	53,968	3.9
Contract customers	24,037	23,791	1.0	23,165	3.8
Prepaid customers[a]	32,030	30,458	5.2	30,803	4.0
Fixed-network lines	17,349	17,363	(0.1)	17,480	(0.7)
Retail broadband lines	14,789	14,715	0.5	14,533	1.8
Of which: optical fiber[b]	12,238	12,112	1.0	10,584	15.6
Television (IPTV, satellite)	4,172	4,122	1.2	4,018	3.8
Unbundled local loop lines (ULLs)	3,017	3,136	(3.8)	3,487	(13.5)
Wholesale broadband lines	8,086	8,045	0.5	7,970	1.5
Of which: optical fiber	7,020	6,970	0.7	6,837	2.7

[a] Due to a network switchover, a portion of our prepaid customers had been migrated to another provider by the end of the third quarter of 2022.

[b] From June 1, 2022 until December 31, 2022, we migrated customers to fiber-optic lines under our "Turn customers into fans" (Kunden zu Fans machen) initiative. Around 1 million lines in total were upgraded as part of this initiative.

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, a broad product portfolio, and good service. We want to offer our customers a seamless and technology-neutral telecommunications experience. We regularly adapt our product portfolio to address the needs of our customers.

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.

Mobile communications

The number of high-value mobile contract customers under the Telekom and congstar brands grew by 274 thousand customers overall. Sustained high demand for mobile rate plans with data volumes continues to drive this trend. The number of prepaid customers grew by 1.6 million compared with December 31, 2022, primarily from the automotive industry.

Fixed network

Demand remained high for our fiber-optic-based lines, with the total number increasing to 19.3 million since the end of 2022. Two key factors are driving this strong growth: demand for higher bandwidths, and the technical migration of customer lines to optical fiber under our "Turn customers into fans" (Kunden zu Fans machen) initiative, which concluded at the end of 2022.

The number of broadband lines remained at a high level, increasing by 74 thousand compared with December 31, 2022 to 14.8 million. Almost 42 % of the customers subscribed to a rate plan with speeds of 100 Mbit/s or higher. We recorded an increase of 50 thousand in the number of TV customers compared with year-end 2022. The number of fixed-network lines stood at 17.3 million.

Wholesale

As of March 31, 2023, fiber-optic-based lines accounted for 63.2 % of all lines – 0.9 percentage points more than at the end of 2022. This growth is a result of the demand for our commitment agreements. Ongoing demand among retail customers for higher-bandwidth lines also contributed to the increase. The number of unbundled local loop lines decreased by 119 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 March 2023 was 11.1 million.

Development of operations[a]

millions of €		Q1 2023	Q1 2022	Change	Change %	FY 2022
Revenue[b]		**6,141**	**5,963**	**178**	**3.0**	**24,505**
Consumers		3,077	3,034	43	1.4	12,370
Business Customers		2,269	2,186	83	3.8	9,040
Wholesale		672	679	(7)	(1.0)	2,676
Other		123	63	60	95.2	419
Service revenue[b]		**5,417**	**5,290**	**127**	**2.4**	**21,533**
EBITDA		2,483	4,021	(1,538)	(38.2)	11,025
Special factors affecting EBITDA		(104)	1,621	(1,725)	n.a.	1,162
EBITDA (adjusted for special factors)		2,587	2,400	187	7.8	9,864
EBITDA AL		2,385	4,015	(1,630)	(40.6)	10,998
Special factors affecting EBITDA AL		(104)	1,621	(1,725)	n.a.	1,162
EBITDA AL (adjusted for special factors)		**2,489**	**2,393**	**96**	**4.0**	**9,837**
EBITDA AL margin (adjusted for special factors)	%	40.5	40.1			40.1
Depreciation, amortization and impairment losses		(1,036)	(998)	(38)	(3.8)	(4,019)
Profit (loss) from operations (EBIT)		**1,447**	**3,024**	**(1,577)**	**(52.1)**	**7,006**
EBIT margin	%	23.6	50.7			28.6
Cash capex		(1,187)	(902)	(285)	(31.6)	(4,399)
Cash capex (before spectrum investment)		**(1,187)**	**(902)**	**(285)**	**(31.6)**	**(4,399)**

[a] As of July 1, 2022, the security business was transferred from the Systems Solutions operating segment to the Germany operating segment. Prior-year comparatives were adjusted retrospectively.

[b] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.

Revenue, service revenue

In the first quarter of 2023, we generated revenue of EUR 6.1 billion, which was up by 3.0 % year-on-year. In organic terms, revenue increased by 2.3 % year-on-year. The growth in service revenues of 2.4 % was attributable to increased revenue in the fixed-network core business, largely broadband-driven, and in mobile business. Another revenue driver was the partnership business. In organic terms, service revenue increased by 1.6 % year-on-year.

Revenue from **Consumers** increased by 1.4 % compared with the prior year. Revenue from broadband business continued to grow, due in part to the positive effects from customer appreciation for stable data lines and high bandwidths. Fixed-network terminal equipment business also posted growth on the back of 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 declined slightly on account of terminal equipment business. Mobile service revenues remained stable, despite a network switchover of a portion of our prepaid customers.

Revenue from **Business Customers** was up by 3.8 % year-on-year. This was due in part to the IT business. The mobile business grew thanks to higher service revenues as a result of ongoing growth in the customer base, and from the terminal equipment business. In organic terms, revenue increased by 2.1 % year-on-year.

Wholesale revenue declined by 1.0 % year-on-year in the first quarter of 2023. The positive trend in the number of fiber-optic-based lines held steady, with a year-on-year increase of 2.7 %. However, this was not enough to fully offset the decrease in revenues, among other things from declining volumes of unbundled local loop lines.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased by EUR 0.1 billion or 4.0 % year-on-year to EUR 2.5 billion. In organic terms, adjusted EBITDA AL grew by 3.1 % year-on-year. Our adjusted EBITDA AL margin increased to 40.5 %. The main reasons for this increase are a sound operational development, driven by high-value revenue growth, and enhanced cost efficiency. Organic factors also include the smaller headcount and ongoing implementation of efficiency enhancement and digitalization measures.

EBITDA AL decreased by EUR 1.6 billion to EUR 2.4 billion. In the prior-year quarter, special factors included the gain on deconsolidation of GlasfaserPlus (EUR 1.7 billion) and initial payments on account received from insurance companies in connection with damage sustained in the catastrophic flooding in July 2021 (EUR 0.1 billion). Expenses for socially responsible instruments in connection with staff restructuring were at the prior-year level.

Profit/loss from operations (EBIT)

Profit from operations amounted to EUR 1.4 billion, a decrease of 52.1 % year-on-year. This decline is primarily attributable to the gain recognized in the prior year on the deconsolidation of GlasfaserPlus. Depreciation, amortization and impairment losses were up against the prior-year level, mainly resulting from the sale and leaseback of sold passive network infrastructure in Germany in connection with the sale of GD Towers.

For further information on the sale of GD Towers, please refer to the section "Group organization, strategy, and management."

Cash capex (before spectrum investment), cash capex

Cash capex increased by EUR 285 million or 31.6 % compared with the prior year. Capital expenditure totaled around EUR 1.2 billion in the first three months of 2023, in particular for the fiber-optic build-out. The number of households passed by our fiber-optic network had increased to around 5.7 million by the end of March 2023. In mobile communications, 95.1 % of German households can already use 5G.

United States

Customer development

thousands	Mar. 31, 2023	Dec. 31, 2022	Change Mar. 31, 2023/ Dec. 31, 2022 %	Mar. 31, 2022	Change Mar. 31, 2023/ Mar. 31, 2022 %
Customers	114,917	113,598	1.2	109,541	4.9
Postpaid customers	93,525	92,232	1.4	88,423	5.8
Postpaid phone customers[a]	73,372	72,834	0.7	70,656	3.8
Other postpaid customers[a]	20,153	19,398	3.9	17,767	13.4
Prepaid customers	21,392	21,366	0.1	21,118	1.3

[a] 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. 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.

Customers

At March 31, 2023, the United States operating segment (T-Mobile US) had 114.9 million customers, compared to 113.6 million customers at December 31, 2022. Net customer additions were 1.3 million in the first quarter of 2023, compared to 1.4 million in the first quarter of 2022 due to the factors described below.

Postpaid net customer additions were 1.3 million in the first quarter of 2023, compared to 1.3 million in the first quarter of 2022. Postpaid net customer additions were relatively flat due to lower postpaid phone net customer additions, primarily due to lower gross additions driven by continued normalizing of industry growth closer to pre-pandemic levels and fewer migrations from prepaid, partially offset by lower churn. This decrease was mostly offset by higher postpaid other net customer additions, primarily due to growth in High Speed Internet, partially offset by lower net additions from mobile internet devices. High Speed Internet net customer additions included in postpaid other net customer additions were 445 thousand and 329 thousand in the first quarter of 2023 and 2022, respectively.

Prepaid net customer additions were 26 thousand in the first quarter of 2023, compared to 62 thousand in the first quarter of 2022. This decrease was primarily due to continued normalization of industry growth toward pre-pandemic levels, partially offset by growth in High Speed Internet and fewer migrations to postpaid. High Speed Internet net customer additions included in prepaid net customer additions were 78 thousand and 9 thousand in the first quarter of 2023 and 2022, respectively.

Development of operations

millions of €

		Q1 2023	Q1 2022	Change	Change %	FY 2022
Revenue[a]		**18,262**	**17,880**	**382**	**2.1**	**75,436**
Service revenue[a]		**14,475**	**13,456**	**1,019**	**7.6**	**58,219**
EBITDA		7,545	6,647	898	13.5	26,707
Special factors affecting EBITDA		(234)	(820)	586	71.5	(4,155)
EBITDA (adjusted for special factors)		7,779	7,467	312	4.2	30,862
EBITDA AL		6,173	4,914	1,259	25.6	19,665
Special factors affecting EBITDA AL		(363)	(1,258)	895	71.1	(5,949)
EBITDA AL (adjusted for special factors)		**6,536**	**6,172**	**364**	**5.9**	**25,614**
Core EBITDA AL (adjusted for special factors)[b]		6,401	5,741	660	11.5	24,280
EBITDA AL margin (adjusted for special factors)	%	35.8	34.5			34.0
Depreciation, amortization and impairment losses		(3,970)	(4,604)	634	13.8	(19,237)
Profit (loss) from operations (EBIT)		**3,575**	**2,044**	**1,531**	**74.9**	**7,470**
EBIT margin	%	19.6	11.4			9.9
Cash capex		(2,862)	(5,535)	2,673	48.3	(16,340)
Cash capex (before spectrum investment)		**(2,799)**	**(3,025)**	**226**	**7.5**	**(13,361)**

[a] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.

[b] 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.

Revenue, service revenue

Total revenue for the United States operating segment of EUR 18.3 billion in the first quarter of 2023 increased by 2.1 %, compared to EUR 17.9 billion in the first quarter of 2022. In U.S. dollars, T-Mobile US' total revenues decreased 2.3 % during the same period. Total revenues decreased primarily due to lower equipment revenues partially offset by higher service revenues. The components of these changes are described below.

Service revenues increased in the first quarter of 2023 by 7.6 % to EUR 14.5 billion. This increase resulted from higher postpaid revenues, primarily due to higher average postpaid accounts and higher postpaid Average Revenue per Account (ARPA). This increase was partially offset by lower wholesale and other service revenues, primarily from lower Lifeline and MVNO revenues and lower prepaid revenues, primarily from lower prepaid Average Revenue per User (ARPU), partially offset by higher average prepaid customers.

Equipment revenues decreased in the first quarter of 2023 primarily from a decrease in the number of devices sold primarily driven by higher postpaid upgrades in the prior-year period related to facilitating the migration of Sprint customers to the T-Mobile US network and an increase in contra-revenue primarily driven by higher imputed interest rates on equipment installment plans (EIP). In addition, equipment revenues decreased due to 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 in device financing from leasing to EIP. The decrease in equipment revenues was partially offset by higher average revenue per device sold primarily driven by higher promotions in the prior-year period, which included promotions for Sprint customers to facilitate their migration to the T-Mobile US network, partially offset by a decrease in the high-end phone mix.

Adjusted EBITDA AL, EBITDA AL

In euros, adjusted EBITDA AL increased by 5.9 % to EUR 6.5 billion in the first quarter of 2023, compared to EUR 6.2 billion in the first quarter of 2022. The adjusted EBITDA AL margin increased to 35.8 % in the first quarter of 2023, compared to 34.5 % in the first quarter of 2022. In U.S. dollars, adjusted EBITDA AL increased 1.3 % during the same period. Adjusted EBITDA AL increased primarily due to lower average cost per device sold driven by a decrease in the high-end phone mix, higher service revenues as discussed above and higher realized Sprint Merger-related synergies. This increase was partially offset by lower equipment revenues as described above and higher site costs related to the continued build-out of our nationwide 5G network. In U.S. dollars, lease revenues decreased as a result of the continued strategic shift in device financing from leasing to EIP by 70.0 % in 2023.

Adjusted core EBITDA AL increased by 11.5 % to EUR 6.4 billion in the first quarter of 2023, compared to EUR 5.7 billion in the first quarter of 2021. In U.S. dollars, adjusted core EBITDA AL increased by 6.6 % 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 quarter of 2023 included special factors of EUR -0.4 billion compared to EUR -1.3 billion in the first quarter of 2022. The change in special factors was primarily due to lower Sprint Merger-related costs. The change in special factors is also impacted by other special items including certain severance, restructuring and other expenses and income, not directly attributable to the Sprint Merger which are not reflective of T-Mobile US' core business activities. Special factors include Sprint 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 billing systems and the impact of legal matters assumed as part of the Sprint Merger. In addition, Sprint Merger-related special factors include restructuring costs, including severance, store rationalization and network decommissioning as well as transaction costs, including legal and professional services related to the completion of transactions. Overall, EBITDA AL increased by 25.6 % to EUR 6.2 billion in the first quarter of 2023, compared to EUR 4.9 billion in the first quarter of 2022, primarily due to the factors described above, including special factors.

Profit/loss from operations (EBIT)

EBIT increased by 74.9 % to EUR 3.6 billion in the first quarter of 2023, compared to EUR 2.0 billion in the first quarter of 2022. In U.S. dollars, EBIT increased by 67.0 % during the same period primarily due to higher EBITDA AL and lower depreciation, amortization and impairment losses. In U.S. dollars, depreciation, amortization and impairment losses decreased 17.5 % primarily due to 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 in 2022. These decreases were partially offset by higher depreciation expense (excluding leased devices) from the continued build-out of our nationwide 5G network.

Cash capex (before spectrum investment), cash capex

Cash capex (before spectrum investment) decreased by 7.5 % to EUR 2.8 billion in the first quarter of 2023, compared to EUR 3.0 billion in the first quarter of 2022. In U.S. dollars, cash capex (before spectrum investment) decreased by 11.4 % due to decrease in purchases of property and equipment primarily due to increased capital efficiency following our accelerated nationwide 5G network build-out in 2022.

Cash capex decreased by 48.3 % to EUR 2.9 billion in the first quarter of 2023, compared to EUR 5.5 billion in the first quarter of 2022. In U.S. dollars, cash capex decreased by 50.7 % primarily due to USD 2.8 billion paid for spectrum licenses won at the conclusion of Auction 110 in February 2022 compared to no spectrum licenses won during the first quarter of 2023.

