Deutsche Telekom

Interim Group Report

H1 2021

January 1 to June 30

LIFE IS FOR SHARING.

Contents

Selected financial data of the Group

millions of €

		Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Revenue and earnings[a]								
Net revenue		26,593	27,041	(1.7)	52,983	46,984	12.8	100,999
Of which: domestic	%	19.5	22.5		21.6	25.8		24.5
Of which: international	%	80.5	77.5		78.4	74.2		75.5
Profit (loss) from operations (EBIT)		3,688	3,087	19.5	7,207	5,597	28.8	12,804
Net profit (loss)		1,879	754	n.a.	2,815	1,670	68.6	4,158
Net profit (loss) (adjusted for special factors)		2,113	1,278	65.3	3,315	2,562	29.4	5,715
EBITDA		10,469	10,026	4.4	20,830	16,966	22.8	38,633
EBITDA AL		8,793	8,585	2.4	17,591	14,505	21.3	33,178
EBITDA (adjusted for special factors)		10,877	11,271	(3.5)	21,575	18,834	14.6	40,374
EBITDA AL (adjusted for special factors)		9,418	9,829	(4.2)	18,662	16,373	14.0	35,017
EBITDA AL margin (adjusted for special factors)	%	35.4	36.3		35.2	34.8		34.7
Earnings per share (basic/diluted)	€	0.40	0.16	n.a.	0.59	0.35	68.6	0.88
Adjusted earnings per share (basic/diluted)	€	0.45	0.27	66.7	0.70	0.54	29.6	1.20
Statement of financial position								
Total assets					270,504	269,971	0.2	264,917
Shareholders' equity					77,000	73,502	4.8	72,550
Equity ratio	%				28.5	27.2		27.4
Net debt					127,972	120,897	5.9	120,227
Cash flow[a]								
Net cash from operating activities		8,080	5,148	57.0	16,387	9,107	79.9	23,743
Cash capex		(4,322)	(4,547)	4.9	(16,593)	(8,117)	n.a.	(18,694)
Cash capex (before spectrum investment)		(4,287)	(3,669)	(16.8)	(8,570)	(7,022)	(22.0)	(16,980)
Free cash flow (before dividend payments and spectrum investment)[b]		3,851	3,677	4.7	7,923	5,970	32.7	10,756
Free cash flow AL (before dividend payments and spectrum investment)[b]		2,766	2,425	14.1	5,350	3,712	44.1	6,288
Net cash used in investing activities		(3,934)	(8,548)	54.0	(16,307)	(11,254)	(44.9)	(22,649)
Net cash from (used in) financing activities		(5,100)	13,797	n.a.	(4,513)	11,234	n.a.	7,561

[a] Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. This transaction affects the comparability of the figures for the reporting period with the prior-year figures. For further information on the transaction, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

[b] Before interest payments for zero-coupon bonds and before termination of forward-payer swaps at T-Mobile US in the first half of 2020.

millions

	June 30, 2021	Dec. 31, 2020	Change June 30, 2021/ Dec. 31, 2020 %	June 30, 2020	Change June 30, 2021/ June 30, 2020 %
Fixed-network and mobile customers					
Mobile customers[a]	246.6	241.5	2.1	235.5	4.7
Fixed-network lines	27.4	27.4	0.1	27.3	0.1
Broadband customers[b]	22.1	21.7	1.5	21.3	3.4

[a] Including T-Mobile US wholesale customers.

[b] Excluding wholesale.

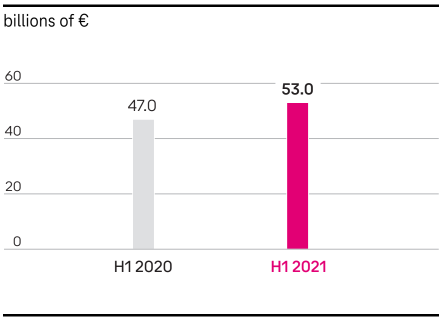
The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures. Changes were calculated on the basis of millions for greater precision.

To our shareholders

Deutsche Telekom at a glance

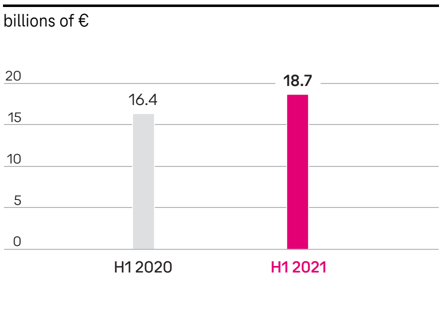
Net revenue

- Net revenue increased by EUR 6.0 billion or 12.8 % to EUR 53.0 billion. In organic terms, revenue increased by EUR 3.4 billion or 6.9 %.
- Our United States segment posted an increase in revenue of 20.7 %. In organic terms, revenue increased by 10.1 % year-on-year due to higher service and terminal equipment revenues.
- In our Germany and Europe segments, we increased revenue by 1.4 % and 1.6 % respectively, on account of strong business performance.
- Revenue in our Systems Solutions segment decreased year-on-year by 5.0 %, due primarily to the decline in traditional IT infrastructure business, in line with expectations.
- In the Group Development segment, revenue increased by 9.8 % year-on-year on the back of operational and structural growth at our T-Mobile Netherlands and GD Towers business units. In organic terms, revenue increased by 4.4 %.



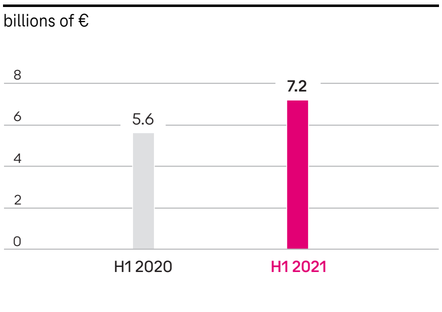
EBITDA AL (adjusted for special factors)

- Adjusted EBITDA AL grew by EUR 2.3 billion or 14.0 % to EUR 18.7 billion, with all operating segments contributing to this positive trend. In organic terms, our adjusted EBITDA AL increased by EUR 0.8 billion or 4.6 %.
- Adjusted EBITDA AL rose sharply by 20.9 % in our United States segment, primarily as a result of the business combination of T-Mobile US and Sprint. In organic terms, adjusted EBITDA AL grew by 4.6 %, despite negative effects of the initiated withdrawal from the terminal equipment lease model in the United States.
- Adjusted EBITDA AL increased by 3.5 % in our Germany segment and by 2.8 % in our Europe segment.
- Adjusted EBITDA AL grew substantially in our Group Development segment, by 14.9 %. This was driven primarily by revenue growth at T-Mobile Netherlands and GD Towers, synergies from the acquisition of Tele2 Netherlands, the acquisition of Simpel, and efficient management of costs at T-Mobile Netherlands.
- At 35.2 %, the Group's adjusted EBITDA AL margin increased by 0.4 percentage points against the prior-year level. The adjusted EBITDA AL margin was 39.3 % in the Germany segment, 34.9 % in the Europe segment, and 34.5 % in the United States segment.



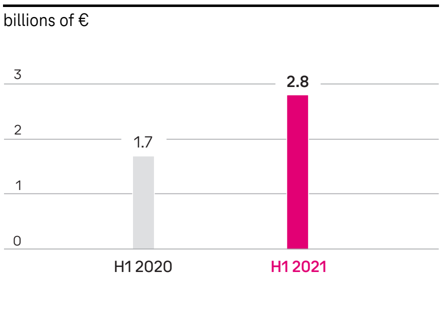
EBIT

- EBIT increased by EUR 1.6 billion or 28.8 % year-on-year to EUR 7.2 billion, mainly as a result of the effects described under adjusted EBITDA AL.
- EBITDA AL was negatively affected by special factors of EUR 1.1 billion compared to expenses of EUR 1.9 billion in the prior-year period. Expenses of EUR 0.7 billion were recorded in connection with the business combination of T-Mobile US and Sprint. These related to acquisition and integration costs, as well as the restructuring costs for realizing cost efficiencies; this contrasted with expenses of EUR 0.8 billion in the prior-year period. The sale of the Dutch cell tower business resulted in a gain on deconsolidation of EUR 0.2 billion, which was recognized as a special factor. Special factors in connection with staff restructuring measures were down year-on-year by EUR 0.2 billion. In addition, expenses in the prior year of EUR 0.4 billion, mainly in connection with the coronavirus pandemic, had been classified as special factors in the United States segment.
- Depreciation, amortization and impairment losses were EUR 2.3 billion higher than in the prior-year period due in particular to the acquisition of Sprint.



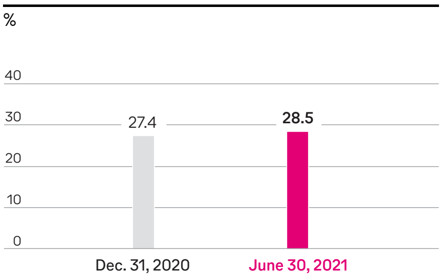
Net profit

- Net profit increased by EUR 1.1 billion or 68.6 % to EUR 2.8 billion.
- Our loss from financial activities remained unchanged at EUR 2.2 billion, with finance costs increasing by EUR 0.3 billion to EUR 2.3 billion, mainly due to the financial liabilities acquired in connection with the acquisition of Sprint and the related restructuring and increase of financing. By contrast, other financial expense decreased by EUR 0.4 billion year-on-year to income of EUR 0.2 billion, mainly due to higher interest income from the measurement of provisions and liabilities.
- The tax expense increased year-on-year by EUR 0.3 billion to EUR 1.3 billion.
- Profit attributable to non-controlling interests increased by EUR 0.2 billion to EUR 1.0 billion.
- Adjusted earnings per share amounted to EUR 0.70 compared with EUR 0.54 in the prior-year period.