Europe

Customer development

thousands		Mar. 31, 2023	Dec. 31, 2022	Change Mar. 31, 2023/ Dec. 31, 2022 %	Mar. 31, 2022	Change Mar. 31, 2023/ Mar. 31, 2022 %
Europe, total	Mobile customers	47,357	47,336	0.0	45,584	3.9
	Contract customers	26,580	26,476	0.4	25,803	3.0
	Prepaid customers	20,777	20,860	(0.4)	19,781	5.0
	Fixed-network lines	8,341	7,907	5.5	7,814	6.7
	Broadband customers	6,765	6,682	1.2	6,443	5.0
	Television (IPTV, satellite, cable)	4,160	4,131	0.7	4,050	2.7
	Unbundled local loop lines (ULL)/Wholesale PSTN	1,728	1,768	(2.3)	1,886	(8.4)
	Wholesale broadband lines	1,044	1,011	3.3	909	14.9
Greece	Mobile customers	7,298	7,323	(0.3)	7,130	2.4
	Fixed-network lines	3,031	2,622	15.6	2,619	15.7
	Broadband customers	2,375	2,359	0.7	2,315	2.6

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

thousands		Mar. 31, 2023	Dec. 31, 2022	Change Mar. 31, 2023/ Dec. 31, 2022 %	Mar. 31, 2022	Change Mar. 31, 2023/ Mar. 31, 2022 %
Romania	Mobile customers	4,062	4,166	(2.5)	3,821	6.3
Hungary	Mobile customers	5,987	5,950	0.6	5,727	4.5
	Fixed-network lines	1,899	1,886	0.7	1,836	3.4
	Broadband customers	1,534	1,507	1.8	1,433	7.0
Poland	Mobile customers	12,553	12,512	0.3	11,845	6.0
	Fixed-network lines	30	30	0.0	29	3.4
	Broadband customers	182	154	18.2	91	100.0
Czech Republic	Mobile customers	6,440	6,423	0.3	6,338	1.6
	Fixed-network lines	721	704	2.4	659	9.4
	Broadband customers	440	430	2.3	401	9.7
Croatia	Mobile customers	2,293	2,305	(0.5)	2,275	0.8
	Fixed-network lines	867	868	(0.1)	872	(0.6)
	Broadband customers	649	648	0.2	637	1.9
Slovakia	Mobile customers	2,464	2,446	0.7	2,479	(0.6)
	Fixed-network lines	851	856	(0.6)	867	(1.8)
	Broadband customers	644	643	0.2	639	0.8
Austria	Mobile customers	4,566	4,510	1.2	4,394	3.9
	Fixed-network lines	607	605	0.3	598	1.5
	Broadband customers	665	663	0.3	659	0.9
Other[a]	Mobile customers	1,693	1,702	(0.5)	1,574	7.6
	Fixed-network lines	336	336	0.0	335	0.3
	Broadband customers	277	277	0.0	269	3.0

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

Total

In the Europe operating segment, almost all key performance indicators for customer development improved compared with the end of 2022. Our convergent product portfolio, in particular, generated growth compared with year-end 2022 of 2.4 % in FMC customers thanks to ongoing demand. As a consequence, 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 1.2 %. The mobile business remained on a par with the year-end level. Our build-out of the 5G network is making good progress.

Mobile communications

In our Europe operating segment, the overall number of mobile customers as of March 31, 2023 remained stable against year-end 2022 at 47.4 million. The number of contract customers increased slightly by 0.4 %. The contract customer base grew in almost all of our national companies, but in particular in Greece, the Czech Republic, Slovakia, Austria, and Poland. Overall, contract customers accounted for 56.1 % of the total customer base. Our customers benefited from greater coverage with fast mobile broadband – a result of our integrated network strategy. The footprint countries of our operating segment are also making excellent headway with 5G. As of March 31, 2023, our national companies covered 51.1 % of the population (in particular in Greece, Montenegro, North Macedonia, the Czech Republic, and Austria) with 5G.

The prepaid customer base declined slightly by 0.4 % compared with the end of 2022, especially in Romania and Greece. 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 1.2 % compared with the end of 2022 to a total of 6.8 million customers. This growth is mainly driven by the national companies in Poland, Hungary, Greece, and the Czech Republic. By continuing to invest in optical fiber, we are systematically building out our fixed-network infrastructure. At the end of the first quarter of 2023, a total of around 8.2 million households (coverage of 32.1 %) were provided with the option by our national companies to subscribe to a direct connection to our fiber-optic network with speeds reaching up to 1 Gbit/s. The utilization rate was up slightly at around 33 %. The number of fixed-network lines increased further by 5.5 %, reaching 8.3 million as of March 31, 2023.

The TV and entertainment business had a total of 4.2 million customers as of the end of the first quarter of 2023, up slightly by 0.7 % compared with the end of the prior year. This was attributable among other things to the acquisition of exclusive rights to broadcast sports events in the prior year. 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. As of March 31, 2023, we had 7.2 million FMC customers; this corresponds to growth of 2.4 % compared with the end of the prior year. Our national companies in particular in the Czech Republic, Greece, Hungary, and Poland contributed to this growth. At the end of the reporting quarter, FMC customers accounted for 61.2 % of the broadband customer base. We have also seen slight 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. Around 66 % of our customers use our service app.

Development of operations

millions of €		Q1 2023	Q1 2022	Change	Change %	FY 2022
Revenue[a]		**2,784**	**2,682**	**102**	**3.8**	**11,158**
Greece		736	743	(7)	(0.9)	3,155
Romania		69	78	(9)	(11.5)	306
Hungary		457	433	24	5.5	1,715
Poland		365	337	28	8.3	1,413
Czech Republic		321	290	31	10.7	1,226
Croatia		222	209	13	6.2	905
Slovakia		202	191	11	5.8	806
Austria		352	341	11	3.2	1,391
Other[b]		77	75	2	2.7	320
Service revenue[a, c]		**2,298**	**2,250**	**48**	**2.1**	**9,296**
EBITDA		1,088	1,065	23	2.2	4,296
Special factors affecting EBITDA		(5)	(1)	(4)	n.a.	(31)
EBITDA (adjusted for special factors)		1,094	1,066	28	2.6	4,327
EBITDA AL		978	975	3	0.3	3,933
Special factors affecting EBITDA AL		(5)	(1)	(4)	n.a.	(31)
EBITDA AL (adjusted for special factors)		**983**	**976**	**7**	**0.7**	**3,964**
Greece		319	314	5	1.6	1,310
Romania		4	12	(8)	(66.7)	38
Hungary		110	127	(17)	(13.4)	493
Poland		93	98	(5)	(5.1)	378
Czech Republic		129	125	4	3.2	503
Croatia		80	79	1	1.3	349
Slovakia		84	86	(2)	(2.3)	350
Austria		133	124	9	7.3	506
Other[b]		31	11	20	n.a.	37
EBITDA AL margin (adjusted for special factors)	%	35.3	36.4			35.5
Depreciation, amortization and impairment losses		(610)	(619)	9	1.5	(2,572)
Profit (loss) from operations (EBIT)		**478**	**446**	**32**	**7.2**	**1,724**
EBIT margin	%	17.2	16.6			15.5
Cash capex		(439)	(362)	(77)	(21.3)	(1,872)
Cash capex (before spectrum investment)		**(436)**	**(358)**	**(78)**	**(21.8)**	**(1,755)**

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] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.

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

[c] As of January 1, 2023, the definition of service revenue was extended. Prior-year comparatives were adjusted retrospectively.

Revenue, service revenue

Our Europe operating segment generated revenue of EUR 2.8 billion in the first three months of 2023, a year-on-year increase of 3.8 %. In organic terms, i.e., assuming constant exchange rates, revenue increased by 4.9 % year-on-year. Service revenues also grew against the prior year, by 3.0 % in organic terms.

Organic revenue growth was largely driven by the strong performance of the mobile business, especially the increase in mobile service revenues with higher margins: alongside the larger contract customer base, higher prices in several countries and slight increases in roaming and visitor revenues further contributed to this trend. Contract customer additions also had positive effects on terminal equipment revenues. Fixed-network service revenues stabilized at the prior-year level. Our intense focus on the continued build-out of high-speed network infrastructure drove increases in broadband and TV revenues, which almost entirely offset the expected declines in voice telephony revenues and wholesale revenues. The systems solutions business made a positive contribution to revenue overall. Regulatory interventions such as the reduction in termination rates had a negative impact on our organic development of revenue in the reporting period.

All countries apart from Romania and Greece contributed to the growth in revenue in organic terms, with our national companies in Hungary, Poland, the Czech Republic, Slovakia, Croatia, and Austria recording the best absolute development by country.

Revenue from **Consumers** increased in organic terms by 5.8 % year-on-year, due 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 continuous fiber-optic build-out and our TV and entertainment offerings. 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.

Revenue with **Business Customers** grew by 8.6 % against the prior-year quarter, with Poland and Hungary making significant contributions in core business. Growth was reported across all product areas. The number of mobile contract customers increased by 2.7 %, with almost all national companies contributing to growth, in particular Poland followed by Austria, Romania, and Greece. In the fixed-network business, the number of broadband customers rose by 4.8 %. Growth was recorded in particular in the segment of smaller business customers. ICT revenues grew strongly quarter-on-quarter due to an increase in systems solutions business and data communication, especially in Hungary and Greece. Digital Infrastructure developed positively as a result of the expansion of capacities and strong growth in the security solutions business.

Adjusted EBITDA AL, EBITDA AL

Our Europe operating segment generated adjusted EBITDA AL of EUR 983 million in the first three months of 2023, up slightly by 0.7 % against the prior-year level. In organic terms, adjusted EBITDA AL grew by 1.2 %, again making a positive contribution to earnings, with a positive net margin more than sufficient to offset the rise in indirect costs. The latter is in part a result of the supplementary telecommunication tax imposed by the Hungarian regulatory authorities in June 2022, which had a negative effect of EUR 19 million in the first three months of 2023. Earnings were further affected by inflation-induced cost increases (especially energy and personnel costs).

Looking at the development by country, the increase in adjusted organic EBITDA AL was attributable to the positive trends at our national companies in Austria and Greece.

At EUR 978 million, EBITDA AL remained on a par with the prior-year level. The expense arising from special factors was marginally higher than in the prior year.

Development of operations in selected countries

Greece. Revenues in Greece amounted to EUR 736 million in the first quarter of 2023, a slight year-on-year decrease of 0.9 %. This trend is due to declines in the fixed-network business, where traditional voice telephony revenues are tapering off. Wholesale revenues also decreased as a result of lower volumes of international traffic. The positive trend in mobile revenues cushioned the impact of these declines. Alongside higher service revenues, the addition of new contract customers drove an increase in terminal equipment revenues. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. Our convergence products also performed well, with further customer additions and corresponding revenue. Systems solutions business recorded a substantial rise in revenue.

Adjusted EBITDA AL stood at EUR 319 million, up 1.6 % year-on-year, driven by lower indirect costs.

Hungary. Revenue in Hungary totaled EUR 457 million in the first three months of 2023, which corresponds to growth of 5.5 % despite highly unfavorable exchange rate effects. In organic terms, revenue was up significantly against the prior-year period by 12.6 %. The biggest driver of this increase was mobile business, mainly on account of significantly higher service revenues. Fixed-network revenue also increased markedly against the prior-year quarter. We recorded higher service revenues in the broadband and TV business, both driven again by larger customer bases. Thanks to our increased investments in the build-out of fiber-optic lines, our offers have won over large numbers of customers. Our convergence products also continued to perform well, with further customer additions and corresponding revenue. Systems solutions business also recorded a significant increase in revenue.

Adjusted EBITDA AL stood at EUR 110 million, down 13.4 % year-on-year. In organic terms, the decline was 7.5 %. The higher net margin was not sufficient to offset the increase in indirect costs. Alongside higher energy and personnel costs, the decline in earnings was mainly attributable to the supplementary telecommunication tax imposed in June 2022.

Poland. Revenue in Poland grew markedly in the reporting quarter by 8.3 % to EUR 365 million. In organic terms, revenue increased by 10.3 %. Mobile business was the main driver of this uptrend in revenue, with growth in the contract customer base also having a positive effect on terminal equipment business. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. 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. The number of FMC customers increased again substantially in the first quarter of 2023. This had a corresponding positive impact on revenues. Revenue in systems solutions business also grew slightly.

Adjusted EBITDA AL stood at EUR 93 million, 5.1 % below the prior-year period level. In organic terms, the decline was reduced to 2.8 %. The revenue-driven increase in the net margin was entirely offset by the increase in indirect costs, in particular as a result of higher energy and personnel costs.

Czech Republic. Revenue in the Czech Republic stood at EUR 321 million in the reporting quarter, an increase of 10.7 % against the prior-year quarter. Excluding positive exchange rate effects, organic growth was 6.7 %. This is largely attributable to our mobile business, which recorded higher service revenues and increased revenues from terminal equipment sales, the latter driven in part by renewed growth in the number of contract customers. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. The fixed-network business also contributed to revenue growth. Thanks to our investments in the build-out of fiber-optic lines, our offers have won over large numbers of customers. Our convergence products recorded further customer additions and corresponding revenue growth. Moreover, our systems solutions business continued to pay off: we recorded an increase in revenue in this business area.

Adjusted EBITDA AL increased by 3.2 % year-on-year to EUR 129 million. In organic terms, earnings remained stable. The revenue-driven increase in the net margin was offset by higher indirect costs, in particular as a result of higher energy and personnel costs.

Austria. In the first quarter of 2023, we recorded revenue of EUR 352 million in Austria. This increase of 3.2 % was mainly attributable to growth in mobile revenues, despite the adverse effects from the termination rate cuts. Alongside higher service revenues, terminal equipment revenues also increased, driven in part by growth in the contract customer base. Fixed-network revenues remained stable. Systems solutions business posted a slight increase in revenue.

Adjusted EBITDA AL increased by 7.3 % year-on-year to EUR 133 million due to lower indirect costs.

Profit/loss from operations (EBIT)

In our Europe operating segment, EBIT increased by EUR 32 million in the reporting quarter to EUR 478 million, mainly due to the EUR 23 million increase in EBITDA. Depreciation, amortization and impairment losses were down marginally against the prior-year period by EUR 9 million.

Cash capex (before spectrum investment), cash capex

In the first three months of 2023, our Europe operating segment reported cash capex (before spectrum investment) of EUR 436 billion, up 21.8 % year-on-year, largely due to the timing of the allocation of capital expenditure. 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 €	Q1 2023	FY 2022	Q1 2022	Change Q1 2023/ Q1 2022 %
Order entry[a]	754	3,952	1,044	(27.8)

[a] As of July 1, 2022, the security business was transferred from the Systems Solutions operating segment to the Germany operating segment. Prior-year comparatives were adjusted retrospectively.

Development of business

The first three months of 2023 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.

By aligning ourselves in this way, our strategic goal is to become the leading IT service provider in the DACH region (Germany, Austria, Switzerland) and in other selected countries.

Order entry in our Systems Solutions operating segment was down by 27.8 % year-on-year in the first three months of 2023. This development is largely attributable to the major deal for cloud services that had been signed in the prior year, as well as delays in connection with the conclusion of several new contracts.

Development of operations[a]

millions of €		Q1 2023	Q1 2022	Change	Change %	FY 2022
Revenue[b]		**946**	**927**	**19**	**2.0**	**3,811**
Of which: external revenue		792	764	28	3.7	3,106
Service revenue[b, c]		**921**	**914**	**7**	**0.8**	**3,751**
EBITDA		72	65	7	10.8	229
Special factors affecting EBITDA		(26)	(29)	3	10.3	(159)
EBITDA (adjusted for special factors)		99	94	5	5.3	388
EBITDA AL		49	39	10	25.6	125
Special factors affecting EBITDA AL		(26)	(30)	4	13.3	(159)
EBITDA AL (adjusted for special factors)		**75**	**68**	**7**	**10.3**	**284**
EBITDA AL margin (adjusted for special factors)	%	7.9	7.3			7.5
Depreciation, amortization and impairment losses		(61)	(70)	9	12.9	(340)
Profit (loss) from operations (EBIT)		**11**	**(5)**	**16**	**n.a.**	**(110)**
Special factors affecting EBIT		(35)	(43)	8	18.6	(270)
EBIT (adjusted for special factors)		46	39	7	17.9	160
EBIT margin (adjusted for special factors)	%	4.9	4.2			4.2
Cash capex		(60)	(43)	(17)	(39.5)	(221)
Cash capex (before spectrum investment)		**(60)**	**(43)**	**(17)**	**(39.5)**	**(221)**

[a] As of July 1, 2022, the security business was transferred from the Systems Solutions operating segment to the Germany operating segment. Prior-year comparatives were adjusted retrospectively.

[b] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.

[c] As of January 1, 2023, the definition of service revenue was extended. Prior-year comparatives were adjusted retrospectively.

Revenue, service revenue

Revenue in our Systems Solutions operating segment developed more strongly than expected, increasing by 2.0 % year-on-year in the first three months of 2023 to EUR 946 million. This positive trend was mainly driven by growth in the Digital (up +13.6 %), Road Charging (up +29.0 %), and Advisory (up +13.8 %) portfolio areas, and it more than offset the expected decline in traditional IT infrastructure business. External revenue increased by 3.7 %, mainly driven by the Digital portfolio area. Service revenue also developed positively, increasing by 0.8 %. In organic terms, revenue increased by 4.5 % year-on-year and service revenue by 3.2 %.

Adjusted EBITDA AL, EBITDA AL

In the first three months of 2023, adjusted EBITDA AL at our Systems Solutions operating segment increased by 10.3 % year-on-year to EUR 75 million, which was in line with our expectations. Efficiency effects from our transformation program and effects from increased revenue in our Digital and Road Charging portfolio areas exceeded the decline in earnings in the traditional IT infrastructure business. In organic terms, adjusted EBITDA AL grew by 4.6 % year-on-year. EBITDA AL increased by EUR 10 million compared with the prior year to EUR 49 million. The expense arising from special factors decreased by EUR 4 million year-on-year, to EUR 26 million.

Profit/loss from operations (EBIT), adjusted EBIT

Adjusted EBIT in our Systems Solutions operating segment grew by EUR 7 million year-on-year in the first three months of 2023, coming in at EUR 46 million, due to the reasons described under adjusted EBITDA AL. EBIT increased by EUR 16 million year-on-year to EUR 11 million. The expense arising from special factors decreased by EUR 8 million year-on-year, to EUR 35 million, as a result of lower depreciation, amortization and impairment losses.

Cash capex (before spectrum investment), cash capex

Cash capex in the Systems Solutions operating segment stood at EUR 60 million in the first three months of 2023, up EUR 17 million year-on-year, primarily due to catch-up effects in the Cloud Services and Road Charging portfolio areas caused by supply shortages in 2022.

Group Development

The sale of the GD Towers business entity was consummated on February 1, 2023 and GD Towers has not been part of the Group since that date. The development of operations contains the contributions for the first month of 2023.

The GD Towers business entity had been recognized in the interim consolidated financial statements as a discontinued operation from the third quarter of 2022 until its sale. According to the management approach, we include the contributions by GD Towers, for the period mentioned, in the management-relevant financial performance indicators explained here.

For further information on the sale and the presentation of GD Towers according to the management approach, please refer to the section "Group organization, strategy, and management."

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 development of operations contains the contributions for the first quarter of 2022.

Customer development

thousands

		Mar. 31, 2023	Dec. 31, 2022	Change Mar. 31, 2023/ Dec. 31, 2022 %	Mar. 31, 2022	Change Mar. 31, 2023/ Mar. 31, 2022 %
T-Mobile Netherlands	Mobile customers	0	0	n.a.	6,949	(100.0)
	Fixed-network lines	0	0	n.a.	754	(100.0)
	Broadband customers	0	0	n.a.	744	(100.0)

Development of operations

millions of €

		Q1 2023	Q1 2022	Change	Change %	FY 2022
Revenue		**102**	**825**	**(723)**	**(87.6)**	**1,708**
Of which: T-Mobile Netherlands		0	536	(536)	(100.0)	536
Of which: GD Towers		99	284	(185)	(65.1)	1,154
Service revenue		**0**	**411**	**(411)**	**(100.0)**	**411**
EBITDA		13,011	1,291	11,720	n.a.	2,106
Special factors affecting EBITDA		12,941	869	12,072	n.a.	992
EBITDA (adjusted for special factors)		70	422	(352)	(83.4)	1,113
Of which: T-Mobile Netherlands		0	201	(201)	(100.0)	201
Of which: GD Towers		78	229	(151)	(65.9)	943
EBITDA AL		13,006	1,224	11,782	n.a.	1,956
Special factors affecting EBITDA AL		12,941	869	12,072	n.a.	992
EBITDA AL (adjusted for special factors)		**65**	**356**	**(291)**	**(81.7)**	**964**
Of which: T-Mobile Netherlands		0	190	(190)	(100.0)	190
Of which: GD Towers		73	173	(100)	(57.8)	804
EBITDA AL margin (adjusted for special factors)	%	63.7	43.2			56.4
Depreciation, amortization and impairment losses		(1)	(97)	96	99.0	(195)
Profit (loss) from operations (EBIT)		**13,010**	**1,194**	**11,816**	**n.a.**	**1,911**
Cash capex		(18)	(99)	81	81.8	(343)
Cash capex (before spectrum investment)		**(18)**	**(99)**	**81**	**81.8**	**(343)**

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

Revenue, service revenue

Revenue in our Group Development operating segment decreased in the first quarter of 2023 by 87.6 % year-on-year to EUR 102 million. This decline was attributable to the sale of T-Mobile Netherlands and GD Towers. In organic terms, revenue grew by 4.2 % year-on-year, mainly due to operationally and structurally driven growth in our GD Towers business entity in January 2023. The GD Towers business did not generate any service revenues.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL decreased by 81.7 % to EUR 65 million. Here too, the decline was attributable to the sale of T-Mobile Netherlands and GD Towers. In organic terms, adjusted EBITDA AL grew by 32.0 %. The suspension of the depreciation on right-of-use assets due to the fact that the GD Towers business entity had been held for sale starting the third quarter of 2022 had a positive effect. EBITDA AL was positively influenced by net special factors of EUR 12.9 billion, mainly due to the deconsolidation of GD Towers. EBITDA AL increased by EUR 11.8 billion compared with the prior-year period to EUR 13.0 billion.

Profit/loss from operations (EBIT)

EBIT increased by EUR 11.8 billion year-on-year to EUR 13.0 billion, mainly as a result of the development described under EBITDA AL. Depreciation, amortization and impairment losses were down year-on-year, primarily in connection with the fact that the GD Towers business entity had been held for sale starting the third quarter of 2022, and, accordingly, the related depreciation and amortization had been suspended, and its subsequent sale.

Cash capex (before spectrum investment), cash capex

Cash capex stood at EUR 18 million, well below the prior-year level. The decline is mainly attributable to the sale of T-Mobile Netherlands and GD Towers.

Group Headquarters & Group Services

Development of operations

millions of €

	Q1 2023	Q1 2022	Change	Change %	FY 2022
Revenue	**578**	**604**	**(26)**	**(4.3)**	**2,407**
Service revenue[a]	**242**	**257**	**(15)**	**(5.8)**	**1,026**
EBITDA	(146)	10	(156)	n.a.	(361)
Special factors affecting EBITDA	(42)	16	(58)	n.a.	(234)
EBITDA (adjusted for special factors)	(104)	(6)	(98)	n.a.	(128)
EBITDA AL	(218)	(72)	(146)	n.a.	(672)
Special factors affecting EBITDA AL	(42)	13	(55)	n.a.	(234)
EBITDA AL (adjusted for special factors)	**(176)**	**(85)**	**(91)**	**n.a.**	**(437)**
Depreciation, amortization and impairment losses	(354)	(379)	25	6.6	(1,476)
Profit (loss) from operations (EBIT)	**(499)**	**(369)**	**(130)**	**(35.2)**	**(1,837)**
Cash capex	(259)	(235)	(24)	(10.2)	(973)
Cash capex (before spectrum investment)	**(259)**	**(235)**	**(24)**	**(10.2)**	**(973)**

[a] As of January 1, 2023, the definition of service revenue was extended. Prior-year comparatives were adjusted retrospectively.

Revenue, service revenue

Revenue in our Group Headquarters & Group Services segment in the first quarter of 2023 decreased by 4.3 % 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 on account of a reduced revenue-relevant cost basis. By contrast, the reassignment of units in connection with the bundling of finance functions that were still assigned to the Germany operating segment in the first quarter of 2022 had an increasing effect on revenue. Against this background, organic revenue decreased by 6.1 % compared with the prior-year period.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL in the Group Headquarters & Group Services segment declined by EUR 91 million in the reporting period to EUR -176 million, primarily due to higher intragroup reimbursements and lower revenue from land and buildings.

Overall, EBITDA AL was negatively impacted in the reporting period by special factors amounting to EUR 42 million, especially for staff-related measures. In the prior-year period, EBITDA AL had benefited from positive net special factors of EUR 13 million, 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.

Profit/loss from operations (EBIT)

The year-on-year decrease of EUR 130 million in EBIT to EUR -499 million was mainly due to the decline in EBITDA AL. Depreciation, amortization and impairment losses were down by contrast, largely due to the lower capital expenditure in the Technology and Innovation Board of Management department on the one hand and shorter project runtimes at Deutsche Telekom IT on the other.

Cash capex (before spectrum investment), cash capex

Cash capex increased by EUR 24 million year-on-year, primarily owing to higher capital expenditure in the Technology and Innovation Board of Management department in the first quarter of 2023.

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 2022 combined management report (2022 Annual Report), we now expect to post higher adjusted EBITDA AL. Adjusted EBITDA AL for full-year 2023 was originally expected to come in at around EUR 40.8 billion. We now expect adjusted EBITDA AL for the Group to come in at around EUR 40.9 billion in the 2023 financial year. This is largely attributable to stronger-than-expected business performance in the United States operating segment, where we now anticipate adjusted EBITDA AL of USD 28.5 billion, up from USD 28.4 billion.

All other statements made remain valid. Our planning assumes an unchanged U.S. dollar exchange rate of USD 1.05; financial results for the sale of GD Towers were not included.

For more information on the 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." 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 2022 combined management report (2022 Annual Report). Readers are also referred to the Disclaimer at the end of this report.

Corporate risks

Strategic implementation and integration. Collaboration with Chinese suppliers is being impeded by the enduring trade conflict between the United States and China. Since 1997, the United States has restricted the use of U.S. technology for various countries, as well as, since 2020, for some Chinese companies, on account of security concerns. The United States also puts pressure on other countries to do the same. In Germany, the legislator adopted the Second Act to Increase the Security of Information Technology Systems, or the IT Security Act 2.0 (IT-Sicherheitsgesetz 2.0), in 2021. The Act does not include any ban on individual manufacturers. All 5G operators must notify the authorities of new critical components and the suppliers thereof in accordance with the catalog of security requirements pursuant to the Telecommunications Act and prior to first-time operation. If the Federal Government has security concerns, it can introduce a blanket ban on using certain manufacturers. Deutsche Telekom itself has long been scrutinizing security-critical components prior to installation and on an ongoing basis once in operation. In March 2023, under the IT Security Act 2.0, the Federal Ministry of the Interior and Community (BMI) asked German network operators to identify all 5G components from the Chinese suppliers Huawei and ZTE that have already been installed and map critical functions, and to notify the authority accordingly. Although BMI speaks of an impartial review, there is public speculation over the possibility that, in the second half of 2023, the findings could lead to a ban on deploying Chinese equipment in further parts of the German network classed as potentially critical, within certain time frames. The replacement of these components could incur high costs. It is expected that the costs of purchasing network components will rise given the limited number of qualified suppliers and the reliance of all network operators on this finite pool. In other countries, such as Austria and Poland, it is still possible that critical infrastructure suppliers will have to be replaced within specific deadlines. We are raising the risk significance of the risk category "Strategic implementation and integration" from high to very high due to the extensive costs that would be incurred should there be a retrospective order to remove components.

Procurement and suppliers. Deutsche Telekom’s supply chains are currently suffering the effects of a world market shortage of semiconductor chips and geopolitical tensions such as the United States’ technology sanctions against China. Furthermore, the general costs of semiconductor materials, production, energy, wages, and global logistics are rising, leading to general price increases for products and services. Europe and the United States are experiencing delays in deliveries of individual products from certain vendors. However, short-term shortages were avoided thanks to countermeasures taken. The establishment of additional production capacities means that the situation regarding the availability of semiconductors is expected to ease in the medium term. At T-Mobile US, the increased concentration on the terminal equipment of a single vendor and the commensurate growing dependency could expose us to further risks. Continued geopolitical effects and price increases are expected. We address these challenges with a range of organizational, contractual, and strategic procurement measures, including the Supply Chain Resilience task force. To reflect the growing dependencies in T-Mobile US’ terminal equipment portfolio, we are raising the risk significance of the risk category “Procurement and suppliers” from low to medium.

Financial risks. The war in Ukraine and the current situation on the world market drove sharp rises in energy costs in 2022. Energy prices remain extremely volatile, although the price level on the world market fell slightly in the first quarter of 2023. Inflationary pressure in Germany and the United States resulted in further interest rate hikes in the first quarter of 2023, prompting a reduction in the variable-interest debt portfolio to temper interest rate sensitivity. By taking account of fluctuating energy prices and the changes to the debt portfolio during the planning process, we were able to lower the risk significance of the risk category “Financial risks” from high to medium.