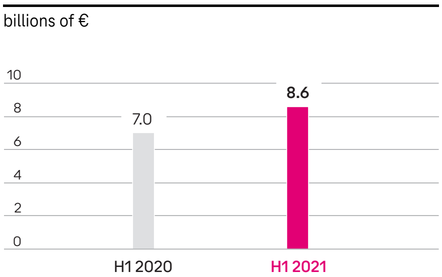
Equity ratio

- The equity ratio increased by 1.1 percentage points against December 31, 2020 to 28.5 %.
- The EUR 4.5 billion increase in shareholders' equity is primarily attributable to profit of EUR 3.8 billion and to other comprehensive income of EUR 3.7 billion. This mainly includes effects from currency translations (EUR 2.1 billion) and the remeasurement of defined benefit plans (EUR 1.6 billion).
- Shareholders' equity was reduced in particular by dividend payments to our shareholders (EUR 2.8 billion) and other shareholders of subsidiaries (EUR 0.2 billion), as well as income taxes relating to components of other comprehensive income (EUR 0.3 billion).



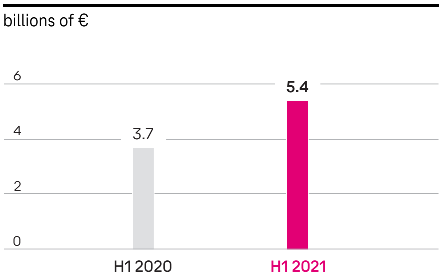
Cash capex (before spectrum investment)

- Cash capex (before spectrum investment) increased from EUR 7.0 billion to EUR 8.6 billion.
- This increase is largely attributable to the inclusion of Sprint and the ongoing 5G network build-out in the United States. In the Germany segment, cash capex decreased due to reduced cash outflows and lower investments in optical fiber as a result of bad weather conditions. In the Europe segment, we continued to invest in our fiber-optic network and forged ahead with the build-out of our mobile communications infrastructure.
- Cash capex (including spectrum investment) increased from EUR 8.1 billion to EUR 16.6 billion. Spectrum licenses were purchased for EUR 8.0 billion in the reporting period, in particular FCC mobile licenses at the C-band auction in the United States segment. In the prior-year period, cash capex had included the acquisition of FCC mobile licenses for EUR 0.9 billion in the United States segment and of mobile spectrum licenses for EUR 0.2 billion in the Europe segment.



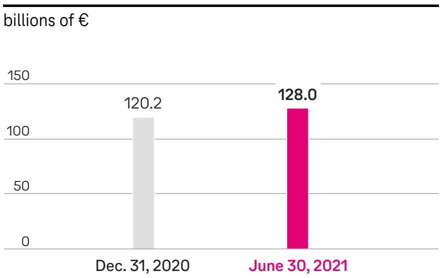
Free cash flow AL (before dividend payments and spectrum investment)[a]

- Free cash flow AL increased from EUR 3.7 billion to EUR 5.4 billion.
- This increase was attributable to the positive performance of the operating segments. Additionally, the prior-year period had included a negative effect in the amount of EUR 0.5 billion from factoring agreements that no longer applied in the reporting period.
- The increase was partially offset by EUR 1.5 billion higher cash capex (before spectrum investment) and in particular by EUR 0.6 billion higher interest payments (net), mainly as a result of the financial liabilities recognized and the restructuring begun in connection with the acquisition of Sprint, and the related increase in financing. The EUR 0.3 billion higher income tax payments also had a negative effect.



Net debt

- Net debt increased from EUR 120.2 billion at the end of 2020 to EUR 128.0 billion.
- This increase was largely attributable to the purchase of spectrum for EUR 8.0 billion, primarily in the United States segment. The dividend payments to our shareholders – including to non-controlling interests – in the amount of EUR 2.9 billion, exchange rate effects of EUR 2.7 billion, and additions of lease liabilities of EUR 2.5 billion also had an increasing effect.
- The main factors reducing net debt were free cash flow (before dividend payments and spectrum investment) of EUR 7.9 billion and measurement effects in connection with the stock options received from SoftBank accounting for EUR 0.4 billion.



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

[a] Before interest payments for zero-coupon bonds and before termination of forward-payer swaps at T-Mobile US in the first half of 2020.

Highlights in the second quarter of 2021

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

Business and other transactions

Combination of the cell tower business in the Netherlands and creation of an infrastructure fund. On January 21, 2021, Deutsche Telekom, Cellnex Telecom, and the newly established independently managed investment company Digital Infrastructure Vehicle (DIV) signed an agreement to merge Deutsche Telekom's and Cellnex's respective Dutch subsidiaries for mobile infrastructure. Following approval of the deal by the national competition authority, the Dutch cell tower company T-Mobile Infra was sold to DIV effective June 1, 2021 and subsequently contributed into Cellnex Netherlands.

For further information on the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund, 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.

Capital Markets Day 2021

In May 2021, we presented our medium-term strategy and the financial outlook at our Capital Markets Day in Bonn. Our forecast for growth through to 2024 remains at a consistently high level: We expect revenue to grow annually by 1 to 2 % and adjusted EBITDA AL by 3 to 5 %. Free cash flow AL is to reach more than EUR 18 billion by 2024. Our strategy is focusing on customer experience, B2B, sustainability, network build-out, and digitalization. We will continue to invest massive amounts, with most of these capital expenditures going into optical fiber and 5G. The dividend will continue to track the development in adjusted earnings per share. This figure is set to rise from the 2020 level of EUR 1.20 to more than EUR 1.75 by 2024. Subject to approval by the relevant bodies, 40 to 60 % of adjusted earnings per share is to be paid out. The dividend floor introduced in November 2019 of EUR 0.60 per share still applies. In addition, we plan to secure the majority stake (> 50 %) in T-Mobile US by 2025 and benefit from the return of capital announced by the U.S. subsidiary. We will continue to strategically review our holding in T-Mobile Netherlands and our cell tower portfolio with an eye to leveraging value potential and strategic opportunities.

For further information, please refer to our media report.

Rating

In June 2021 the rating agency Moody's upgraded the rating outlook for Deutsche Telekom AG from Baa1/negative to Baa1/stable.

Investments in networks

Network build-out in Germany. On June 30, 2021 we switched off our UMTS (3G) network across Germany and began using the freed-up spectrum for the faster and better performing LTE/4G and 5G services. In the second quarter of 2021, we upgraded over 800 additional sites for 5G. We thus now offer 5G to 82.4 % of German households. Furthermore, our LTE network covered 98.9 % of German households at the end of the second quarter of 2021.

A total of around 2.5 million households in Germany had the option of a direct connection to our fiber-optic network (FTTH, FTTB) as of the end of the second quarter of 2021. We continue to ramp up our fiber-optic build-out campaign across Germany: The announcement of our FTTH ambition level for Berlin in March 2021 was followed, in May and June of this year, by a series of further targets, including our FTTH program for Hamburg, Frankfurt/Main, Düsseldorf, and Munich.

Network build-out in the United States. T-Mobile US' Ultra Capacity 5G network in the 2.5 GHz and millimeter-wave (mmWave) bands covered 165 million people across the United States as of the end of the second quarter of 2021. In parallel, the company is forging ahead with the build-out of 5G via the 600 MHz band, which is already available to some 305 million people nationwide. According to Ookla®, T-Mobile US' 5G network covered 92 % of the interstate highway miles across America in June 2021, giving connectivity to T-Mobile US customers for gaming, snapping, tiktoking, and more at 5G speeds when traveling the country.

Network build-out in Europe. Our national companies in Europe, too, worked systematically to build out their networks throughout the second quarter of 2021. By the end of June, Cosmote in Greece had already met its 2021 full-year 5G coverage target, reaching over 50 % of the population. Our 5G network currently reaches 29 cities and islands. In addition, 5G coverage in the cities of Athens and Thessaloniki totals over 90 %. Cosmote has now set a new target for nationwide 5G coverage of 60 % of the population by year-end 2021. Hrvatski Telekom's 5G network was available in 76 towns and cities across Croatia by June 2021, bringing high-speed 5G to around 2 million people. In Austria, Magenta Telekom put the country's first 5G site running on the new 700 MHz spectrum in operation in May 2021, after having purchased two-thirds of the 700 MHz band at the last 5G auction in September 2020. Hundreds of 700 MHz sites are set to follow this year, and plans are in place to continually roll out further sites over the next few years. Magenta Telekom's 5G network currently covers over one-third of the Austrian population. At the end of the second quarter of 2021, we also covered 97.8 % of the population in our European countries with LTE, reaching a total of around 108 million people.

At the end of the second quarter of 2021, a total of around 6.3 million households in our national companies had the option to subscribe to a direct connection to our high-speed fiber-optic network with speeds reaching up to 1 Gbit/s.

Making the cloud greener. T-Systems has launched a research project at the Biere data center in Saxony-Anhalt. Together with the Fraunhofer IFF in Magdeburg, T-Systems experts are developing measures for improved sustainability in the operation of data centers. The long-term goal: a data center that is energy self-sufficient thanks to an intelligent interplay of regenerative generation, storage, and flexible consumers. On the one hand, this reduces the load on the power grid. On the other, increased self-sufficiency strengthens the resilience of the data center.

For further information, please refer to our media report.

Cooperations and partnerships

For a seamless mobile network along rail tracks in Germany. Together with Deutsche Bahn, we intend to substantially improve mobile reception on trains. In future, passengers using our mobile network are to be able to make calls and surf the internet on all routes without interruption. By 2026 at the latest, coverage gaps along all railway lines in long-distance and regional services are to be eliminated. Both companies have agreed to jointly invest a sum in the hundreds of millions that will allow us to build out our mobile network along Deutsche Bahn's railway lines, close any gaps, and significantly increase the network's performance.

For further information, please refer to our media report.