Assessment of the aggregate risk position

The aggregate risk position has deteriorated compared with the risks and opportunities as described in the 2022 combined management report 2022 (2022 Annual Report) due to a potential expansion of the ban on Chinese network components, the enduring pressures on global economic development, and the tense geopolitical situation. 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 €

	Mar. 31, 2023	Dec. 31, 2022	Change	Change %	Mar. 31, 2022
Assets					
Current assets	**40,325**	**39,144**	**1,181**	**3.0**	**36,507**
Cash and cash equivalents	10,913	5,767	5,146	89.2	9,875
Trade receivables	15,891	16,766	(875)	(5.2)	15,542
Contract assets	2,548	2,410	138	5.7	2,072
Current recoverable income taxes	174	213	(39)	(18.3)	183
Other financial assets	5,466	4,865	601	12.4	3,576
Inventories	2,659	2,639	20	0.8	3,222
Other assets	2,188	1,800	388	21.6	1,966
Non-current assets and disposal groups held for sale	487	4,683	(4,196)	(89.6)	71
Non-current assets	**263,468**	**259,446**	**4,022**	**1.6**	**255,915**
Intangible assets	138,142	140,600	(2,458)	(1.7)	137,224
Property, plant and equipment	65,532	65,729	(197)	(0.3)	63,159
Right-of-use assets	34,524	33,727	797	2.4	37,028
Capitalized contract costs	3,281	3,205	76	2.4	2,768
Investments accounted for using the equity method	7,337	1,318	6,019	n.a.	1,960
Other financial assets	5,472	5,044	428	8.5	4,771
Deferred tax assets	7,711	8,316	(605)	(7.3)	7,416
Other assets	1,468	1,507	(39)	(2.6)	1,588
Total assets	**303,793**	**298,590**	**5,203**	**1.7**	**292,422**
Liabilities and shareholders' equity					
Current liabilities	**39,915**	**45,389**	**(5,474)**	**(12.1)**	**36,495**
Financial liabilities	12,234	14,389	(2,155)	(15.0)	10,677
Lease liabilities	5,485	5,126	359	7.0	4,909
Trade and other payables	11,106	12,035	(929)	(7.7)	10,865
Income tax liabilities	975	801	174	21.7	748
Other provisions	4,006	4,412	(406)	(9.2)	3,531
Other liabilities	3,792	3,412	380	11.1	4,030
Contract liabilities	1,931	1,868	63	3.4	1,735
Liabilities directly associated with non-current assets and disposal groups held for sale	384	3,347	(2,963)	(88.5)	0
Non-current liabilities	**165,193**	**165,881**	**(688)**	**(0.4)**	**168,272**
Financial liabilities	96,147	98,641	(2,494)	(2.5)	99,880
Lease liabilities	36,969	33,666	3,303	9.8	35,222
Provisions for pensions and other employee benefits	3,676	4,150	(474)	(11.4)	5,010
Other provisions	3,745	3,792	(47)	(1.2)	5,002
Deferred tax liabilities	21,835	22,800	(965)	(4.2)	20,517
Other liabilities	2,168	2,171	(3)	(0.1)	2,049
Contract liabilities	653	663	(10)	(1.5)	592
Liabilities	**205,108**	**211,270**	**(6,162)**	**(2.9)**	**204,767**
Shareholders' equity	**98,685**	**87,320**	**11,365**	**13.0**	**87,656**
Issued capital	12,765	12,765	0	0.0	12,765
Treasury shares	(29)	(35)	6	17.1	(37)
	12,737	**12,730**	**7**	**0.1**	**12,728**
Capital reserves	60,193	61,532	(1,339)	(2.2)	63,708
Retained earnings including carryforwards	(26,056)	(34,489)	8,433	24.5	(31,411)
Total other comprehensive income	306	783	(477)	(60.9)	(844)
Net profit (loss)	15,360	8,001	7,359	92.0	3,949
Issued capital and reserves attributable to owners of the parent	**62,539**	**48,558**	**13,981**	**28.8**	**48,129**
Non-controlling interests	36,147	38,762	(2,615)	(6.7)	39,526
Total liabilities and shareholders' equity	**303,793**	**298,590**	**5,203**	**1.7**	**292,422**

Consolidated income statement

millions of €

	Q1 2023	Q1 2022	Change %	FY 2022
Net revenue	**27,824**	**27,693**	**0.5**	**114,197**
Of which: interest income calculated using the effective interest method	172	128	34.4	589
Other operating income	334	3,165	(89.4)	4,653
Changes in inventories	20	20	0.0	26
Own capitalized costs	667	681	(2.1)	2,852
Goods and services purchased	(11,728)	(12,855)	8.8	(52,926)
Personnel costs	(4,870)	(4,776)	(2.0)	(19,371)
Other operating expenses	(1,202)	(1,065)	(12.9)	(6,383)
Impairment losses on financial assets	(270)	(241)	(12.0)	(1,235)
Gains (losses) from the write-off of financial assets measured at amortized cost	0	(12)	100.0	(24)
Other	(931)	(811)	(14.8)	(5,124)
EBITDA	**11,044**	**12,863**	**(14.1)**	**43,049**
Depreciation, amortization and impairment losses	(6,030)	(6,669)	9.6	(27,635)
Profit (loss) from operations (EBIT)	**5,014**	**6,194**	**(19.1)**	**15,414**
Finance costs	(1,378)	(1,237)	(11.4)	(5,292)
Interest income	325	114	n.a.	387
Interest expense	(1,703)	(1,351)	(26.1)	(5,679)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(20)	19	n.a.	(524)
Other financial income (expense)	84	320	(73.8)	1,379
Profit (loss) from financial activities	**(1,315)**	**(898)**	**(46.4)**	**(4,437)**
Profit (loss) before income taxes	**3,699**	**5,296**	**(30.2)**	**10,977**
Income taxes	(979)	(1,038)	5.7	(1,937)
Profit (loss) after taxes from continuing operations	**2,720**	**4,259**	**(36.1)**	**9,039**
Profit (loss) after taxes from discontinued operation	**13,691**	**96**	**n.a.**	**443**
Profit (loss)	**16,411**	**4,355**	**n.a.**	**9,482**
Profit (loss) attributable to				
Owners of the parent (net profit (loss))	15,360	3,949	n.a.	8,001
Non-controlling interests	1,051	406	n.a.	1,481

In light of the IFRS Interpretations Committee's agenda decision published in May 2022 on transactions involving the commercial resale of software, Deutsche Telekom has implemented changes to its accounting practices with respect to the recognition of gross vs. net revenues, effective the start of the third quarter of 2022. Prior-year comparatives were adjusted retrospectively.

As a result of the agreement concluded on July 13, 2022, from the third quarter of 2022, the GD tower companies are recognized in the interim consolidated financial statements as discontinued operation. Prior-year comparatives were adjusted retrospectively.

Earnings per share

		Q1 2023	Q1 2022	Change %	FY 2022
Profit (loss) from continuing operations attributable to the owners of the parent (net profit (loss))	millions of €	1,669	3,853	(56.7)	7,558
Profit (loss) from discontinued operation attributable to the owners of the parent (net profit (loss))	millions of €	13,691	96	n.a.	443
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	15,360	3,949	n.a.	8,001
Adjusted weighted average number of ordinary shares outstanding (basic and diluted)	millions	4,974	4,972	0.0	4,972
Earnings per share from continuing operations (basic and diluted)	€	**0.34**	**0.77**	**(55.8)**	**1.52**
Earnings per share from discontinued operation (basic and diluted)	€	**2.75**	**0.02**	**n.a.**	**0.09**
Earnings per share (basic and diluted)	€	**3.09**	**0.79**	**n.a.**	**1.61**

As a result of the agreement concluded on July 13, 2022, from the third quarter of 2022, the GD tower companies are recognized in the interim consolidated financial statements as discontinued operation. Prior-year comparatives were adjusted retrospectively.

Consolidated statement of comprehensive income

millions of €

	Q1 2023	Q1 2022	Change	FY 2022
Profit (loss)	**16,411**	**4,355**	**12,056**	**9,482**
Items not subsequently reclassified to profit or loss (not recycled)				
Gains (losses) from the remeasurement of equity instruments	(19)	12	(31)	(46)
Gains (losses) from the remeasurement of defined benefit plans	395	1,149	(754)	1,841
Income taxes relating to components of other comprehensive income	22	(302)	324	(835)
	398	**859**	**(461)**	**961**
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	2	(2)	0
Change in other comprehensive income (not recognized in income statement)	(1,055)	1,389	(2,444)	4,071
Gains (losses) from the remeasurement of debt instruments				
Recognition of other comprehensive income in income statement	221	205	16	1,037
Change in other comprehensive income (not recognized in income statement)	(221)	(237)	16	(1,060)
Gains (losses) from hedging instruments (designated risk components)				
Recognition of other comprehensive income in income statement	(18)	33	(51)	123
Change in other comprehensive income (not recognized in income statement)	12	177	(165)	762
Gains (losses) from hedging instruments (hedging costs)				
Recognition of other comprehensive income in income statement	0	1	(1)	1
Change in other comprehensive income (not recognized in income statement)	13	(16)	29	(51)
Income taxes relating to components of other comprehensive income	(10)	(48)	38	(231)
	(1,058)	**1,506**	**(2,564)**	**4,654**
Other comprehensive income	**(659)**	**2,365**	**(3,024)**	**5,615**
Total comprehensive income	**15,752**	**6,720**	**9,032**	**15,097**
Total comprehensive income attributable to				
Owners of the parent	15,272	5,516	9,756	11,272
Non-controlling interests	480	1,204	(724)	3,825

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 carry-forwards	Net profit (loss)	Translation of foreign operations	Revaluation surplus
Balance at January 1, 2022	**12,765**	**(37)**	**63,773**	**(36,358)**	**4,176**	**(1,747)**	**(7)**
Changes in the composition of the Group							
Transactions with owners			(132)			(1)	
Unappropriated profit (loss) carried forward				4,176	(4,176)		
Dividends							
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			67				
Share buy-back/shares held in a trust deposit							
Profit (loss)					3,949		
Other comprehensive income				783		662	
Total comprehensive income							
Transfer to retained earnings				(13)			2
Balance at March 31, 2022	**12,765**	**(37)**	**63,708**	**(31,411)**	**3,949**	**(1,086)**	**(6)**
Balance at January 1, 2023	**12,765**	**(35)**	**61,532**	**(34,489)**	**8,001**	**221**	**0**
Changes in the composition of the Group							
Transactions with owners			(1,415)			54	
Unappropriated profit (loss) carried forward				8,001	(8,001)		
Dividends							
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			76				
Share buy-back/shares held in a trust deposit		7					
Profit (loss)					15,360		
Other comprehensive income				427		(478)	
Total comprehensive income							
Transfer to retained earnings				6			
Balance at March 31, 2023	**12,765**	**(29)**	**60,193**	**(26,056)**	**15,360**	**(202)**	**0**

Issued capital and reserves attributable to owners of the parent – Total other comprehensive income: 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	Total	Non-controlling interests	Total shareholders' equity
143	**(37)**	**(56)**	**86**	**0**	**(22)**	**42,679**	**38,790**	**81,469**
						0	(583)	(583)
		3			(1)	(132)	41	(91)
						0	0	0
						0	0	0
						0	0	0
						67	74	141
						0	0	0
						3,949	406	4,355
12	(15)	188	(15)		(48)	1,567	798	2,365
						5,516	**1,204**	**6,720**
11						0	0	0
166	**(52)**	**135**	**70**	**0**	**(71)**	**48,129**	**39,526**	**87,656**
109	**(50)**	**695**	**35**	**0**	**(227)**	**48,558**	**38,762**	**87,320**
						0	(4)	(4)
	(1)	(18)			6	(1,374)	(3,128)	(4,502)
						0	0	0
						0	(6)	(6)
						0	0	0
						76	43	120
						7	0	7
						15,360	1,051	16,411
(19)	0	(30)	13		(1)	(88)	(571)	(659)
						15,272	**480**	**15,752**
(6)						0	0	0
85	**(51)**	**647**	**49**	**0**	**(222)**	**62,539**	**36,147**	**98,685**

Consolidated statement of cash flows

millions of €

	Q1 2023	Q1 2022	Change	FY 2022
Profit (loss) before income taxes	**16,685**	**5,438**	**11,247**	**11,703**
Depreciation, amortization and impairment losses	6,030	6,765	(735)	27,827
(Profit) loss from financial activities	1,331	890	441	4,455
(Profit) loss on the disposal of fully consolidated subsidiaries	(12,928)	(2,553)	(10,375)	(2,661)
(Income) loss from the sale of stakes accounted for using the equity method	(15)	0	(15)	(71)
Other non-cash transactions	232	82	150	1,508
(Gains) losses from the disposal of intangible assets and property, plant and equipment	(7)	18	(25)	(76)
Change in assets carried as operating working capital	729	(298)	1,027	(600)
Change in other operating assets	(578)	(82)	(496)	(813)
Change in provisions	(467)	(643)	176	117
Change in liabilities carried as operating working capital	(360)	535	(895)	789
Change in other operating liabilities	501	388	113	(60)
Income taxes received (paid)	(169)	(48)	(121)	(902)
Dividends received	0	2	(2)	11
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	(31)	0	(31)	0
Cash generated from operations	**10,952**	**10,494**	**458**	**41,228**
Interest paid	(1,802)	(1,372)	(430)	(6,756)
Interest received	407	236	171	1,347
Net cash from operating activities	**9,558**	**9,358**	**200**	**35,819**
Of which: from discontinued operation	80	259	(179)	712
Cash outflows for investments in				
Intangible assets	(1,187)	(3,551)	2,364	(7,551)
Property, plant and equipment	(3,639)	(3,621)	(18)	(16,563)
Non-current financial assets	(158)	(276)	118	(683)
Payments for publicly funded investments in the broadband build-out	(66)	(73)	7	(377)
Proceeds from public funds for investments in the broadband build-out	51	44	7	435
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	0	(51)	51	(52)
Proceeds from disposal of				
Intangible assets	0	1	(1)	3
Property, plant and equipment	23	50	(27)	436
Non-current financial assets	36	41	(5)	173
Changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	7,608	4,089	3,519	4,208
Net change in short-term investments and marketable securities and receivables	(664)	(1,165)	501	(2,335)
Other	0	1	(1)	1
Net cash from (used in) investing activities	**2,005**	**(4,512)**	**6,517**	**(22,306)**
Of which: from discontinued operation	(17)	(39)	22	(277)
Proceeds from issue of current financial liabilities	770	32	738	9,686
Repayment of current financial liabilities	(4,992)	(1,200)	(3,792)	(15,528)
Proceeds from issue of non-current financial liabilities	5,888	0	5,888	4,534
Repayment of non-current financial liabilities	(1,976)	0	(1,976)	0
Dividend payments (including to other shareholders of subsidiaries)	(5)	0	(5)	(3,385)
Principal portion of repayment of lease liabilities	(1,529)	(1,235)	(294)	(4,951)
Cash inflows from transactions with non-controlling entities	5	3	2	29
Cash outflows from transactions with non-controlling entities	(4,502)	(252)	(4,250)	(5,823)
Net cash (used in) from financing activities	**(6,340)**	**(2,653)**	**(3,687)**	**(15,438)**
Of which: from discontinued operation	(74)	(92)	18	(192)
Effect of exchange rate changes on cash and cash equivalents	(74)	57	(131)	93
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	(3)	8	(11)	(18)
Net increase (decrease) in cash and cash equivalents	**5,146**	**2,258**	**2,888**	**(1,850)**
Cash and cash equivalents, at the beginning of the period	**5,767**	**7,617**	**(1,850)**	**7,617**
Cash and cash equivalents, at the end of the period	**10,913**	**9,875**	**1,038**	**5,767**

As a result of the agreement concluded on July 13, 2022, from the third quarter of 2022, the GD tower companies are recognized in the interim consolidated financial statements as discontinued operation. The consolidated statement of cash flows continues to include the discontinued operation in the Group Development operating segment. The top line of the consolidated statement of cash flows is profit before income taxes, which includes the profit of both the continuing operations and the discontinued operation. In the consolidated statement of cash flows, the contributions by the GD tower companies are each stated in a separate "of which" line item.

Significant events and transactions

Accounting policies

In accordance with § 53 (6) of the Exchange Rules for the Frankfurter Wertpapierbörse (FWB), Deutsche Telekom AG voluntarily publishes a quarterly financial report that comprises interim consolidated financial statements and an interim Group management report. 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 the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

Statement of compliance

The interim consolidated financial statements for the period ended March 31, 2023 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, 2022. 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 quarterly 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, 2022 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	Impact on the presentation of Deutsche Telekom's results of operations and financial position
IFRSs endorsed by the EU				
IFRS 17	Insurance Contracts	Jan. 1, 2023	IFRS 17 governs the accounting for insurance contracts and replaces IFRS 4.	No material impact.
Amendments to IFRS 17	Insurance Contracts	Jan. 1, 2023	The initial application of IFRS 17 is postponed until January 1, 2023. The fundamental principles under IFRS 17 remain unaffected. The amendments to IFRS 17 are aimed at helping entities implement the standard and, at the same time, avoiding a significant loss of useful information. The option for companies to delay application of IFRS 9 until the initial application of IFRS 17 has also been extended until January 1, 2023.	No material impact.
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative information	Jan. 1, 2023	Supplementary transition option relating to comparatives in the first reporting year, which allows for the option of a different classification pursuant to IFRS 9 (classification overlay) for the comparative periods in the year of first-time application of both standards. In addition, for financial assets that relate to insurance contracts, existing classification options under IFRS 9 can be exercised again if IFRS 9 was applied prior to the first-time application of IFRS 17.	No material impact.
Amendments to IAS 1 and IFRS Practice Statement 2	Presentation of Financial Statements	Jan. 1, 2023	The amendments to IAS 1 will require entities to disclose their material accounting policies in the future rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 "Making Materiality Judgements" contain guidance on applying materiality judgments to accounting policy disclosures.	No material impact.
Amendments to IAS 8	Definition of Accounting Estimates	Jan. 1, 2023	The amendments relate to the definition of accounting estimates. It is clarified how entities can distinguish between changes to accounting policies and to accounting estimates.	No material impact.
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023	IAS 12 provides for exemptions to the recognition of deferred taxes in specific cases. It was previously unclear as to whether the initial recognition exemptions also apply for transactions in which the initial recognition of an asset and a liability gives rise to equal taxable and deductible temporary differences. The exemptions apply specifically to leases and restoration obligations. The IASB now clarifies that the exemption relating to the recognition of deferred taxes is not applicable in the aforementioned configuration.	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 2022 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. The following change was made to the reporting structure:

Change in reporting of revenue by revenue categories. Effective January 1, 2023, the previously reported breakdown of revenues by revenue category (from the rendering of services, from the sale of goods and merchandise, and from the use of entity assets by others) was replaced by a breakdown into service revenues and non-service revenues in line with the Group's management model. In addition, effective January 1, 2023, the definition of service revenues was extended as follows: Certain software revenues generated with ICT business in the Systems Solutions and Europe operating segments, as well as in the Group Headquarters & Group Services segment, have been included since this date. Comparative figures have been adjusted retrospectively.

For further information on revenues, please refer to the section "Selected notes to the consolidated income statement."

Development of the economic environment and impact on financial reports

The macroeconomic challenges currently facing society, politics, and business are multi-faceted and often interdependent, such as the rise in energy prices, the ongoing high rate of inflation, the rise in interest rate levels, political developments, including those concerning dealings with Chinese vendors of telecommunications components, geopolitical tensions, and the war in Ukraine. This results in substantial uncertainty in terms of global economic development. Deutsche Telekom is aware that, in view of the current developments, it is only possible to extrapolate past experience to the future to a limited extent. Deutsche Telekom is constantly reassessing the challenges and takes them into account in its consolidated financial statements and financial reporting, e.g., when determining the impairment of goodwill, the recognition of deferred taxes, and the measurement of provisions and financial instruments.

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	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022	Q1 2023	Q1 2022
100 Czech korunas (CZK)	4.25632	4.14345	4.09451	4.20299	4.05697
100 Croatian kuna (HRK)	n.a.	13.27230	13.20180	n.a.	13.25510
1,000 Hungarian forints (HUF)	2.63439	2.49707	2.70501	2.57197	2.74279
100 Macedonian denars (MKD)	1.62209	1.62299	1.62326	1.62307	1.62276
100 Polish zlotys (PLN)	21.40140	21.34570	21.48760	21.23760	21.62910
1 U.S. dollar (USD)	0.92018	0.93655	0.90090	0.93214	0.89152

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

%	Mar. 31, 2023	Dec. 31, 2022
Germany	3.99	4.13
United States	5.19	5.59
Switzerland	2.27	2.42

Changes in the composition of the Group and other transactions

In the first three months of 2023, 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 the GD tower companies
On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 % stake in the cell tower business companies in Germany and Austria (GD tower companies), hitherto assigned to the Group Development operating segment, to DigitalBridge and Brookfield. The sale price is based on an enterprise value of EUR 17.5 billion. Since closing of the transaction on February 1, 2023, Deutsche Telekom has lost control over the GD tower companies. All necessary regulatory approvals had been duly granted and all other closing conditions met. The total preliminary gain on deconsolidation resulting from the sale amounts to EUR 15.9 billion, of which EUR 12.9 billion is included as other operating income in profit/loss after taxes from discontinued operation as of the deconsolidation date. The remaining EUR 3.0 billion will be recognized pro rata in later periods through the sale-and-leaseback transaction described below. The stake retained by Deutsche Telekom of 49.0 % has been included in the consolidated financial statements using the equity method since February 1, 2023. The carrying amount of the investment amounted to EUR 6.0 billion as of March 31, 2023.

As a result of the sales agreement, the GD tower companies had been recognized in the interim consolidated financial statements as discontinued operation from the third quarter of 2022 until their sale on February 1, 2023. The comparative period in the consolidated income statement was adjusted with retrospective effect. Thus the contributions by the GD tower companies were no longer included in the individual items of the consolidated income statement. Instead, profit or loss after taxes was recognized in the item "Profit/loss after taxes from discontinued operation." Assets and the directly associated liabilities have been shown as held for sale in the consolidated statement of financial position since December 31, 2022. In the consolidated statement of cash flows, the contributions by the GD tower companies are each stated in a separate "of which" line item.

For further information on the assets and liabilities of the GD tower companies included in the consolidated financial statements as of December 31, 2022, 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 2022 Annual Report.

Once the transaction was consummated, Deutsche Telekom leased back the majority of the sold passive network infrastructure in Germany and Austria under a sale-and-leaseback agreement with a non-cancellable basic lease term of eight years. Overall, lease liabilities were recognized in the amount of EUR 5.0 billion and, as a result of the sale-and-leaseback agreement, retained right-of-use assets in the amount of EUR 2.0 billion. The portion of the gain attributable to the retained use of the sold assets, amounting to EUR 3.0 billion, will have an impact in later periods by way of lower depreciation of the capitalized right-of-use assets. Furthermore, deferred tax assets of EUR 0.9 billion were recognized.

The preliminary cash inflow totaling EUR 10.7 billion resulting from the sale of the GD tower companies is recognized in the consolidated statement of cash flows as of March 31, 2023, with EUR 7.6 billion relating to the sale of the business operation recognized under net cash from/used in investing activities and EUR 3.1 billion relating to the sale and leaseback of the passive mobile infrastructure recognized under net cash from/used in financing activities.

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

Agreement to sell the U.S. wireline business
On September 6, 2022, T-Mobile US reached an agreement with Cogent Infrastructure (Cogent) on the sale of T-Mobile US' fiber-optic-based wireline business. Under the agreement, Cogent will take over all shares in the entity that holds all of the assets and liabilities related to the former Sprint's fiber-optic-based wireline network. The sale price is USD 1 and is subject to customary adjustments laid down in the purchase agreement. In addition, upon completion of the transaction, T-Mobile US undertakes to enter into a separate agreement on IP transit services, according to which T-Mobile US will pay a total of USD 700 million to Cogent. The assets and liabilities of the wireline business have been reported in the consolidated statement of financial position as held for sale since September 30, 2022. The transaction was consummated on May 1, 2023. All necessary regulatory approvals had been duly granted and all other closing conditions met.

Agreement on the acquisition of Ka'ena in the United States
On March 9, 2023, T-Mobile US entered into a Merger and Unit Purchase Agreement for the acquisition of 100 % of the outstanding equity of Ka'ena Corporation and its subsidiaries including, among others, Mint Mobile, for a maximum purchase price of USD 1.35 billion to be paid out 39 % in cash and 61 % in shares of T-Mobile US common stock. Ka'ena Corporation is currently one of the wholesale partners of T-Mobile US, offering wireless telecommunications services to customers. The purchase price is variable dependent upon specified performance indicators of Ka'ena Corporation during certain periods before and after closing and consists of an upfront payment at deal close, subject to certain agreed-upon adjustments, and a variable earnout payable 24 months after the close of the transaction. The upfront payment is expected to be approximately USD 950 million, before working capital adjustments. The acquisition is subject to certain customary closing conditions, including certain regulatory approvals, and is expected to close by the end of 2023.

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

Share buy-back program at T-Mobile US

In the period from January 1, 2023 to March 31, 2023, T-Mobile US bought back around 33 million additional shares with a total volume of USD 4.8 billion (EUR 4.4 billion) under the share buy-back program announced on September 8, 2022.

As of March 31, 2023, Deutsche Telekom's stake in T-Mobile US amounted to 48.0 %. Taking the treasury shares held by T-Mobile US into account, Deutsche Telekom had a 50.2 % stake in T-Mobile US as of March 31, 2023. 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 53.9 % as of March 31, 2023.

In the period from April 1, 2023 to April 21, 2023, T-Mobile US bought back around 5.1 million additional shares with a total volume of USD 0.8 billion (EUR 0.7 billion) under the share buy-back program.

Selected notes to the consolidated statement of financial position

Trade receivables

At EUR 15.9 billion, trade receivables decreased by EUR 0.9 billion against the 2022 year-end level. This was due to lower receivables in the United States and Germany operating segments. Exchange rate effects, mainly from the translation of U.S. dollars into euros, also decreased the carrying amount.

Contract assets

The carrying amount of contract assets at the reporting date totaled EUR 2.5 billion compared with EUR 2.4 billion as of December 31, 2022. 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 from EUR 2.6 billion to EUR 2.7 billion, due to stockpiling in the fixed network for the fiber-optic build-out in Germany, and of terminal equipment in the Germany and Europe operating segments. The sale of older terminal equipment and reduced stocks due to the closure of the former Sprint in the United States operating segment had an offsetting effect.

Intangible assets

The carrying amount of intangible assets decreased by EUR 2.5 billion compared to December 31, 2022 to EUR 138.1 billion, due in particular to exchange rate effects of EUR 2.0 billion, primarily from the translation of U.S. dollars into euros. Amortization and impairment losses of EUR 1.7 billion also had a reducing effect. By contrast, additions increased the carrying amount by EUR 1.2 billion.

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. On March 30, 2023, the contractual parties further agreed that the transaction be divided into two separate tranches. The transfer of the licenses in accordance with the agreements is subject to regulatory approvals and certain other customary closing conditions. The first tranche is expected to be concluded between the middle and end of 2023, while the second tranche is expected to be concluded in 2024.

Property, plant and equipment

The carrying amount of property, plant and equipment decreased by EUR 0.2 billion compared to December 31, 2022 to EUR 65.5 billion. Depreciation charges of EUR 2.9 billion had a decreasing effect on the carrying amount. Exchange rate effects of EUR 0.5 billion, primarily from the translation of U.S. dollars into euros, and disposals of EUR 0.1 billion also reduced the carrying amount. By contrast, additions for the upgrade and build-out of the network (broadband, fiber-optic, and mobile infrastructure build-out) increased the carrying amount by EUR 3.3 billion.

Right-of-use assets

The carrying amount of the right-of-use assets increased by EUR 0.8 billion compared to December 31, 2022 to EUR 34.5 billion. The carrying amount was increased by additions of EUR 2.8 billion, mainly resulting from the sale and leaseback of sold passive network infrastructure in Germany and Austria in connection with the sale of the GD tower companies. In this context, retained right-of-use assets of EUR 2.0 billion were recognized. Depreciation and impairment losses decreased the carrying amount by EUR 1.4 billion. This included a EUR 0.1 billion increase in depreciation 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. Exchange rate effects, primarily from the translation of U.S. dollars into euros, decreased the carrying amount by EUR 0.5 billion.

For further information on the sale of the GD tower companies, please refer to the section "Changes in the composition of the Group and other transactions."

Capitalized contract costs

As of March 31, 2023, the carrying amount of capitalized contract costs was up by EUR 0.1 billion against the level of December 31, 2022 to EUR 3.3 billion. The capitalized contract costs primarily relate to the United States and Germany operating segments.

Investments accounted for using the equity method

The carrying amount of investments accounted for using the equity method increased by EUR 6.0 billion compared to December 31, 2022, to EUR 7.3 billion, essentially as a result of the sale of the 51.0 % stake in the GD tower companies. Following the loss of control pursuant to the IFRSs as a result of the transaction, the companies were deconsolidated as of February 1, 2023. Since this date, the remaining 49.0 % of the shares 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 6.0 billion as of March 31, 2023.

For further information on the sale of the GD tower companies, please refer to the section "Changes in the composition of the Group and other transactions."

Other financial assets

millions of €	Mar. 31, 2023	Dec. 31, 2022
	Total	Total
Originated loans and receivables	5,321	4,315
Other receivables – publicly funded projects	2,079	2,019
Debt instruments – measured at fair value through profit or loss	682	646
Derivative financial assets	2,240	2,273
Of which: derivatives with a hedging relationship	1,038	1,034
Of which: derivatives without a hedging relationship	1,203	1,239
Equity instruments – measured at fair value through profit or loss	4	3
Equity instruments – measured at fair value through other comprehensive income	416	446
Lease assets	193	205
Other	3	3
	10,939	**9,910**

The carrying amount of current and non-current other financial assets increased by EUR 1.0 billion compared to December 31, 2022 to EUR 10.9 billion.

The net total of originated loans and receivables increased by EUR 1.0 billion to EUR 5.3 billion. Under short-term investments, government bonds were bought during the course of the year. As of March 31, 2023, they had a carrying amount of EUR 0.8 billion. The carrying amount was also increased by an existing shareholder loan to the GD tower companies of EUR 0.4 billion, which must be recognized in the consolidated statement of financial position as a result of the deconsolidation of the companies. By contrast, the carrying amount of cash collateral deposited was reduced by EUR 0.2 billion.

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 0.1 billion to EUR 2.1 billion.

For further information on cash collateral deposited and on derivatives, please refer to the section "Disclosures on financial instruments."

For further information on the sale of the GD tower companies, 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 3.7 billion, mainly due to an increase in receivables from other taxes. As of March 31, 2023, the carrying amount included various advance payments, totaling EUR 2.8 billion (December 31, 2022: EUR 2.7 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.

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 4.2 billion compared with December 31, 2022 to EUR 0.5 billion. The sale of the GD tower companies as of February 1, 2023 reduced the carrying amount by EUR 4.2 billion. Up until this date, the assets had been classified as held for sale on account of the sales agreement concluded.

For further information on the sale of the GD tower companies, 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 March 31, 2023:

millions of €	Mar. 31, 2023	Due within 1 year	Due > 1 ≤ 5 years	Due > 5 years	Dec. 31, 2022
Bonds and other securitized liabilities	89,892	6,872	28,067	54,953	93,802
Liabilities to banks	3,914	1,241	1,614	1,059	4,122
Liabilities with the right of creditors to priority repayment in the event of default	2,746	821	1,924	0	2,925
Other interest-bearing liabilities	7,305	1,314	2,789	3,202	7,526
Liabilities from deferred interest	1,039	1,039	0	0	999
Other non-interest-bearing liabilities	929	767	147	14	769
Derivative financial liabilities	2,557	180	581	1,796	2,889
Financial liabilities	**108,381**	**12,234**	**35,123**	**61,024**	**113,030**

The carrying amount of current and non-current financial liabilities decreased by EUR 4.6 billion compared with year-end 2022 to EUR 108.4 billion, primarily due to the factors described below. Exchange rate effects, in particular from the translation of U.S. dollars into euros, lowered the carrying amount by EUR 1.4 billion.