T-Mobile US and Zyter partner to deliver virtual healthcare solutions. In April 2021, T-Mobile US and Zyter announced a preferred partnership to deliver virtual healthcare solutions – including telehealth, remote patient monitoring, and digital collaboration for care teams – to more healthcare organizations and their patients across the United States. Together, the companies are making virtual care more accessible to more people, which serves to improve patient outcomes, reduce readmission rates, and increase overall patient wellbeing.

Partnership for manufacturing of the future. T-Systems and GFT are collaborating on the industrial Internet of Things. Together, they offer the manufacturing industry solutions for analyzing big data for machines, production, and planning – end-to-end and directly on the workshop floor. To do this, the partners are combining GFT's Digital Twin platform "sphinx open online" with edge computing from T-Systems and artificial intelligence from the cloud.

For further information, please refer to our media report.

Products, rate plans, and services

MagentaEINS Unlimited. We have extended the range of our MagentaEINS FMC products. With MagentaEINS Unlimited, customers benefit from a fixed and mobile contract of their choice from Deutsche Telekom with unlimited data across Germany and including 5G at home and on the move. The product bundles can also be extended to include further family members via corresponding partner cards. We have created a separate mobile rate plan for the new Unlimited packages: MagentaMobil EINS offers unlimited voice minutes and texts in all German networks. MagentaEINS Unlimited combines mobile connectivity with our fixed-network product MagentaZuhause in a choice of sizes: L, XL, XXL, or Giga.

UEFA EURO 2020 on MagentaTV. The UEFA EURO 2020 tournament kicked off on June 11, 2021 and we broadcast all matches live and in Ultra HD on MagentaTV – including 10 exclusive matches such as Portugal vs. France, where the defending European champions took on the reigning world champions. We presented extensive match coverage with a team of experts, alongside plenty of extra soccer-related content. And MagentaTV customers no longer need to stay home to watch the soccer: From the beach to the beer garden, all matches were available to watch directly on smartphones or tablets.

T-Mobile US' next Un-carrier move: #5GforAll. In April 2021, T-Mobile US rang in the #5GforAll era with a sweeping set of initiatives including a free 5G phone upgrade. Now, everyone in America can trade in any mobile phone and get a 5G smartphone for free. All of the around 60 million customers of our U.S. subsidiary' competitors, still on limited data plans and/or with limited 5G access, can upgrade to unlimited data with access to T-Mobile US' full 5G network for the same price – or less – than their existing plans. T-Mobile US also launched T-Mobile Home Internet, a simple and fast Wi-Fi broadband solution over the mobile network. The T-Mobile Hometown promise is a commitment that extends over the next few years to bring 5G to rural America, hire 7,500 new employees in small towns and rural communities, and provide USD 25 million in grants for community development projects.

MWC 2021: Telekom Tech Grounds. As part of Mobile World Congress 2021 on June 28/29, 2021, we hosted a new digital conference format called Telekom Tech Grounds, with the theme “Exploring human-centered technology.” The conference showcased the ways in which technological solutions can contribute to a future-ready society. Participants were offered an immersive experience of the latest innovations and a virtual platform to exchange ideas on how tech innovations can already help to bring improvements today. At the conference, together with Ericsson and Samsung Electronics, we announced the successful realization of 5G end-to-end network slicing. This is the world-first implementation of multi-vendor 5G end-to-end (E2E) network slicing with a commercially available 5G device. We also announced the switch-on of our O-RAN Town in Neubrandenburg. O-RAN Town will deliver open RAN-based 4G and 5G services at up to 25 sites. The first sites are now in operation and integrated into the live network of Telekom Deutschland. The winners of the hubraum Network Sustainability Awards 2021 were also honored at Telekom Tech Grounds.

For further information, please refer to our media report.

Hannover Messe. T-Systems presented its new artificial intelligence (AI) offering for the first time at Hannover Messe in April 2021. AI Solution Factory bundles the development, testing, introduction, and operation of AI solutions for production and logistics. It is a modular kit of hardware, software, connectivity, and security. T-Systems also premiered its Campus Edge Framework. The offering combines network solutions such as 5G with infrastructure and services from Amazon Web Services to create managed solutions. T-Systems orchestrates and integrates all edge computing components and, if desired, relieves customers of administration, maintenance, and contract management. Other topics included Catena X, security, SAP, digital supply chains, and how data can reduce the carbon footprint.

For further information, please refer to our media report.

Digital Home Service. Home networks that run smoothly have become more important than ever. The number of connected devices in our homes is growing constantly, bringing added complexity. Our Digital Home Service was launched in April 2021 for all applications in the digital home. The service helps customers optimize their home Wi-Fi and set up computers, tablets, smartphones, and MagentaTV. The no-fuss, full-service package also answers all questions relating to smart home applications, firewalls, and suitable virus protection.

Awards

The illustration below shows the main awards received in the second quarter of 2021.

April – June

- **Connect hotline test of mobile providers**
  For the third time in succession, both Deutsche Telekom and Magenta Telekom in Austria win connect magazine’s mobile hotline test with a score of “very good” (issue 05/2021).
- **CHIP mobile network test**
  CHIP magazine awards Magenta Telekom a top score of “very good” in a test of Austria’s mobile networks.
- **Tutela report**
  Mobile crowdsourcing company Tutela rates Deutsche Telekom’s mobile network Germany’s #1 with the highest scores in all 6 test categories.
- **German Brand Awards**
  Deutsche Telekom is “Best of the Best” in the categories “Brand Innovation of the Year” and “Brand Experience of the Year” and is awarded 8 prizes in this prestigious competition.
- **CHIP fixed-network test**
  Deutsche Telekom wins outright with an overall score of 1.5 and is the only provider to make it into the category “very good” (issue 05/2021).
- **Ookla & Umlaut 5G network tests**
  Independent consulting firms Ookla and Umlaut both rate T-Mobile US’ 5G network the fastest and most reliable in the United States.
- **Connect readers’ choice 2021**
  Connect readers vote Magenta Telekom Austria’s favorite mobile network operator for the 8th time in succession (issue 05/2021).
- **ÖGVS mobile provider shop test**
  Magenta Telekom wins a peer test of mobile provider shops by the Austrian organization for consumer studies with the #1 spot in all test categories: ambiance, advice, and service (test 04/2021).
- **Umlaut’s best in test**
  For the 7th time in succession, Umlaut awards Cosmote’s mobile network in Greece a verdict of “best in test” for overall performance.

Interim Group management report

Group organization, strategy, and management

With regard to our Group organization, strategy, and management, please refer to the explanations in the combined management report in the 2020 Annual Report. The following changes and/or additions were recorded from the Group's point of view:

Combination of the cell tower business in the Netherlands and set up of an infrastructure fund. On January 21, 2021, Deutsche Telekom, Cellnex Telecom (Cellnex), the newly established independently managed investment company Digital Infrastructure Vehicle II (DIV), and others signed an agreement to merge Deutsche Telekom's and Cellnex's respective Dutch subsidiaries for passive mobile infrastructure into Cellnex Netherlands (Cellnex NL). Following approval of the deal by the national competition authority, the Dutch cell tower company T-Mobile Infra was sold to DIV effective June 1, 2021 and subsequently contributed into Cellnex NL. Deutsche Telekom received a cash inflow of EUR 0.4 billion. The gain on disposal of EUR 0.3 billion breaks down as follows: EUR 0.2 billion is included in other operating income as of June 30, 2021 and EUR 0.1 billion will be recognized pro rata in subsequent periods through the sale-and-leaseback transactions described below. Immediately prior to the sale, T-Mobile Infra also paid Deutsche Telekom AG a dividend of EUR 0.3 billion. As of June 30, 2021, Deutsche Telekom indirectly held a 37.65 % stake in the "new" Cellnex NL through the investment in DIV and includes the investment with a carrying amount of EUR 0.4 billion in the consolidated financial statements using the equity method. T-Mobile Netherlands will continue to have full access to the contributed passive mobile infrastructure by means of a long-term agreement at normal market conditions, primarily on the lease of the corresponding infrastructure. The lease component included in the agreement fulfills the conditions of a sale-and-leaseback transaction. Right-of-use assets in the amount of EUR 0.3 billion and lease liabilities in the amount of EUR 0.4 billion were recognized in this context as of June 1, 2021.

Reassignment of the Internet of Things (IoT) growth area. Effective January 1, 2021, Deutsche Telekom reassigned the responsibility for business and profit and loss for Deutsche Telekom IoT GmbH from the Systems Solutions operating segment to the B2B unit in the Germany operating segment. The Group subsidiary is responsible for the IoT business of Deutsche Telekom. This reassignment puts us in a position to serve the IoT market more quickly and thus to strengthen Deutsche Telekom's position on this growth market. Prior-year comparatives in both of the segments affected (development of operations, customer development, headcount development, and order entry) were adjusted retrospectively.

Reassignment of the Austrian cell tower business. As of January 1, 2021, Deutsche Telekom reassigned its Austrian cell tower business from the Europe operating segment to GD Towers in the Group Development operating segment to enhance efficiency in the management of the cell tower business. In addition, GD Towers will increase its efforts to expand third-party business, increase profitability, and develop growth areas. Prior-year comparatives in both of the segments affected have not been adjusted.

Reorganization of DT IT. As of January 1, 2021, Deutsche Telekom IT (DT IT) Russia, DT IT Slovakia, and DT IT Hungary were reassigned from the Germany operating segment to the Group Headquarters & Group Services segment. Prior-year comparatives in both of the segments affected have not been adjusted.

Act responsibly. We fulfill our responsibility to society by systematically aligning our core business processes with the principle of sustainability. We have expanded our existing climate strategy to include a new Group program: Our aim with #GreenMagenta is to make a meaningful contribution toward protecting the climate and conserving resources. Carbon neutrality for our own emissions, often referred to as net zero, is to be achieved by 2025 at the latest. The emissions involved from the production stage to operation by the customer are also to be reduced to net zero by 2040 – ten years earlier than originally planned.