The carrying amount of bonds and other securitized liabilities decreased by EUR 3.9 billion to EUR 89.9 billion. Exchange rate effects decreased the carrying amount of bonds and other securitized liabilities by EUR 1.3 billion. Early repayments in the Group of premature buybacks of bonds with terms ending between 2023 and 2028, made in February and March 2023, including EUR bonds of EUR 2.4 billion, GBP bonds of GBP 0.2 billion (EUR 0.3 billion), and USD bonds of USD 0.6 billion (EUR 0.6 billion) reduced the carrying amount. It was further reduced by the scheduled repayment of a EUR bond in the amount of EUR 0.2 billion and by net repayments of commercial paper in the amount of EUR 2.3 billion. The carrying amount was increased by senior notes issued in the reporting period by T-Mobile US with a total volume of USD 3.0 billion (EUR 2.8 billion) with terms ending between 2028 and 2053 and bearing interest of between 4.95 % and 5.65 %. In addition, the carrying amount increased by EUR 0.4 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 liabilities to banks decreased by EUR 0.2 billion compared with December 31, 2022 to EUR 3.9 billion, mainly due to the net increase of EUR 0.2 billion in the balance of short-term borrowings.

The liabilities with the right of creditors to priority repayment in the event of default of EUR 2.7 billion (December 31, 2022: EUR 2.9 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 0.1 billion when translated into euros reduced the carrying amount. Exchange rate effects decreased the carrying amount by EUR 0.1 billion. At the reporting date, cash and cash equivalents with a carrying amount of EUR 63 million (December 31, 2022: EUR 63 million) when translated into euros were pledged as collateral for these bonds.

The carrying amount of other interest-bearing liabilities decreased by EUR 0.2 billion compared with December 31, 2022 to EUR 7.3 billion. Exchange rate effects, especially from the translation of U.S. dollars into euros, decreased the carrying amount of other interest-bearing liabilities by EUR 0.1 billion.

The carrying amount of derivative financial liabilities decreased by EUR 0.3 billion to EUR 2.6 billion. This was mainly driven by the development of fair value hedges. The carrying amount was further reduced in connection with the early termination of 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 3.7 billion to EUR 42.5 billion compared with December 31, 2022, mainly resulting from the sale and leaseback of sold passive network infrastructure in Germany and Austria in connection with the sale of the GD tower companies. As a result of this transaction, lease liabilities increased by EUR 5.0 billion. By contrast, lease liabilities in the United States operating segment decreased by EUR 0.6 billion due to a decline in network and build-out investments and the closure of former Sprint shops. Exchange rate effects, in particular from the translation of U.S. dollars into euros, reduced the carrying amount by EUR 0.6 billion.

For further information on the sale of the GD tower companies, please refer to the section "Changes in the composition of the Group and other transactions."

Trade and other payables

The carrying amount of trade and other payables decreased by EUR 0.9 billion to EUR 11.1 billion, due in particular to lower liabilities following a sharp decline in procurement volumes in the United States and Europe operating segments owing to seasonal effects. Exchange rate effects, mainly from the translation of U.S. dollars into euros, also decreased the carrying amount.

Provisions for pensions and other employee benefits

The carrying amount of provisions for pensions and other employee benefits decreased by EUR 0.5 billion as of December 31, 2022 to EUR 3.7 billion, mainly due to an increase in the fair values of plan assets. The decline in the discount rate compared with December 31, 2022 had an offsetting effect. Overall, the remeasurement of defined benefit plans resulted in an actuarial gain of EUR 0.4 billion recognized directly in equity.

Current and non-current other provisions

The carrying amount of current and non-current other provisions decreased by EUR 0.5 billion compared with the end of 2022 to EUR 7.8 billion. Other provisions for personnel costs decreased by EUR 0.2 billion, and the provisions for procurement and sales support by EUR 0.1 billion, mainly in connection with the bonuses paid out to employees and sales partners in the United States operating segment. Provisions for restoration obligations also decreased by EUR 0.1 billion, due in particular to the decommissioning of the former Sprint mobile network and due to shop closures. Exchange rate effects, in particular from the translation of U.S. dollars into euros, also contributed to the decrease in the carrying amount.

Other liabilities

The carrying amount of current and non-current other liabilities increased by EUR 0.4 billion to EUR 6.0 billion, mainly due 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 remained unchanged compared with December 31, 2022 at EUR 1.7 billion.

Contract liabilities

The carrying amount of current and non-current contract liabilities increased by EUR 0.1 billion compared with December 31, 2022 to EUR 2.6 billion. These substantially include deferred revenues. The increase resulted from higher contract liabilities in the United States, Systems Solutions, and Germany operating segments.

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 3.0 billion against December 31, 2022 to EUR 0.4 billion. The sale of the GD tower companies as of February 1, 2023 reduced the carrying amount by EUR 3.0 billion. Up until this date, the liabilities had been classified as held for sale on account of the sales agreement concluded.

For further information on the sale of the GD tower companies, 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 87.3 billion as of December 31, 2022 to EUR 98.7 billion, with profit of EUR 16.4 billion and capital increases from share-based payments of EUR 0.1 billion having an increasing effect. By contrast, transactions with owners reduced shareholders' equity by EUR 4.5 billion, mainly in connection with the share buy-back program at T-Mobile US. Other comprehensive income also decreased the carrying amount by EUR 0.7 billion. The main factors here were negative currency translation effects recognized directly in equity amounting to EUR 1.1 billion, offset by a positive effect of EUR 0.4 billion from the remeasurement of defined benefit plans.

For further information on the increase of the stake in T-Mobile US, please refer to the section "Other transactions that had no effect on the composition of the Group."

The following table shows the changes in the composition of the Group and the development of transactions with owners:

millions of €	Mar. 31, 2023			Dec. 31, 2022		
	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**	**(4)**	**(4)**	**0**	**(583)**	**(583)**
Sale of T-Mobile Netherlands	0	0	0	0	(583)	(583)
Other effects	0	(4)	(4)	0	0	0
Transactions with owners	**(1,374)**	**(3,128)**	**(4,502)**	**(2,569)**	**(3,428)**	**(5,997)**
T-Mobile US share buy-back/share-based payment	(1,367)	(3,112)	(4,480)	(978)	(1,994)	(2,972)
OTE share buy-back	(7)	(14)	(21)	(100)	(190)	(290)
Hrvatski Telekom share buy-back	0	(2)	(2)	(2)	(22)	(24)
Increase of the stake in T-Mobile US	0	0	0	(1,493)	(1,178)	(2,672)
Magyar Telekom share buy-back	0	0	0	15	(53)	(38)
Other effects	0	0	0	(10)	9	(1)

Selected notes to the consolidated income statement

As a result of the sales agreement concluded on July 13, 2022, the GD tower companies had been recognized in the interim consolidated financial statements as a discontinued operation from the third quarter of 2022 until their sale on February 1, 2023. The comparative period in the consolidated income statement has been adjusted accordingly with retrospective effect. Thus the contributions by the GD tower companies were no longer included in the individual items of the consolidated income statement. Instead, profit or loss after taxes was disclosed in aggregate form in the item "Profit/loss after taxes from discontinued operation."

For further information on the sale of the GD tower companies, please refer to the section "Changes in the composition of the Group and other transactions."

Net revenue

Net revenue breaks down into the following revenue categories:

millions of €	Q1 2023	Q1 2022
Service revenues	**22,818**	**22,036**
Germany	5,417	5,290
United States	14,475	13,456
Europe	2,298	2,250
Systems Solutions	921	914
Group Development	0	411
Group Headquarters & Group Services	242	257
Reconciliation	(535)	(542)
Non-service revenues	**5,006**	**5,657**
Germany	724	673
United States	3,787	4,424
Europe	486	432
Systems Solutions	25	13
Group Development	3	129
Group Headquarters & Group Services	336	347
Reconciliation	(355)	(361)
Net revenue	**27,824**	**27,693**

The breakdown of revenues by revenue category was changed in line with the Group's management model, effective January 1, 2023. Comparative figures have been adjusted retrospectively.

For further information on this change, please refer to the section "Changes in accounting policies and changes in the reporting structure."

The service revenues essentially comprise predictable and/or recurring revenues from Deutsche Telekom's core activities. These relate to revenues that are generated from services (i.e., revenues from fixed and mobile network voice services, incoming and outgoing calls, as well as data services) plus roaming revenues, monthly basic charges and visitor revenues, as well as revenues from the ICT business. Service revenues also include revenues earned for providing premium services to customers, such as reinsurance for device insurance policies and extended warranty contracts. Revenue from insurance contracts in the scope of IFRS 17 in the Group amounted to EUR 1.1 billion (Q1 2022: EUR 1.1 billion).

Non-service revenues mainly comprise one-time and variable revenues, e.g., revenue from the sale or rental of fixed-network or mobile devices, from value-added services, from application and contract services, revenue with virtual network operators, one-time revenue from the build-out of technical infrastructure, and revenue from vehicle and property leasing.

Net revenue includes revenue from the use of entity assets by others in the scope of IFRS 16 in the amount of EUR 0.4 billion (Q1 2022: EUR 0.7 billion). Of the revenue from the use of entity assets by others reported in net revenue, EUR 0.2 billion (Q1 2022: EUR 0.2 billion) relates to service revenues and EUR 0.2 billion (Q1 2022: EUR 0.5 billion) to non-service revenues.

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 €	Q1 2023	Q1 2022
Income from the reversal of impairment losses on non-current assets	0	1
Income from the disposal of non-current assets	66	22
Income from reimbursements	37	31
Income from insurance compensation	69	112
Income from ancillary services	11	6
Miscellaneous other operating income	150	2,994
Of which: gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method	19	2,553
	334	**3,165**

Income from insurance compensation in the first quarter of 2023 mainly relates to further refunds from insurance companies for expenses incurred in connection with the cyberattack on T-Mobile US in August 2021. In the prior year, this income 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 in the prior year from the deconsolidation and sale of stakes accounted for using the equity method were attributable to the loss of control over the GlasfaserPlus entities (EUR 1.7 billion) and the sale of T-Mobile Netherlands (EUR 0.9 billion). Other operating income in the prior year also included 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.

For further information on the sale of the GD tower companies, please refer to the section "Changes in the composition of the Group and other transactions."

Other operating expenses

millions of €

	Q1 2023	Q1 2022
Impairment losses on financial assets	(270)	(241)
Gains (losses) from the write-off of financial assets measured at amortized cost	0	(12)
Other	(931)	(811)
Legal and audit fees	(90)	(118)
Losses from asset disposals	(59)	(39)
Income (losses) from the measurement of factoring receivables	0	(2)
Other taxes	(183)	(154)
Cash and guarantee transaction costs	(156)	(144)
Insurance expenses	(44)	(39)
Miscellaneous other operating expenses	(399)	(315)
	(1,202)	**(1,065)**

Miscellaneous other operating expenses include expenses of EUR 0.2 billion for data storage in data centers, in cloud applications, or other IT services, and of EUR 0.1 billion for regulatory duties in the United States.

Depreciation, amortization and impairment losses

At EUR 6.0 billion, depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets were EUR 0.6 billion lower in the first quarter of 2023 than in the prior-year period, with the decrease being almost exclusively attributable to the United States operating segment. Depreciation and amortization at T-Mobile US were lower due to the ongoing strategic withdrawal from the terminal equipment lease business. Depreciation and amortization also decreased due to the complete write-off of certain 4G network components, including assets affected by the decommissioning of the former Sprint's legacy CDMA and LTE networks in 2022. The decrease was offset by increased depreciation and amortization in connection with the further build-out of the nationwide 5G network in the United States. A further reduction in the useful life of leased network technology for cell sites also resulted in an increase in depreciation of the corresponding right-of-use assets of EUR 0.1 billion. No significant impairment losses were recorded either in the reporting period or in the prior-year period.

Profit/loss from financial activities

Loss from financial activities increased year-on-year from EUR 0.9 billion to EUR 1.3 billion, with other financial income declining from EUR 0.3 billion to EUR 0.1 billion, in particular in connection with the interest component from the measurement of provisions and liabilities. This decrease 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. Gain from financial instruments remained stable at EUR 0.2 billion. Finance costs also increased from EUR 1.2 billion to EUR 1.4 billion. The increase in interest expense resulted from the sale and leaseback of sold passive network infrastructure in Germany and Austria in connection with the sale of GD Towers and the modification of the arrangements between T-Mobile US and Crown Castle in 2022, which resulted in an increase in the carrying amounts of the lease liabilities.

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 1.0 billion was recorded in the first quarter of 2023. The tax amount reflects the shares of the different countries in profit before income taxes and their respective national tax rates. In the prior-year period, a tax expense of EUR 1.0 billion was recognized on the higher profit/loss before income taxes, which essentially reflects the respective national tax rates. However, the tax rate was reduced by the realization of tax-free income from the sale of T-Mobile Netherlands and the shares in GlasfaserPlus.

Profit/loss after taxes from discontinued operation

The sale of the GD tower companies was consummated on February 1, 2023 and these companies have not been part of the Group since that date. The development presented contains the contributions for the first month of 2023.

The following table provides a breakdown of profit/loss after taxes from the discontinued operation:

millions of €	Q1 2023	Q1 2022
Net revenue	**15**	**53**
Other operating income	12,923	(1)
Changes in inventories	0	1
Own capitalized costs	0	5
Goods and services purchased	69	190
Personnel costs	(6)	(19)
Other operating expenses	0	(1)
EBITDA	**13,001**	**229**
Depreciation, amortization and impairment losses	0	(96)
Profit (loss) from operations (EBIT)	**13,001**	**133**
Finance costs	(14)	(6)
Other financial income (expense)	(2)	15
Profit (loss) from financial activities	**(16)**	**8**
Profit (loss) before income taxes	**12,986**	**141**
Income taxes	706	(45)
Profit (loss) after taxes from discontinued operation	**13,691**	**96**

Value contributions by GD tower companies are presented separately in the income statement of the discontinued operation. Since Deutsche Telekom largely continues to use the sold, passive network infrastructure after consummation of the transaction effective February 1, 2023, the intragroup eliminations of income and expenses between discontinued and continuing operations are disclosed at the level of the discontinued operation. So, for example, goods and services purchased include eliminations of intragroup onward charging of purchased services of GD tower companies mainly to Telekom Deutschland GmbH. In this way, the net effect is that internal cost allocations are no longer included in Deutsche Telekom's interim consolidated financial statements. Due to continuing contractual relationships, the corresponding expenses for purchased services will also be incurred after the sale of the GD tower companies.

Other operating income of EUR 12.9 billion resulted from the loss of control over the GD tower companies. Income from income taxes resulted from deferred tax effects arising in connection with the concluded sale-and-leaseback transaction.

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

Other disclosures

Notes to the consolidated statement of cash flows

Net cash from operating activities

Net cash from operating activities increased by EUR 0.2 billion year-on-year to EUR 9.6 billion. This positive trend is attributable to sound business development. Lower cash outflows in connection with the integration of Sprint in the United States also had a positive effect, as did exchange rate effects. By contrast, the increase in net interest payments of EUR 0.3 billion and the increase in tax payments of EUR 0.1 billion had a reducing effect.

Net cash from/used in investing activities

millions of €

	Q1 2023	Q1 2022
Cash outflows for investments in intangible assets	(1,187)	(3,551)
Cash outflows for investments in property, plant and equipment	(3,639)	(3,621)
Proceeds from the disposal of property, plant and equipment, and intangible assets	23	50
Payments for publicly funded investments in the broadband build-out	(66)	(73)
Proceeds from public funds for investments in the broadband build-out	51	44
Cash outflows for short-term investments in government bonds	(822)	0
Net cash flows for collateral deposited and hedging transactions	139	(1,184)
Other changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	0	(51)
Changes in cash and cash equivalents in connection with the sale of the 51 % stake in the GD tower companies[a]	7,598	0
Changes in cash and cash equivalents in connection with the sale of the 75 % stake in T-Mobile Netherlands[b]	0	3,642
Changes in cash and cash equivalents in connection with the sale of the 50 % stake in GlasfaserPlus[c]	0	432
Other changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	10	15
Other	(102)	(215)
Net cash from (used in) investing activities	**2,005**	**(4,512)**
Of which: from discontinued operation	(17)	(39)

[a] Includes, in addition to the cash inflow of EUR 7,695 million for the sale of the 51 % stake, outflows of cash and cash equivalents in the amount of EUR 97 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 4.8 billion, cash outflows for investments in intangible assets and property, plant and equipment were EUR 2.3 billion lower than in the prior year. In the reporting period, the United States operating segment acquired spectrum licenses for a total amount of EUR 0.1 billion. In the prior year, this item had included cash outflows for the acquisition of mobile spectrum licenses of EUR 2.5 billion in the United States operating segment. Excluding investments in mobile spectrum licenses, cash outflows for investments in intangible assets and property, plant and equipment were up EUR 0.1 billion year-on-year. In the Germany operating segment, cash outflows increased by EUR 0.3 billion in connection with the fiber-optic build-out. Cash outflows in the Europe operating segment increased by EUR 0.1 billion. By contrast, cash outflows in the United States operating segment decreased by EUR 0.2 billion, in particular due to higher cash outflows for investments in the prior year as a result of the accelerated build-out of the 5G network and the integration of Sprint.

Net cash used in/from financing activities

millions of €	Q1 2023	Q1 2022
Issuance of bonds	2,819	0
Repayment of bonds	(3,411)	(554)
Commercial paper, net	(2,280)	0
Repayment of EIB loans	(12)	(12)
Overnight borrowings from banks, net	(200)	0
Repayment of liabilities with the right of creditors to priority repayment in the event of default	(123)	(119)
Repayment of liabilities from 5G spectrum acquired in Germany	(85)	(85)
Repayment of financial liabilities for media broadcasting rights	(82)	(79)
Principal portion of repayment of lease liabilities	(1,529)	(1,235)
Changes in cash and cash equivalents in connection with the sale and leaseback of the passive network infrastructure of the GD tower companies	3,069	0
Net cash flows for hedging transactions	38	0
Cash flows from continuing involvement factoring, net	0	5
Dividend payments (including to other shareholders of subsidiaries)	(5)	0
Cash inflows from transactions with non-controlling entities		
T-Mobile US stock options	4	1
Cellnex Netherlands capital contributions	0	1
Other cash inflows	1	0
	5	**3**
Cash outflows from transactions with non-controlling entities		
T-Mobile US share buy-back/share-based payment	(4,480)	(152)
OTE share buy-back	(20)	(71)
Other payments	(2)	(29)
	(4,502)	**(252)**
Other	(43)	(325)
Net cash (used in) from financing activities	**(6,340)**	**(2,653)**
Of which: from discontinued operation	(74)	(92)

Non-cash transactions

In the reporting period, Deutsche Telekom leased assets totaling EUR 2.8 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 prior-year period, EUR 6.6 billion had 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 were up EUR 1.8 billion against the prior-year period, mainly due to the leaseback of passive network infrastructure in Germany and Austria under the sale-and-leaseback agreement in connection with the sale of the GD tower companies.

For further information on the sale of the GD tower companies, please refer to the section "Changes in the composition of the Group and other transactions."

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 0.1 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, mobile terminal equipment was only recognized to a marginal extent under property, plant and equipment in the reporting period (prior-year period: EUR 0.1 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 gives an overall summary of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first quarters of 2023 and 2022.

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

Effective July 1, 2022, Deutsche Telekom Security GmbH and the **security business** in Germany, Austria, Switzerland, Hungary, and Slovakia were reassigned from the Systems Solutions operating segment to the Germany operating segment. Prior-year comparatives were adjusted retrospectively.

As a result of the agreement concluded on July 13, 2022, the **GD tower companies**, which operated the cell tower business in Germany and Austria in the Group Development operating segment, had been recognized as a discontinued operation in the interim consolidated financial statements from the third quarter of 2022 until their sale effective February 1, 2023. The comparative period in the consolidated income statement was adjusted with retrospective effect.

In response to the IFRS Interpretations Committee's agenda decision published in May 2022 on transactions involving the commercial resale of software, Deutsche Telekom has implemented comprehensive changes to its accounting practices with respect to the recognition of **gross vs. net revenues**, effective the start of the third quarter of 2022. The prior-year comparatives for revenue and goods and services purchased were adjusted accordingly with retrospective effect.

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 segment financial statements and measured at fair value through profit or loss.

Segment information in the first quarter

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	Q1 2023	5,977	164	6,141	1,447	(1,036)	0	50,872	36,828	488
	Q1 2022	5,816	147	5,963	3,024	(996)	(1)	49,366	33,167	511
United States	Q1 2023	18,261	1	18,262	3,575	(3,967)	(4)	210,312	142,338	368
	Q1 2022	17,880	0	17,880	2,044	(4,592)	(11)	215,581	143,900	368
Europe	Q1 2023	2,741	43	2,784	478	(609)	(1)	24,387	8,952	53
	Q1 2022	2,632	50	2,682	446	(618)	(1)	23,449	8,202	36
Systems Solutions	Q1 2023	792	154	946	11	(53)	(8)	4,186	3,214	22
	Q1 2022	764	163	927	(5)	(56)	(14)	4,087	3,240	23
Group Development	Q1 2023	26	76	102	13,010	(1)	0	14,017	3,995	6,391
	Q1 2022	605	220	825	1,194	(97)	0	6,444	8,572	365
Group Headquarters & Group Services	Q1 2023	42	536	578	(499)	(353)	0	44,740	54,428	15
	Q1 2022	49	555	604	(369)	(360)	(19)	40,522	55,067	15
Total from continuing operations and discontinued operation	**Q1 2023**	**27,839**	**974**	**28,813**	**18,022**	**(6,019)**	**(13)**	**348,514**	**249,755**	**7,337**
	Q1 2022	**27,746**	**1,135**	**28,881**	**6,334**	**(6,719)**	**(46)**	**339,449**	**252,148**	**1,318**
Reconciliation	Q1 2023	0	(974)	(974)	(7)	3	(1)	(44,721)	(44,647)	0
	Q1 2022	0	(1,135)	(1,135)	(7)	2	(2)	(40,859)	(40,878)	0
Consolidated total from continuing operations and discontinued operation	**Q1 2023**	**27,839**	**0**	**27,839**	**18,015**	**(6,016)**	**(14)**	**303,793**	**205,108**	**7,337**
	Q1 2022	**27,746**	**0**	**27,746**	**6,327**	**(6,717)**	**(48)**	**298,590**	**211,270**	**1,318**
Discontinued operation	Q1 2023	(15)	(84)	(99)	(13,001)	0	0	n.a.	n.a.	n.a.
	Q1 2022	(53)	(231)	(284)	(133)	96	0	n.a.	n.a.	n.a.
Reconciliation	Q1 2023	0	84	84	0	0	0	n.a.	n.a.	n.a.
	Q1 2022	0	231	231	0	0	0	n.a.	n.a.	n.a.
Group total	**Q1 2023**	**27,824**	**0**	**27,824**	**5,014**	**(6,016)**	**(14)**	**303,793**	**205,108**	**7,337**
	Q1 2022	**27,693**	**0**	**27,693**	**6,194**	**(6,622)**	**(48)**	**298,590**	**211,270**	**1,318**

[a] Figures relate to the reporting dates of March 31, 2023 and December 31, 2022, respectively.

Contingencies

No material new changes were recorded in the reporting period compared to the contingent liabilities and assets described in the consolidated financial statements for the 2022 financial year.

Other financial obligations

The following table provides an overview of Deutsche Telekom's other financial obligations as of March 31, 2023:

millions of €	Mar. 31, 2023
Purchase commitments regarding property, plant and equipment	6,305
Purchase commitments regarding intangible assets	5,053
Firm purchase commitments for inventories	3,269
Other purchase commitments and similar obligations	30,686
Payment obligations to the Civil Service Pension Fund	876
Obligations arising in connection with business combinations	1,073
Miscellaneous other obligations	6
	47,268

Other purchase commitments and similar obligations mainly comprise obligations for the procurement of services, such as maintenance and servicing, IT services, marketing measures, and outsourcing. Of the obligations arising in connection with business combinations, USD 1.0 billion (EUR 0.9 billion) relates to obligations in connection with the agreed acquisition of Ka'ena in the United States.

For further information on the agreed acquisition of Ka'ena, please refer to the section "Changes in the composition of the Group and other transactions."

Disclosures on financial instruments

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

millions of €

	Measurement category in accordance with IFRS 9	Carrying amount Mar. 31, 2023	Amounts recognized in the statement of financial position in accordance with IFRS 9: 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 Mar. 31, 2023[b]
Assets								
Cash and cash equivalents	AC	10,913	10,913					
Trade receivables								
At amortized cost	AC	6,684	6,684					
At fair value through other comprehensive income	FVOCI	9,207			9,207			9,207
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	7,403	7,403					7,413
Of which: collateral paid	AC	1,286	1,286					
Of which: publicly funded projects	AC	2,079	2,079					
At fair value through profit or loss	FVTPL	682				682		682
Equity instruments								
At fair value through other comprehensive income	FVOCI	416		416				416
At fair value through profit or loss	FVTPL	4				4		4
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,203				1,203		1,203
Of which: termination rights embedded in bonds issued	FVTPL	163				163		163
Of which: energy forward agreements embedded in contracts	FVTPL	169				169		169
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	412				412		412
Derivatives with a hedging relationship	n.a.	1,038			1,031	7		1,038
Lease assets	n.a.	193					193	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	64	64					
Liabilities								
Trade payables	AC	11,106	11,106					
Bonds and other securitized liabilities	AC	89,892	89,892					86,003
Liabilities to banks	AC	3,914	3,914					3,740
Liabilities with the right of creditors to priority repayment in the event of default	AC	2,746	2,746					2,641
Other interest-bearing liabilities	AC	7,305	7,305					7,125
Of which: collateral received	AC	138	138					
Liabilities from deferred interest	AC	1,039	1,039					
Other non-interest-bearing liabilities	AC	929	929					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	14	14					
Lease liabilities	n.a.	42,454					42,454	

[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 Mar. 31, 2023	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 Mar. 31, 2023[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]		
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	338				338		338
Of which: energy forward agreements embedded in contracts	FVTPL	20				20		20
Derivatives with a hedging relationship	n.a.	2,219			82	2,137		2,219
Of which: energy forward agreements	n.a.	39			39			39
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	341	341					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	25,064	25,064					7,413
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	9,207			9,207			9,207
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	416		416				416
Financial assets at fair value through profit or loss	FVTPL	1,889				1,889		1,889
Liabilities								
Financial liabilities at amortized cost	AC	117,272	117,272					99,509
Financial liabilities at fair value through profit or loss	FVTPL	338				338		338

[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, 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 Dec. 31, 2022[b]
Assets								
Cash and cash equivalents	AC	5,767	5,767					
Trade receivables								
At amortized cost	AC	6,926	6,926					
At fair value through other comprehensive income	FVOCI	9,841			9,841			9,841
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	6,337	6,337					6,347
Of which: collateral paid	AC	1,484	1,484					
Of which: publicly funded projects	AC	2,019	2,019					
At fair value through profit or loss	FVTPL	646				646		646
Equity instruments								
At fair value through other comprehensive income	FVOCI	446		446				446
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,239				1,239		1,239
Of which: termination rights embedded in bonds issued	FVTPL	117				117		117
Of which: energy forward agreements embedded in contracts	FVTPL	204				204		204
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	402				402		402
Derivatives with a hedging relationship	n.a.	1,034			1,034	0		1,034
Lease assets	n.a.	205					205	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	75	75					
Liabilities								
Trade payables	AC	12,035	12,035					
Bonds and other securitized liabilities	AC	93,802	93,802					87,642
Liabilities to banks	AC	4,122	4,122					3,926
Liabilities with the right of creditors to priority repayment in the event of default	AC	2,924	2,924					2,799
Other interest-bearing liabilities	AC	7,526	7,526					7,311
Of which: collateral received	AC	156	156					
Liabilities from deferred interest	AC	999	999					
Other non-interest-bearing liabilities	AC	769	769					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	13	13					
Lease liabilities	n.a.	38,792					38,792	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	368				368		368
Of which: energy forward agreements embedded in contracts	FVTPL	59				59		59
Derivatives with a hedging relationship	n.a.	2,521			44	2,477		2,521
Of which: energy forward agreements	n.a.	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 Dec. 31, 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 Dec. 31, 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]		
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	2,431	2,431					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	19,105	19,105					6,347
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	9,841			9,841			9,841
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	446		446				446
Financial assets at fair value through profit or loss	FVTPL	1,888				1,888		1,888
Liabilities								
Financial liabilities at amortized cost	AC	124,608	124,608					101,678
Financial liabilities at fair value through profit or loss	FVTPL	368				368		368

[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 2.5 billion (December 31, 2022: 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 €

	Mar. 31, 2023				Dec. 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Trade receivables								
At fair value through other comprehensive income			9,207	**9,207**			9,841	**9,841**
At fair value through profit or loss			0	**0**			0	**0**
Other financial assets – Originated loans and other receivables								
At fair value through profit or loss	229	0	453	**682**	206	0	440	**646**
Equity instruments								
At fair value through other comprehensive income	11		405	**416**	9		437	**446**
At fair value through profit or loss			4	**4**			3	**3**
Derivative financial assets								
Derivatives without a hedging relationship		837	366	**1,203**		884	355	**1,239**
Derivatives with a hedging relationship		1,038		**1,038**		1,034		**1,034**
Liabilities								
Derivative financial liabilities								
Derivatives without a hedging relationship		318	20	**338**		309	59	**368**
Derivatives with a hedging relationship		2,180	39	**2,219**		2,521		**2,521**

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: energy forward agreements	Derivative financial liabilities at fair value through profit or loss: energy forward agreements	Originated loans and other receivables at fair value through profit or loss: contingent consideration receivable
Carrying amount as of January 1, 2023	**436**	**117**	**204**	**(59)**	**415**
Additions (including first-time classification as Level 3)	8	11	0	0	0
Decreases in fair value recognized in profit/loss (including losses on disposal)		(28)	(27)	(10)	0
Increases in fair value recognized in profit/loss (including gains on disposal)		66	0	45	8
Decreases in fair value recognized directly in equity	(51)				
Increases in fair value recognized directly in equity	14				
Disposals (including last classification as Level 3)[a]	(1)	0	(4)	4	0
Currency translation effects recognized directly in equity	(1)	(3)	(3)	0	
Carrying amount as of March 31, 2023	**405**	**163**	**170**	**(20)**	**423**

[a] The disposals under energy forward agreements include billing amounts paid.