Capital Markets Day 2021. In May 2021, we presented our medium-term strategy and the financial outlook at our Capital Markets Day. The dividend will continue to track the development in adjusted earnings per share. This figure is set to rise from the 2020 level of EUR 1.20 to more than EUR 1.75 by 2024. Subject to approval by the relevant bodies, 40 to 60 % of adjusted earnings per share is to be paid out. The dividend floor introduced in November 2019 of EUR 0.60 per share still applies. Over the coming years we are also set to buy shares in T-Mobile US and thus secure ourselves the majority shareholding (> 50 %) in our U.S. subsidiary in the medium term. An effect of this will be to delay hitting our target range for relative debt of 2.25x to 2.75x by one year, to 2024.

Rating outlook raised. In June 2021 the rating agency Moody's upgraded the rating outlook for Deutsche Telekom AG from Baa1/negative to Baa1/stable.

The economic environment

This section provides additional information on, and explains recent changes to, the economic situation as described in the combined management report of the 2020 Annual Report, focusing on macroeconomic developments in the first six months of 2021, the outlook, the currently prevailing economic risks, and the regulatory environment. The macroeconomic outlook is provided contingent on the understanding that the further course of the pandemic will have a major effect on quantifying the impact of the coronavirus pandemic.

Macroeconomic development

The global economy saw a marked recovery as coronavirus restrictions have been eased. In the April 2021 update to its outlook, the International Monetary Fund (IMF) announced it expected the global economy to expand by 6.0 % in 2021, followed by growth of 4.4 % in 2022.

For the German economy, the IMF expects GDP to grow by 3.6 % in the current year. But the rapid recovery is taking its toll, with soaring prices for raw materials and companies increasingly facing a shortage of upstream products. The business climate in the information and communications technology sector has continued to brighten: The Bitkom-ifo-Digitalindex, calculated on the basis of the business situation and expectations, grew again in the second quarter of 2021 and reached an historical high in June.

The economies of our core markets in North America and Europe, too, will expand this year, with the IMF predicting growth of 6.4 % in the U.S. economy and of 4.4 % in the eurozone.

Outlook

The U.S. economy is also poised to return to its pre-pandemic level in the second quarter of 2021. With a rush of pent-up consumer spending expected in the second half of the year, growth is set to ramp up significantly. In contrast to the United States, the eurozone economy is much more sluggish. Nonetheless, economic activity rose significantly here too in spring 2021. Economic output in the eurozone is also on track to be back at its pre-pandemic level by the year-end.

Overall economic risks

Apart from the prevailing uncertainty relating to the further course of the coronavirus pandemic, there is a concomitant risk of companies encountering liquidity problems despite the relief measures implemented in many countries. Moreover, risks regarding the stability of global finance markets can arise from an expansionary monetary and fiscal policy. Further risks to economic development arise from the smoldering trade conflicts between the United States and China, as well as from other geopolitical risks.

Regulation

Commitment agreements entered into force. The agreements with Telefónica and Vodafone concerning their long-standing cooperation in the fixed network were extended in the fourth quarter of 2020 in the form of new commitment agreements to replace the former quota-based agreements under what has become known as the "contingent model." Long-term agreements had also been signed with 1&1 and NetCologne in the first quarter of 2021. These cover the existing broadband networks as well as the FTTH fiber-optic networks to be continuously built out by Deutsche Telekom in the years to come. Since there were no regulatory objections to the agreements on the part of the Bundesnetzagentur, they entered into force effective April 1, 2021. This has established a solid foundation on which to take forward cooperation in the fixed network over the next 10 years.

European Commission sets termination rates from July 1, 2021. On April 22, 2021, the European Commission published a Delegated Act setting single maximum Union-wide mobile (MTR) and fixed-network (FTR) termination rates. The Act will reduce MTRs to a uniform level of 0.2 eurocents/min. by 2024 using a phased approach. A uniform level of 0.07 eurocents/min. will apply to FTRs from January 1, 2022; new price caps which vary by member state, however, will apply as early as from July 1, 2021.

European Electronic Communications Code (EECC) transposed into national law. The Telecommunications Modernization Act (Telekommunikationsmodernisierungsgesetz – TKMoG) will enter into force in Germany on December 1, 2021. The reform of the German Telecommunications Act (Telekommunikationsgesetz – TKG) became necessary to transpose the provisions of the EECC into national law. The biggest changes affect the rules on consumer protection, the regulation of very high capacity networks (including FTTH), spectrum policy, and the rules on universal service. TKMoG will also remove the right of property owners to pass on cable TV service costs to tenants via the service charges included in rental agreements. The rules on contract terms and contract extensions were modified in favor of the consumer, with customers now being able to cancel contracts on a monthly basis after reaching the minimum contract term. Other changes affect the existing rights of retail customers to a price reduction in the event of defective performance – a modification that was now also incorporated into the TKG. The deadlines for fault clearance have been further tightened. In terms of wholesale regulation of companies with a dominant market position, the amended TKG will ease regulations regarding the build-out of FTTH networks. The previous universal service is being replaced by an entitlement to fast telecommunications services. The thresholds for this will have to be laid down in an ordinance that has the force of law. One important change is the abolishment, effective June 30, 2024, of the privilege for property owners to pass on cable TV and internet service fees as ancillary rental costs to tenants. The fiber-optic build-out will be financed using new instruments, such as the fiber-optic provisioning charge for tenants capped at EUR 60 per year for 5 or 9 years, a cost apportionment added to the basic rent excluding service charges, or the existing rules on network usage charges. This step will also reduce the costs for network operators of using in-house networks. Greece and Hungary have already transposed the EECC into national law, while the lawmaking process is still ongoing in the Netherlands and the Czech Republic.

Awarding of spectrum

The assignment phase of the C-band auction (3.7 to 4.2 GHz) in the United States ended on February 17, 2021. On February 24, 2021, the FCC announced the number of licenses obtained by participating companies. Verizon paid around USD 45 billion for 3,511 licenses, AT&T over USD 23 billion for 1,621 licenses, and T-Mobile US USD 9.3 billion for 142 licenses. A total of 280 MHz was sold at the C-band auction. The new license holders must make relocation payments over the next three years to cover the transfer of licenses from the former holders. The payments T-Mobile US will have to make are expected to amount to USD 1.2 billion. In Hungary, proceedings to re-award 900 and 1,800 MHz spectrum licenses that are due to expire in 2022 were held on January 28, 2021 and concluded the same day. Magyar Telekom acquired 2x 8 MHz and 2x 20 MHz in the respective bands for a total price of EUR 123 million (when translated into euros).

Hrvatski Telekom in Croatia successfully registered for the award of spectrum in the 700; 3,400 to 3,800; and 26,000 MHz bands. The auction began on July 12, 2021. The proceedings are expected to conclude in August 2021. As previously, Poland has made no further announcements regarding a new start date for the postponed auction for 3,400 to 3,800 MHz. The process is being held up by incomplete legislative procedures. Romania plans to hold a large spectrum auction for the 700; 800; 1,500; 2,600; and 3,400 to 3,800 MHz bands, which is expected to take place in winter 2021/spring 2022. The Slovakian regulatory authority is preparing to allocate the 3,400 to 3,800 MHz band, which will become available for mobile broadband usage in 2024. It has begun a corresponding public consultation. In the meantime, the previously unused 2,600 MHz TDD band (50 MHz) has been added to the spectrum award planning. An auction postponement until next year cannot be ruled out. The Federal Communications Commission in the United States announced a start date of October 5, 2021 for the 3.45 GHz auction to award a total of 100 MHz of spectrum in the 3,450 to 3,550 MHz band.

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)	Award process	Updated information
Croatia	Started	Q3 2021	700 / 3,400–3,800 / 26,000	Auction (sequential SMRA[a])	Start: July 12, 2021. Further award expected in 2022.
Poland	Q4 2021	Q1 2022	3,400–3,800	Auction, details tbd	New start delayed due to political discussions on national security guidelines.
Poland	Q3 2022	Q4 2022	700 / 2,100 / 26,000	Auction, details tbd	Plans for all bands still uncertain due to discussions on award models.
Romania	Q4 2021	Q1 2022	700 / 800 / 1,500 / 2,600 / 3,400–3,800	Auction, details tbd	Process start delayed further. Additional 2,100 MHz possible.
Slovakia	Q4 2021	Q1 2022	3,400–3,800 / 2,600 (TDD)	Auction, details tbd	Public consultation underway.
Czech Republic	Q3 2023	Q1 2024	900 / 1,800 / 2,100	Extension expected	TMCZ's 900/1,800 MHz GSM license and 2,100 MHz UMTS license will expire in 2024.
United States	Q4 2021	Q4 2021/ Q1 2022	3,450–3,550	Auction (ascending clock auction[b])	Start: Oct. 5, 2021
United States	H1 2022	H1 2022	2,500–2,700	Auction, details tbd	Public consultation in progress.

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

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

Development of business in the Group

Since April 1, 2020, **Sprint** has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary. As a result, the remeasured assets and liabilities were recognized as of this date, and all income and expenses generated from the date of first-time consolidation have been included in Deutsche Telekom's consolidated income statement. In the first half of 2021, this continued to impact on the comparability of the presentation of the results of operations and financial position for the reporting period with the figures for the prior-year period.

For further information on the business combination of T-Mobile US and Sprint, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

Effective January 1, 2021, Deutsche Telekom reassigned the responsibility for business and profit and loss for **Deutsche Telekom IoT GmbH** from the Systems Solutions operating segment to the business customer unit in the Germany operating segment. The Group subsidiary is responsible for the IoT business of Deutsche Telekom. Prior-year comparatives in both of the segments affected (development of operations, customer development, headcount development, and order entry) were adjusted retrospectively. There were no adjustments at overall Group level.

For further information on the reassignment of the IoT business, please refer to the section "Group organization, strategy, and management."

The **coronavirus pandemic** affected our business in several of our business areas, impacting on revenues and earnings. For example, temporary travel restrictions have resulted in lower roaming and visitor revenues. Our terminal equipment business also felt the squeeze, as did our corporate customer business. At the same time, we recorded an increase in the volume of voice calls, both in mobile communications and in the fixed network.

Results of operations of the Group

Net revenue

In the first half of 2021, we generated net revenue of EUR 53.0 billion, which was up EUR 6.0 billion or 12.8 % year-on-year. In organic terms, i.e., assuming a comparable composition of the Group in the prior-year period and excluding exchange rate effects, revenue developed positively, with growth of EUR 3.4 billion or 6.9 %. For a comparison on an organic basis, net revenue in the prior-year period was raised by EUR 5.5 billion to account for effects of changes in the composition of the Group – primarily from the acquisition of Sprint and the disposal of Sprint's prepaid business to DISH in the United States operating segment – and net exchange rate effects of EUR -2.9 billion were taken into account.

Our United States operating segment in particular contributed to the positive revenue trend with an increase of 20.7 %. In organic terms, i.e., adjusted for the effect of the acquisition of Sprint and assuming constant exchange rates, revenue increased by 10.1 % year-on-year due to higher service and terminal equipment revenues. Revenue in our home market of Germany was up on the prior-year level, increasing by 1.4 %. This was mainly driven by broadband revenue growth and a rise in terminal equipment sales both in the fixed network and in mobile communications. The coronavirus pandemic had a negative impact on roaming and visitor revenues, and resulted in delays or postponements to current orders in B2B telecommunications business, although this trend flattened out in the second quarter as the situation eased. In the first half of 2021, the Europe operating segment recorded a revenue increase of 1.6 %. In organic terms, i.e., assuming constant exchange rates, revenue increased by 2.4 %. Organic growth was driven by the strong performance of the mobile business, especially the increase in higher-margin service revenues, despite slight losses in roaming and visitor revenues, and higher revenues from terminal equipment sales. By contrast, the fixed-network business recorded stable revenues. Revenue in our Systems Solutions operating segment was down 5.0 % year-on-year. This decrease was mainly driven by the expected decline in traditional IT infrastructure business, due in part to targeted business decisions such as the reduction in end-user services. By contrast, our growth areas grew significantly, especially public cloud, road charging, and digital solutions. Revenue in our Group Development operating segment increased by 9.8 %. In organic terms, i.e., adjusted for the sale of the Dutch cell tower business, the reassignment of the Austrian cell tower business, as well as the acquisition of the Dutch MVNO and SIM provider Simpel, revenue increased by 4.4 %. This revenue increase resulted from the operational and structural growth of our two business units T-Mobile Netherlands and GD Towers, which includes DFMG and the Austrian cell tower business.

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

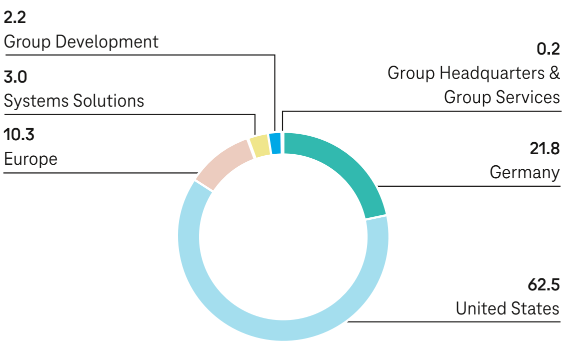
Contribution of the segments to net revenue

millions of €

	Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Net revenue	**26,390**	**26,593**	**27,041**	**(1.7)**	**52,983**	**46,984**	**12.8**	**100,999**
Germany	5,942	5,903	5,853	0.9	11,844	11,683	1.4	23,790
United States	16,483	16,643	17,297	(3.8)	33,126	27,455	20.7	61,208
Europe	2,729	2,823	2,706	4.3	5,551	5,464	1.6	11,335
Systems Solutions	1,015	1,006	1,065	(5.5)	2,021	2,127	(5.0)	4,159
Group Development	782	780	716	8.9	1,563	1,424	9.8	2,883
Group Headquarters & Group Services	625	671	651	3.1	1,296	1,285	0.9	2,556
Intersegment revenue	(1,186)	(1,232)	(1,247)	1.2	(2,419)	(2,453)	1.4	(4,932)

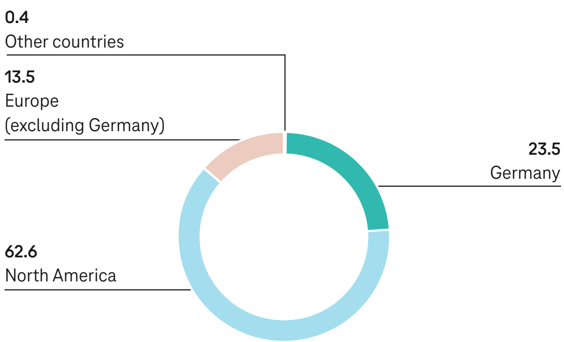
Contribution of the segments to net revenue[a]

%



Breakdown of revenue by region

%



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

At 62.5 %, our United States operating segment provided by far the largest contribution to net revenue of the Group and thanks to the acquisition of Sprint was up 4.1 percentage points against the level in the prior-year period. In this connection, the proportion of net revenue generated internationally also increased significantly from 74.2 % to 76.5 %.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased year-on-year by EUR 2.3 billion or 14.0 % to EUR 18.7 billion in the first half of 2021. In organic terms, adjusted EBITDA AL increased by EUR 0.8 billion or 4.6 %. For a comparison on an organic basis, adjusted EBITDA AL in the prior-year period was raised by EUR 2.5 billion to account for effects of changes in the composition of the Group – primarily from the acquisition of Sprint and the disposal of Sprint's prepaid business to DISH in the United States operating segment – and net exchange rate effects of EUR -1.0 billion were taken into account.

All operating segments made a positive contribution to this development. Adjusted EBITDA AL of our United States operating segment increased significantly as a result of the business combination of T-Mobile US and Sprint. In organic terms, i.e., adjusted for the effect of the acquisition of Sprint and assuming constant exchange rates, adjusted EBITDA AL increased by 4.6 % year-on-year. These positive trends were offset by negative effects of the initiated withdrawal from the terminal equipment lease model in the United States and higher operational expenses – primarily in connection with the acquisition of Sprint. Our Germany operating segment contributed to this result thanks to high-value revenue growth and improved cost efficiency with 3.5 % higher adjusted EBITDA AL. Adjusted EBITDA AL in our Europe operating segment increased by 2.8 %. In organic terms, i.e., assuming constant exchange rates and adjusted for the transfer of the Austrian cell tower business to the Group Development operating segment, adjusted EBITDA AL increased by 4.7 %. In addition to the positive revenue effects, savings in indirect costs also contributed to this development. In our Systems Solutions operating segment, adjusted EBITDA AL increased by 3.1 %. Efficiency effects from our transformation program and effects from increased revenue in all growth areas exceeded the decline in earnings in the traditional IT infrastructure business. Adjusted EBITDA AL in our Group Development operating segment increased by 14.9 % year-on-year; in organic terms, it grew by 8.1 %. This growth was attributable to the positive revenue trend at T-Mobile Netherlands, synergies from the takeover of Tele2 Netherlands, the acquisition of Simpel, and efficient cost management at T-Mobile Netherlands. The GD Towers business posted consistent growth on the back of rising volumes and was further strengthened by the transfer of the Austrian cell tower business.

Contribution of the segments to adjusted Group EBITDA AL

millions of €

	Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
EBITDA AL (adjusted for special factors) in the Group	**9,245**	**9,418**	**9,829**	**(4.2)**	**18,662**	**16,373**	**14.0**	**35,017**
Germany	2,305	2,354	2,270	3.7	4,659	4,500	3.5	9,188
United States	5,706	5,737	6,304	(9.0)	11,444	9,464	20.9	20,997
Europe	946	994	952	4.4	1,940	1,888	2.8	3,910
Systems Solutions	62	72	71	1.4	134	130	3.1	279
Group Development	316	318	283	12.4	634	552	14.9	1,101
Group Headquarters & Group Services	(84)	(21)	(27)	22.2	(105)	(130)	19.2	(429)
Reconciliation	(7)	(37)	(24)	(54.2)	(45)	(31)	(45.2)	(28)

EBITDA AL increased by EUR 3.1 billion or 21.3 % year-on-year to EUR 17.6 billion, with special factors changing from EUR -1.9 billion to EUR -1.1 billion. Expenses incurred in connection with staff-related measures decreased year-on-year from EUR 0.6 billion to EUR 0.4 billion. Net expenses of EUR 0.6 billion were recorded as special factors under effects of deconsolidations, disposals, and acquisitions. EUR 0.7 billion of the expenses mainly related to acquisition and integration costs as well as restructuring costs to realize cost efficiencies from the business combination of T-Mobile US and Sprint. The Group figure for the prior-year period included expenses totaling EUR 0.8 billion incurred in connection with the approval process for the business combination of T-Mobile US and Sprint, and acquisition and integration costs. In addition, in the Group Development operating segment, EBITDA AL was influenced by net positive special factors of EUR 0.2 billion, which mainly related to the gain on deconsolidation due to the sale of the Dutch cell tower business. In the prior year, expenses of EUR 0.4 billion in connection with the coronavirus pandemic were recorded under other special factors affecting EBITDA in the United States operating segment.