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 405 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 82 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 the current reporting date. In the case of investments with a carrying amount of EUR 19 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 274 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 2.8 and 16.1) were applied and a range of equally distributed percentiles in intervals of 16.7 % around the median were taken as a basis. For each investment, the appropriate percentile was used 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 30 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 163 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 %	1.3 % – 1.9 %
BBB-	0.1 % – 0.3 %	1.8 % – 2.5 %
BB+/BB	0.1 % – 0.3 %	2.0 % – 2.9 %

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 51 million lower (EUR 66 million higher). In the reporting period, net income of EUR 37 million when translated into euros was recognized under the Level 3 measurement in other financial income/expense for unrealized gains 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: energy forward agreements	Derivative financial liabilities at fair value through profit or loss: energy forward agreements	Originated loans and other receivables at fair value through profit or loss: contingent consideration receivable
Multiple next-level-up quantile	86				
Multiple next-level-down quantile	(61)				
Expected revenues +10 %	23				
Expected revenues -10 %	(23)				
Interest rate volatility[b] +10 %		14			
Interest rate volatility[b] -10 %		(15)			
Spread curve[c] +50 basis points		(67)			(8)
Spread curve[c] -50 basis points		95			8
Mean reversion[d] +100 basis points		(8)			
Mean reversion[d] -100 basis points		8			
Future energy prices +10 %			43	6	
Future energy prices -10 %			(50)	(6)	
Future energy output +5 %			30	1	
Future energy output -5 %			(38)	(1)	
Future prices for renewable energy credits[e] +100 %			24	2	
Future prices for renewable energy credits[e] from zero			(32)	(2)	
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					(16)
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.

With a carrying amount of EUR 169 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 EUR 20 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 2025; 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 not recognized in profit or loss 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). At the reporting date, the calculated fair value from Deutsche Telekom's perspective for all energy forward agreements described above is positive and amounts to EUR 276 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 16 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 attributable in part to changes in observable and unobservable energy prices and to interest rate effects. On the other hand, contract adjustments gave rise to income of EUR 33 million. 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 11 million per year when translated into euros. In addition, similar energy forward agreements were concluded in Europe for which, however, no significant volatility in fair value is to be expected. At the reporting date, their carrying amount when translated into euros, was EUR 39 million (liability), and they were designated as hedging instruments in hedge relationships. Due to their distinctiveness, the energy forward agreements constitute a separate class of financial instruments.

millions of €

	United States
Term of the contract from the start of commercial operation in years	12 to 15
End of the term of contracts for which commercial operation has already begun	2029 to 2035
Expected energy output in GWh per year	4,057
Expected energy prices per MWh for the unobservable portion of the term in €	
On-peak (i.e., times of relatively high energy demand) in €	22 to 114
Off-peak (i.e., times of relatively low energy demand) in €	22 to 139
On-peak/off-peak ratio	52 %
Length of time in years, for which energy prices are regularly observable	up to 10
Length of time in years, for which the prices of renewable energy credits are regularly observable	around 3

Development of the not yet amortized amounts

millions of €

	Energy forward agreements[a]
Measurement amounts on initial recognition	**173**
Measurement amounts on initial recognition (additions during the reporting period)	72
Measurement amounts amortized in profit or loss in prior periods	(40)
Measurement amounts amortized in profit or loss in the current reporting period	(2)
Currency translation adjustments	9
Disposals in prior periods	0
Disposals in the current reporting period	(85)
Measurement amounts not amortized as of March 31, 2023	**127**

[a] For more details, please refer to the explanations above.

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 423 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 2029. The spread of the debtor IFM constitutes an unobservable input; at the current reporting date, values of between 1.1 % and 1.5 % 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, net income of EUR 8 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 a change 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 30 million relate to immaterial items for which no significant volatility in fair value is to be expected.

For the trade receivables measured at fair value through other comprehensive income assigned to Level 3 and for the originated loans and other receivables measured 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 assigned to Level 3 include trade receivables measured at fair value through other comprehensive income, for which the credit risk of customers constitutes an unobservable input for the measurement, with a carrying amount of EUR 9,207 million (December 31, 2022: EUR 9,841 million) when translated into euros. As a rule, a credit scoring model is used for receivables paid in installments. The cash flows are discounted on the basis of the weighted average of the original effective interest rates of the financial assets in the relevant portfolio. A weighted average credit-risk spread of 7.02 % (December 31, 2022: 6.28 %) was applied to the respective receivables portfolios at the reporting date. The credit-risk spreads applied are derived from the expected future credit loss of the relevant portfolio and are updated on an ongoing basis. Changes in the fair value of these trade receivables are caused mainly by changes in observable Level 2 inputs (in particular market interest rates).

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 34 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 138 million (December 31, 2022: EUR 156 million). The credit risk was thus reduced by EUR 137 million (December 31, 2022: EUR 134 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 1,496 million as of the reporting date (December 31, 2022: EUR 1,549 million) had a residual credit risk of EUR 11 million as of March 31, 2023 (December 31, 2022: EUR 0.6 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 1,219 million as of the reporting date (December 31, 2022: EUR 1,411 million) to counterparties pursuant to collateral agreements. The cash collateral paid is offset by corresponding net derivative positions of EUR 1,134 million at the reporting date (December 31, 2022: EUR 1,392 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 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 2 million when translated into euros (December 31, 2022: EUR 2 million). At the reporting date, cash and cash equivalents of EUR 64 million (December 31, 2022: EUR 63 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 changes to the related-party disclosures reported in the consolidated financial statements as of December 31, 2022 were in effect as of March 31, 2023:

Joint ventures. On February 1, 2023, Deutsche Telekom sold 51.0 % of the shares in the cell tower business companies in Germany and Austria (GD tower companies). Since then, the stake retained by Deutsche Telekom of 49.0 % has been included in the consolidated financial statements as a joint venture using the equity method. The carrying amount of the investment amounted to EUR 6.0 billion as of March 31, 2023. Once the transaction was consummated, Deutsche Telekom leased back the majority of the sold passive network infrastructure in Germany and Austria under a sale-and-leaseback agreement with a non-cancellable basic lease term of eight years. As of March 31, 2023, there were lease liabilities to the GD tower companies of EUR 5.0 billion.

For further information on the sale of the GD tower companies, please refer to the section “Changes in the composition of the Group and other transactions.”

Executive bodies

Board of Management. By resolution of February 23, 2022, Adel Al-Saleh was reappointed as the Board member responsible for T-Systems for the period from January 1, 2023 to December 31, 2027.

Events after the reporting period

T-Mobile US share buy-back program continued. In the period from April 1, 2023 to April 21, 2023, T-Mobile US bought back around 5.1 million additional shares with a total volume of USD 0.8 billion (EUR 0.7 billion) under the share buy-back program.

For further information on the share buy-back program at T-Mobile US, please refer to the section “Other transactions that had no effect on the composition of the Group.”

2023 shareholders’ meeting. Deutsche Telekom held its annual shareholders’ meeting in Bonn on April 5, 2023. In accordance with the published agenda, the 2023 shareholders’ meeting passed resolutions on the approval of the actions of the Board of Management and the Supervisory Board, the selection of the external auditor for the 2023 financial year, and the amount of the dividend (EUR 0.70 per dividend-bearing no par value share; EUR 3.5 billion in total). The dividend was paid out in April 2023.

Sale of the U.S. wireline business. On May 1, 2023, T-Mobile US closed the sale of the fiber-optic-based wireline business. All necessary regulatory approvals had been duly granted and all other closing conditions met.

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

Issuance of USD bonds by T-Mobile US. On May 8, 2023, T-Mobile US announced that the company will issue senior notes with a total volume of USD 3.5 billion (EUR 3.2 billion) with terms ending between 2028 and 2054 and bearing interest of between 4.800 % and 5.750 %. The transaction is scheduled to close on May 11, 2023, subject to satisfaction of customary closing conditions. T-Mobile US intends to use the proceeds from the issuance of the senior notes for general business purposes, including further share buy-backs and the ongoing refinancing of existing debt.

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, May 11, 2023

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 March 31, 2023, 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 March 31, 2023 which are part of the quarterly 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 interim consolidated financial statements of Deutsche Telekom AG have not been prepared, in all material respects, in accordance with the IFRSs 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, May 11, 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christoph Schenk
Wirtschaftsprüfer (German Public Auditor)

Dr. Tim Hoffmann
Wirtschaftsprüfer (German Public Auditor)

Additional information

Reconciliation for the change in disclosure of key figures for the prior-year period

millions of €	Total revenue	Profit (loss) from operations (EBIT)	EBITDA AL (adjusted for special factors)	Depreciation and amortization	Impairment losses	Segment assets	Segment liabilities
Q1 2022/March 31, 2022 Presentation as of March 31, 2022 – as reported							
Germany	5,994	3,021	2,388	(996)	(1)	47,658	32,508
United States	18,048	2,044	6,172	(4,592)	(11)	207,039	137,612
Europe	2,704	446	976	(618)	(1)	24,365	8,251
Systems Solutions	996	(2)	73	(56)	(15)	4,164	3,509
Group Development	825	1,194	356	(97)	0	5,982	4,096
Group Headquarters & Group Services	604	(369)	(85)	(360)	(19)	40,722	55,912
Total	**29,171**	**6,334**	**9,880**	**(6,719)**	**(47)**	**329,930**	**241,888**
Reconciliation	(1,147)	(7)	(7)	2	(1)	(37,508)	(37,121)
Group	**28,023**	**6,327**	**9,873**	**(6,717)**	**(48)**	**292,422**	**204,767**
Q1 2022/March 31, 2022 +/- reassignment of the security business as of July 1, 2022							
Germany	46	3	5	0	0	136	118
United States	0	0	0	0	0	0	0
Europe	0	0	0	0	0	0	0
Systems Solutions	(54)	(3)	(5)	0	0	(135)	(117)
Group Development	0	0	0	0	0	0	0
Group Headquarters & Group Services	0	0	0	0	0	0	0
Total	**(10)**	**0**	**0**	**0**	**0**	**1**	**1**
Reconciliation	9	0	0	0	0	(1)	(1)
Group	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Q1 2022/March 31, 2022 +/- change in principal/agent disclosure as of July 1, 2022							
Germany	(77)	0	0	0	0	0	0
United States	(168)	0	0	0	0	0	0
Europe	(22)	0	0	0	0	0	0
Systems Solutions	(15)	0	0	0	0	0	0
Group Development	0	0	0	0	0	0	0
Group Headquarters & Group Services	0	0	0	0	0	0	0
Total	**(280)**	**0**	**0**	**0**	**0**	**0**	**0**
Reconciliation	3	0	0	0	0	0	0
Group	**(277)**	**0**	**0**	**0**	**0**	**0**	**0**
Q1 2022/March 31, 2022 = presentation following change in disclosure (management approach)[a]							
Germany	5,963	3,024	2,393	(996)	(1)	47,794	32,626
United States	17,880	2,044	6,172	(4,592)	(11)	207,039	137,612
Europe	2,682	446	976	(618)	(1)	24,365	8,251
Systems Solutions	927	(5)	68	(56)	(14)	4,029	3,392
Group Development	825	1,194	356	(97)	0	5,982	4,096
Group Headquarters & Group Services	604	(369)	(85)	(360)	(19)	40,722	55,912
Total	**28,881**	**6,334**	**9,880**	**(6,719)**	**(46)**	**329,931**	**241,889**
Reconciliation	(1,135)	(7)	(7)	2	(2)	(37,509)	(37,122)
Group	**27,746**	**6,327**	**9,873**	**(6,717)**	**(48)**	**292,422**	**204,767**

[a] The GD Towers business entity, which operated the cell tower business in Germany and Austria and was assigned to the Group Development operating segment, was recognized as a discontinued operation in the interim consolidated financial statements from the third quarter of 2022 until its sale on February 1, 2023. In accordance with the management approach, we present this reconciliation including the contributions by GD Towers under the Group Development operating segment. For information on the sale of GD Towers, 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.

Reconciliation for the organic development of key figures for the prior-year period[a, b]

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		
	Q1 2023	Q1 2022	Change	Change %	Recon-ciliation Q1 2022	Of which: exchange rate effects	Organic Q1 2022	Change	Change %
Net revenue	**27,839**	**27,746**	**93**	**0.3**	**234**	**798**	**27,980**	**(141)**	**(0.5)**
Germany	6,141	5,963	178	3.0	42	0	6,005	135	2.3
United States	18,262	17,880	382	2.1	817	817	18,697	(435)	(2.3)
Europe	2,784	2,682	102	3.8	(26)	(23)	2,655	129	4.9
Systems Solutions	946	927	19	2.0	(21)	4	906	41	4.5
Group Development	102	825	(723)	(87.6)	(727)	0	98	4	4.2
Group Headquarters & Group Services	578	604	(26)	(4.3)	12	0	616	(38)	(6.1)
EBITDA AL	**22,364**	**11,087**	**11,277**	**n.a.**	**(939)**	**218**	**10,148**	**12,217**	**n.a.**
Germany	2,385	4,015	(1,630)	(40.6)	20	0	4,035	(1,650)	(40.9)
United States	6,173	4,914	1,259	25.6	227	227	5,141	1,032	20.1
Europe	978	975	3	0.3	(5)	(6)	970	8	0.8
Systems Solutions	49	39	10	25.6	3	0	42	8	18.3
Group Development	13,006	1,224	11,782	n.a.	(1,176)	0	48	12,958	n.a.
Group Headquarters & Group Services	(218)	(72)	(146)	n.a.	(11)	(5)	(83)	(135)	n.a.
EBITDA AL (adjusted for special factors)	**9,963**	**9,873**	**90**	**0.9**	**(10)**	**278**	**9,862**	**101**	**1.0**
Germany	2,489	2,393	96	4.0	21	1	2,414	74	3.1
United States	6,536	6,172	364	5.9	283	283	6,455	81	1.3
Europe	983	976	7	0.7	(5)	(5)	971	12	1.2
Systems Solutions	75	68	7	10.3	4	1	72	3	4.6
Group Development	65	356	(291)	(81.7)	(306)	0	49	16	32.0
Group Headquarters & Group Services	(176)	(85)	(91)	n.a.	(9)	(3)	(94)	(82)	(87.5)

[a] The GD Towers business entity, which operated the cell tower business in Germany and Austria and was assigned to the Group Development operating segment, was recognized as a discontinued operation in the interim consolidated financial statements from the third quarter of 2022 until its sale on February 1, 2023. In accordance with the management approach, we present this reconciliation including the contributions by GD Towers under the Group Development operating segment. For information on the sale of GD Towers, 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.

[b] As of the third quarter of 2022 the principal/agent consideration regarding the recognition of gross and net revenues was changed. Prior-year comparatives were adjusted retrospectively.

Glossary

For definitions, please refer to the 2022 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," "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 non-GAAP 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 and net debt, and net debt AL. 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 2022 combined management report (2022 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

May 11, 2023	August 10, 2023	November 9, 2023
Publication of the Interim Group Report as of March 31, 2023	Publication of the Interim Group Report as of June 30, 2023	Publication of the Interim Group Report as of September 30, 2023

February 23, 2024	April 10, 2024	May 16, 2024
Press conference on the 2023 financial year and publication of the 2023 Annual Report	2024 shareholders' meeting	Publication of the Interim Group Report as of March 31, 2024

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 is available online.

Our Annual Report is available online.

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