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

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

millions of €

	Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
EBITDA	10,361	10,469	10,026	4.4	20,830	16,966	22.8	38,633
Depreciation of right-of-use assets[a]	(1,284)	(1,399)	(1,218)	(14.9)	(2,683)	(2,047)	(31.1)	(4,530)
Interest expenses on recognized lease liabilities[a]	(279)	(277)	(224)	(23.7)	(556)	(413)	(34.6)	(925)
EBITDA AL	**8,798**	**8,793**	**8,585**	**2.4**	**17,591**	**14,505**	**21.3**	**33,178**
Special factors affecting EBITDA AL	(447)	(625)	(1,245)	50	(1,072)	(1,868)	42.6	(1,839)
EBITDA AL (adjusted for special factors)	**9,245**	**9,418**	**9,829**	**(4.2)**	**18,662**	**16,373**	**14.0**	**35,017**

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

EBIT

Group EBIT increased from EUR 5.6 billion to EUR 7.2 billion, up EUR 1.6 billion or 28.8 % against the prior-year period. This increase is partly due to the effects described under adjusted EBITDA AL and EBITDA AL. At EUR 13.6 billion, depreciation, amortization and impairment losses were EUR 2.3 billion higher than in the prior-year period. This increase is mainly attributable to Sprint, which has been included since April 1, 2020.

Profit before income taxes

Profit before income taxes increased by EUR 1.7 billion to EUR 5.0 billion for the aforementioned reasons. The loss from financial activities remained unchanged against the first half of 2020 at EUR 2.2 billion, with finance costs increasing by EUR 0.3 billion to EUR 2.3 billion, mainly due to the financial liabilities acquired in connection with the acquisition of Sprint and the related restructuring and increase of financing. By contrast, other financial expense decreased by EUR 0.4 billion year-on-year to income of EUR 0.2 billion, mainly due to higher interest income from the measurement of provisions and liabilities, especially in the Group Headquarters & Group Services segment. Gains/losses from financial instruments remained more or less stable. Positive measurement effects resulted from the subsequent measurement of the stock options to buy shares in T-Mobile US received from SoftBank in June 2020. By contrast, negative measurement effects resulted, among other factors, from embedded derivatives at T-Mobile US.

Net profit, adjusted net profit

Net profit increased year-on-year by EUR 1.1 billion to EUR 2.8 billion. The tax expense increased by EUR 0.3 billion to EUR 1.3 billion. Profit attributable to non-controlling interests increased by EUR 0.2 billion to EUR 1.0 billion, mainly in our United States operating segment. Excluding special factors, which had a negative overall effect of EUR 0.5 billion on net profit, adjusted net profit in the first half of 2021 amounted to EUR 3.3 billion, up EUR 0.8 billion against the prior-year period.

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

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

millions of €	Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Net profit (loss)	**936**	**1,879**	**754**	**n.a.**	**2,815**	**1,670**	**68.6**	**4,158**
Special factors affecting EBITDA AL	(447)	(625)	(1,245)	49.8	(1,072)	(1,868)	42.6	(1,839)
Staff-related measures	(171)	(268)	(262)	(2.3)	(439)	(604)	27.3	(1,268)
Non-staff-related restructuring	(5)	(5)	(8)	37.5	(9)	(16)	43.8	(32)
Effects of deconsolidations, disposals and acquisitions	(245)	(346)	(655)	47.2	(592)	(800)	26.0	(1,655)
Reversals of impairment losses	0	0	0	n.a.	0	0	n.a.	1,655
Other	(26)	(5)	(319)	98.4	(31)	(448)	93.1	(539)
Special factors affecting net profit	182	391	720	(45.7)	573	975	(41.2)	283
Impairment losses	(70)	(61)	0	n.a.	(132)	0	n.a.	(656)
Profit (loss) from financial activities	(12)	1	(8)	n.a.	(11)	(28)	60.7	(25)
Income taxes	130	234	325	(28.0)	364	492	(26.0)	730
Non-controlling interests	134	217	403	(46.2)	351	512	(31.4)	234
Special factors	**(265)**	**(234)**	**(525)**	**55.4**	**(499)**	**(892)**	**44.1**	**(1,557)**
Net profit (loss) (adjusted for special factors)	**1,201**	**2,113**	**1,278**	**65.3**	**3,315**	**2,562**	**29.4**	**5,715**

Earnings per share, adjusted earnings per share

Earnings per share is calculated as net profit divided by the adjusted weighted average number of ordinary shares outstanding, which totaled 4,744 million as of June 30, 2021. This resulted in earnings per share of EUR 0.59, compared with EUR 0.35 in the prior-year period. Earnings per share adjusted for special factors affecting net profit amounted to EUR 0.70 compared with EUR 0.54 in the prior-year period.

Special factors

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

millions of €

	EBITDA AL H1 2021	EBIT H1 2021	EBITDA AL H1 2020	EBIT H1 2020	EBITDA AL FY 2020	EBIT FY 2020
EBITDA AL/EBIT	**17,591**	**7,207**	**14,505**	**5,597**	**33,178**	**12,804**
Germany	**(271)**	**(271)**	**(332)**	**(332)**	**(752)**	**(805)**
Staff-related measures	(248)	(248)	(304)	(304)	(676)	(676)
Non-staff-related restructuring	(6)	(6)	(9)	(9)	(18)	(18)
Effects of deconsolidations, disposals and acquisitions	(2)	(2)	(6)	(6)	(18)	(18)
Impairment losses	0	0	0	0	0	(52)
Other	(16)	(16)	(13)	(13)	(40)	(40)
United States	**(750)**	**(808)**	**(1,166)**	**(1,166)**	**(370)**	**(370)**
Staff-related measures	(17)	(17)	(32)	(32)	(32)	(32)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(733)	(733)	(715)	(715)	(1,522)	(1,522)
Impairment losses	0	(57)	0	0	0	0
Reversals of impairment losses	0	0	0	0	1,604	1,604
Other	0	0	(420)	(420)	(420)	(420)
Europe	**(25)**	**(25)**	**(90)**	**(90)**	**(188)**	**(374)**
Staff-related measures	(18)	(18)	(78)	(78)	(181)	(181)
Non-staff-related restructuring	(1)	(1)	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(3)	(3)	(3)	(3)	(6)	(6)
Impairment losses	0	0	0	0	0	(186)
Reversals of impairment losses	0	0	0	0	50	50
Other	(3)	(3)	(9)	(9)	(51)	(51)
Systems Solutions	**(127)**	**(160)**	**(97)**	**(97)**	**(209)**	**(582)**
Staff-related measures	(76)	(76)	(80)	(80)	(167)	(167)
Non-staff-related restructuring	(1)	(1)	(2)	(2)	(3)	(3)
Effects of deconsolidations, disposals and acquisitions	(39)	(39)	0	0	0	0
Impairment losses	0	(33)	0	0	0	(373)
Other	(12)	(12)	(15)	(15)	(39)	(39)
Group Development	**182**	**182**	**(44)**	**(44)**	**(43)**	**(43)**
Staff-related measures	(6)	(6)	(4)	(4)	(11)	(11)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	189	189	(39)	(39)	(30)	(30)
Impairment losses	0	0	0	0	0	0
Other	(2)	(2)	(1)	(1)	(2)	(2)
Group Headquarters & Group Services	**(81)**	**(95)**	**(139)**	**(139)**	**(277)**	**(322)**
Staff-related measures	(75)	(75)	(107)	(107)	(201)	(201)
Non-staff-related restructuring	(2)	(2)	(5)	(5)	(11)	(11)
Effects of deconsolidations, disposals and acquisitions	(5)	(5)	(37)	(37)	(78)	(78)
Impairment losses	0	(14)	0	0	0	(44)
Other	1	1	10	10	14	14
Group	**(1,072)**	**(1,176)**	**(1,868)**	**(1,868)**	**(1,839)**	**(2,496)**
Staff-related measures	(439)	(439)	(604)	(604)	(1,268)	(1,268)
Non-staff-related restructuring	(9)	(9)	(16)	(16)	(32)	(32)
Effects of deconsolidations, disposals and acquisitions	(592)	(592)	(800)	(800)	(1,655)	(1,655)
Impairment losses	0	(104)	0	0	0	(656)
Reversals of impairment losses	0	0	0	0	1,655	1,655
Other	(31)	(31)	(448)	(448)	(539)	(539)

millions of €	EBITDA AL H1 2021	EBIT H1 2021	EBITDA AL H1 2020	EBIT H1 2020	EBITDA AL FY 2020	EBIT FY 2020
EBITDA AL/EBIT (adjusted for special factors)	**18,662**	**8,383**	**16,373**	**7,465**	**35,017**	**15,300**
Profit (loss) from financial activities (adjusted for special factors)		(2,131)		(2,185)		(4,103)
Profit (loss) before income taxes (adjusted for special factors)		**6,251**		**5,280**		**11,197**
Income taxes (adjusted for special factors)		(1,626)		(1,460)		(2,659)
Profit (loss) (adjusted for special factors)		**4,626**		**3,821**		**8,538**
Profit (loss) (adjusted for special factors) attributable to						
Owners of the parent (net profit (loss)) (adjusted for special factors)		3,315		2,562		5,715
Non-controlling interests (adjusted for special factors)		1,311		1,258		2,823

Employees

Headcount development

	June 30, 2021	Dec. 31, 2020	Change	Change %
FTEs in the Group	**221,909**	**226,291**	**(4,382)**	**(1.9)**
Of which: civil servants (in Germany, with an active service relationship)	10,067	10,583	(516)	(4.9)
Germany[a]	61,765	66,348	(4,583)	(6.9)
United States	70,781	71,303	(522)	(0.7)
Europe	39,683	41,272	(1,589)	(3.9)
Systems Solutions	27,147	28,098	(951)	(3.4)
Group Development	2,703	2,684	19	0.7
Group Headquarters & Group Services[a]	19,829	16,585	3,244	19.6

[a] As part of reorganization measures at Deutsche Telekom IT, around 3.7 thousand employees were reassigned from the Germany operating segment to the Technology and Innovation unit in the Group Headquarters & Group Services segment effective January 1, 2021. Prior-year comparatives were not adjusted.

The Group's headcount decreased by 1.9 % compared with the end of 2020. The number of employees in our Germany operating segment decreased by 6.9 % against year-end 2020, mainly as a result of the reassignment of employees to the Group Headquarters & Group Services segment in connection with reorganization measures at Deutsche Telekom IT. Employees also continued to take up socially responsible instruments as part of staff restructuring activities, such as dedicated retirement and phased retirement. The total number of full-time equivalent employees in our United States operating segment decreased by 0.7 % compared to December 31, 2020 due to seasonality. In our Europe operating segment, the headcount was down 3.9 % compared with the end of the prior year, with staff levels decreasing in Greece, Hungary, Croatia, and Romania in particular. The headcount in our Systems Solutions operating segment was down 3.4 % against year-end 2020, primarily as a result of efficiency enhancement measures (-1.9 %) and the sale of a business operation (-1.5 %). In the Group Development operating segment, the 0.7 % increase in the number of employees can be attributed to the insourcing of activities previously carried out externally to achieve cost savings at T-Mobile Netherlands. The number of employees in the Group Headquarters & Group Services segment was up 19.6 % compared with the end of 2020, mainly due to the aforementioned reassignment of employees from the Germany operating segment.

Financial position of the Group

Condensed consolidated statement of financial position

millions of €

	June 30, 2021	%	Dec. 31, 2020	%	June 30, 2020
Assets					
Cash and cash equivalents	8,861	3.3	12,939	4.9	14,537
Trade receivables	13,968	5.2	13,523	5.1	12,690
Intangible assets	128,431	47.5	118,066	44.6	126,372
Property, plant and equipment	60,439	22.3	60,975	23.0	62,912
Right-of-use assets	30,624	11.3	30,302	11.4	23,821
Current and non-current financial assets	9,072	3.4	9,640	3.6	9,492
Deferred tax assets	7,752	2.9	7,972	3.0	8,434
Non-current assets and disposal groups held for sale	664	0.2	1,113	0.4	1,786
Other assets	10,693	4.0	10,387	3.9	9,927
Total assets	**270,504**	**100.0**	**264,917**	**100.0**	**269,971**
Liabilities and shareholders' equity					
Current and non-current financial liabilities	109,690	40.6	107,108	40.4	116,610
Current and non-current lease liabilities	33,263	12.3	32,715	12.3	25,806
Trade and other payables	8,342	3.1	9,760	3.7	9,601
Provisions for pensions and other employee benefits	5,925	2.2	7,684	2.9	8,003
Current and non-current other provisions	8,575	3.2	9,033	3.4	8,215
Deferred tax liabilities	18,257	6.7	17,260	6.5	18,716
Liabilities directly associated with non-current assets and disposal groups held for sale	271	0.1	449	0.2	541
Other liabilities	9,181	3.4	8,358	3.2	8,977
Shareholders' equity	77,000	28.5	72,550	27.4	73,502
Total liabilities and shareholders' equity	**270,504**	**100.0**	**264,917**	**100.0**	**269,971**

Total assets/total liabilities and shareholders' equity amounted to EUR 270.5 billion as of June 30, 2021, up by EUR 5.6 billion against December 31, 2020. This increase is mainly attributable to investments in intangible assets for spectrum acquisition in the United States and Europe operating segments. In addition, exchange rate effects, especially from the translation of U.S. dollars into euros, increased total assets/total liabilities and shareholders' equity. This effect was offset in part by a decline in cash and cash equivalents.

On the assets side, **trade receivables** amounted to EUR 14.0 billion, up by EUR 0.4 billion against the 2020 year-end. The increase resulted from higher receivables in the United States operating segment due to the reporting date and exchange rate effects. Lower receivables in the Germany operating segment had an offsetting effect.

Intangible assets and **property, plant and equipment** increased by EUR 9.8 billion to total EUR 188.9 billion. This is mainly due to the conclusion of the C-band auction in the United States, at which T-Mobile US purchased 142 licenses for around EUR 7.8 billion (USD 9.3 billion). Furthermore, in the Europe operating segment, T-Mobile Czech Republic purchased 5G licenses for EUR 0.1 billion at auction in November 2020. In Hungary, proceedings to re-award 900 and 1,800 MHz spectrum licenses were held on January 28, 2021 and concluded the same day. Magyar Telekom acquired spectrum licenses for EUR 0.1 billion. Capital expenditure to upgrade and build out the network and acquire mobile terminal equipment in our United States operating segment and in connection with the broadband/fiber-optic build-out and mobile infrastructure in the Germany and Europe operating segments also increased the carrying amount. Positive exchange rate effects additionally increased the carrying amount by EUR 3.9 billion. Depreciation, amortization and impairment losses reduced the net carrying amounts by EUR 10.7 billion in total, as did disposals of EUR 1.0 billion.

Right-of-use assets increased by EUR 0.3 billion year-on-year to EUR 30.6 billion, mainly due to the following effects: The carrying amount was increased by additions of EUR 2.7 billion, partly as a result of a sale-and-leaseback transaction concluded after the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund, and by positive exchange rate effects of EUR 0.8 billion. Depreciation and impairment losses totaling EUR 3.0 billion and disposals of EUR 0.2 billion had a reducing effect.

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

Current and non-current financial assets decreased by EUR 0.6 billion to EUR 9.1 billion. The carrying amount of derivatives with a hedging relationship decreased by EUR 0.5 billion to EUR 1.5 billion, mainly due to the decrease in positive fair values from interest rate swaps in fair value hedges, which is primarily the result of a rise in the interest rate level. In connection with cash collateral, in particular in connection with the conclusion of the FCC C-band auction in the United States operating segment, the carrying amount of originated loans and receivables decreased by EUR 0.4 billion. The carrying amount of derivatives without a hedging relationship increased by a net effect of EUR 0.1 billion to EUR 2.1 billion. Positive measurement effects resulted from the subsequent measurement of the stock options to buy shares in T-Mobile US received from SoftBank in June 2020 and from energy forward agreements embedded in contracts. By contrast, negative measurement effects from the subsequent measurement of embedded derivatives at T-Mobile US resulted in part from the premature repayment of bonds. In addition, the carrying amount increased by EUR 0.2 billion due to grants still to be received from funding projects for the broadband build-out in Germany.

Non-current assets and disposal groups held for sale decreased by EUR 0.4 billion compared with December 31, 2020 to EUR 0.7 billion, mainly in connection with the sale of the Dutch company T-Mobile Infra as of June 1, 2021. As of June 30, 2021, non-current assets and disposal groups held for sale included the assets of Telekom Romania Communications S.A., which runs the Romanian fixed-network business in the Europe operating segment.

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

Other assets increased by EUR 0.3 billion to EUR 10.7 billion, primarily due to the increase in the carrying amount of investments accounted for using the equity method from EUR 0.5 billion to EUR 0.9 billion, mainly as a result of the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund. As a result of the transaction, 37.65 % of the shares in Cellnex NL with a carrying amount of EUR 0.4 billion were included in the Group Development operating segment in the consolidated financial statements using the equity method. Exchange rate effects also increased the carrying amount.

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

On the liabilities and shareholders' equity side, **current and non-current financial liabilities** increased by EUR 2.6 billion compared with the end of 2020 to a total of EUR 109.7 billion. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 1.9 billion. T-Mobile US issued senior notes in the first half of 2021 with a total volume of USD 9.8 billion (EUR 8.2 billion) and made early repayments on bonds with a total volume of USD 4.8 billion (EUR 4.0 billion). In addition, euro bonds with a volume of EUR 1.4 billion were repaid on schedule in the Group. Financial liabilities decreased by EUR 0.3 billion in connection with collateral received for derivative financial instruments.

Current and non-current lease liabilities increased by EUR 0.5 billion to EUR 33.3 billion compared with December 31, 2020. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.9 billion. The sale-and-leaseback transaction concluded in connection with the combination of the cell tower business in the Netherlands and the set-up of the infrastructure fund also increased the carrying amount. In particular, the decommissioning of former Sprint cell sites and the closure of some former Sprint shops in the United States operating segment had an offsetting effect.

Trade and other payables decreased by EUR 1.4 billion to EUR 8.3 billion, due in particular to lower liabilities to terminal equipment vendors and declines in liabilities for purchased services in the United States operating segment. Liabilities also decreased in the Europe operating segment. By contrast, exchange rate effects increased the carrying amount.

Provisions for pensions and other employee benefits decreased by EUR 1.8 billion compared with December 31, 2020 to EUR 5.9 billion, mainly due to an increase in the share prices of plan assets and interest rate adjustments. All this resulted in an actuarial gain of EUR 1.6 billion from the remeasurement of defined benefit plans to be recognized directly in equity.

Liabilities directly associated with non-current assets and disposal groups held for sale decreased from EUR 0.4 billion compared with December 31, 2020 to EUR 0.3 billion, mainly in connection with the sale of the Dutch company T-Mobile Infra as of June 1, 2021.

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

Other liabilities increased by EUR 0.8 billion compared to December 31, 2020 to EUR 9.2 billion, mainly due to an increase of EUR 0.4 billion in other liabilities, partly in connection with grants still to be received from funding projects for the broadband build-out in Germany as well as exchange rate effects.

Shareholders' equity increased from EUR 72.6 billion as of December 31, 2020 to EUR 77.0 billion. This growth was attributable to profit of EUR 3.8 billion and to the increase in other comprehensive income of EUR 3.7 billion, primarily as a result of currency translation effects of EUR 2.1 billion recognized directly in equity and the remeasurement of defined benefit plans accounting for EUR 1.6 billion, as well as gains from hedging instruments of EUR 0.2 billion. By contrast, income taxes relating to components of other comprehensive income of EUR 0.3 billion had a negative impact on other comprehensive income. Shareholders' equity was reduced in connection with dividend payments for the 2020 financial year to Deutsche Telekom AG shareholders in the amount of EUR 2.8 billion and to other shareholders of subsidiaries in the amount of EUR 0.2 billion.

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

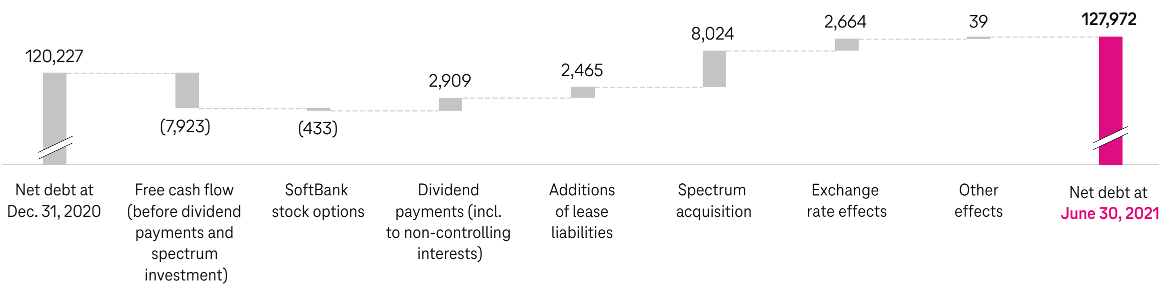
Calculation of net debt

millions of €

	June 30, 2021	Dec. 31, 2020	Change	Change %	June 30, 2020
Bonds and other securitized liabilities	91,749	87,702	4,047	4.6	90,767
Liabilities to banks	4,480	5,257	(777)	(14.8)	4,977
Other financial liabilities	13,461	14,149	(688)	(4.9)	20,866
Lease liabilities	33,263	32,715	548	1.7	25,806
Financial liabilities and lease liabilities	**142,953**	**139,823**	**3,130**	**2.2**	**142,416**
Accrued interest	(1,017)	(1,035)	18	1.7	(1,097)
Other	(934)	(703)	(231)	(32.9)	(852)
Gross debt	**141,002**	**138,085**	**2,917**	**2.1**	**140,467**
Cash and cash equivalents	8,861	12,939	(4,078)	(31.5)	14,537
Derivative financial assets	3,650	4,038	(388)	(9.6)	4,598
Other financial assets	519	881	(362)	(41.1)	435
Net debt	**127,972**	**120,227**	**7,745**	**6.4**	**120,897**

Changes in net debt

millions of €



Other effects of EUR 39 million included a large number of smaller effects.

Calculation of free cash flow AL

millions of €

	Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Net cash from operating activities	**8,307**	**8,080**	**5,148**	**57.0**	**16,387**	**9,107**	**79.9**	**23,743**
Interest payments for zero-coupon bonds	0	0	0	0.0	0	1,600	(100.0)	1,600
Termination of forward-payer swaps at T-Mobile US	0	0	2,158	(100.0)	0	2,158	(100.0)	2,158
Net cash from operating activities[a]	**8,307**	**8,080**	**7,306**	**10.6**	**16,387**	**12,865**	**27.4**	**27,501**
Cash capex	(12,272)	(4,322)	(4,547)	4.9	(16,593)	(8,117)	n.a.	(18,694)
Spectrum investment	7,989	35	878	(96.0)	8,024	1,095	n.a.	1,714
Cash capex (before spectrum investment)	**(4,283)**	**(4,287)**	**(3,669)**	**(16.8)**	**(8,570)**	**(7,022)**	**(22.0)**	**(16,980)**
Proceeds from the disposal of intangible assets (excluding goodwill) and property, plant and equipment	48	58	41	41.5	105	128	(18.0)	236
Free cash flow (before dividend payments and spectrum investment)[a]	**4,072**	**3,851**	**3,677**	**4.7**	**7,923**	**5,970**	**32.7**	**10,756**
Principal portion of repayment of lease liabilities[b]	(1,487)	(1,085)	(1,251)	13.3	(2,573)	(2,258)	(14.0)	(4,468)
Free cash flow AL (before dividend payments and spectrum investment)[a]	**2,585**	**2,766**	**2,425**	**14.1**	**5,350**	**3,712**	**44.1**	**6,288**

[a] Before interest payments for zero-coupon bonds and before termination of forward-payer swaps at T-Mobile US in the first half of 2020.

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

Free cash flow AL (before dividend payments and spectrum investment) increased from EUR 3.7 billion in the prior-year period to EUR 5.4 billion. The following effects impacted on this development:

Net cash from operating activities increased by EUR 3.5 billion. The strong performance of the operating segments both in the United States and outside of the United States had a positive effect on net cash from operating activities. In addition, the increase is attributable to the business combination of T-Mobile US and Sprint effective April 1, 2020. The increase was partially offset in particular by a net increase of EUR 0.6 billion in interest payments, mainly as a result of the financial liabilities recognized and the restructuring begun in connection with the acquisition of Sprint, and the related increase in financing. Income tax payments increased by EUR 0.3 billion compared with the prior-year period. Factoring agreements of EUR 0.1 billion had a positive impact on net cash from operating activities in the first half of 2021. In the prior-year period, factoring agreements had had negative effects of EUR 0.5 billion, mainly as a result of the contractual termination of a revolving factoring agreement in the Germany operating segment.

Cash capex (before spectrum investment) increased from EUR 7.0 billion to EUR 8.6 billion, mainly in the United States operating segment (EUR 1.8 billion) as a result of the inclusion of Sprint as well as the ongoing build-out of the 5G network. A decline of EUR 0.3 billion in cash capex in the Germany operating segment due to lower capital expenditure had an offsetting effect: construction measures planned for 2021 were brought forward to the fourth quarter of 2020 and investments in optical fiber were lower due to bad weather.

The increase in the principal portion of repayment of lease liabilities was due in particular to payments for leases in the United States operating segment resulting from the inclusion of Sprint.

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

For further information on the development of business in the operating segments, please refer to the IR back-up on our Investor Relations website.

Effective January 1, 2021, Deutsche Telekom reassigned the responsibility for business and profit and loss for Deutsche Telekom IoT GmbH from the Systems Solutions operating segment to the business customer unit in the Germany operating segment. Prior-year comparatives in both of the segments (development of operations, customer development, headcount development, and order entry) were adjusted retrospectively.

For further information on the reassignment of the IoT business, please refer to the sections "Group organization, strategy, and management" and "Segment reporting" in the interim consolidated financial statements.

Germany

Customer development

thousands

	June 30, 2021	Mar. 31, 2021	Change June 30, 2021/ Mar. 31, 2021 %	Dec. 31, 2020	Change June 30, 2021/ Dec. 31, 2020 %	June 30, 2020	Change June 30, 2021/ June 30, 2020 %
Mobile customers	50,272	49,091	2.4	48,213	4.3	47,116	6.7
Contract customers[a, b]	22,682	22,509	0.8	25,975	(12.7)	25,445	(10.9)
Prepaid customers[a, b]	27,590	26,582	3.8	22,239	24.1	21,671	27.3
Fixed-network lines	17,555	17,562	0.0	17,590	(0.2)	17,649	(0.5)
Retail broadband lines	14,304	14,211	0.7	14,118	1.3	13,900	2.9
Of which: optical fiber	9,971	9,758	2.2	9,515	4.8	9,012	10.6
Television (IPTV, satellite)	3,933	3,896	0.9	3,864	1.8	3,724	5.6
Unbundled local loop lines (ULLs)	3,853	3,968	(2.9)	4,101	(6.0)	4,361	(11.6)
Wholesale broadband lines	7,853	7,813	0.5	7,733	1.6	7,552	4.0
Of which: optical fiber	6,636	6,558	1.2	6,433	3.2	6,155	7.8

[a] The realignment of the B2B telecommunications business in 2020 resulted in the deactivation of around 310 thousand SIM cards in the business customer area, which are now treated as internal cards. Prior-year figures have been adjusted with retroactive effect.

[b] From January 1, 2021, around 3.6 million SIM cards of a service provider that were previously reported under contract customers are now reported under prepaid customers. Prior-year comparatives were not adjusted.

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. This success is attributable to our high-performance networks. We offer best customer experience with award-winning network quality – in the fixed network as in mobile communications – and with a broad product portfolio and excellent service. We want to offer our customers a seamless and technology-neutral telecommunications experience. Hence, alongside fixed-network and mobile communications products, we also market convergence products. At the end of May 2021, we launched MagentaEINS Unlimited with unlimited data across Germany. Our MagentaEINS family of FMC products remains very popular among customers, with over 5 million customers having opted for these products by the end of June 2021. The customer base is thus stable compared with the end of the prior year.

We continued to see strong demand for our fiber-optic-based lines. As of the end of June 2021, the total number of lines had increased to over 16.6 million. In other words, we connected a further 659 thousand lines to our fiber-optic network in Germany in the first six months of 2021. With the progress made in fiber-optic rollout and vectoring technology, we also successfully drove forward the marketing of higher bandwidths.

Mobile communications

We won a total of around 2.1 million mobile customers in the first half of 2021. Of these, 328 thousand were high-value contract customers under our Telekom and congstar brands. Sustained high demand for mobile rate plans with included data volumes alongside our multiple award-winning network quality continues to drive this trend. Since January 1, 2021, the customers of a service provider previously reported under contract customers have been reported under prepaid customers. Allowing for this change in disclosure, we have added around 1.7 million prepaid customers since the start of the year, largely on the back of our automotive offerings targeted specifically at business customers.

The StreamOn option, with which customers can stream certain music, gaming, or video services without reducing their included data allowance, remains very popular. At the end of June 2021, almost 4.3 million customers were using this option, up by around 24.9 % year-on-year.

Fixed network

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

The number of broadband lines increased by 186 thousand to over 14.3 million in the first half of 2021. Demand for our retail fiber-optic-based lines was the biggest driver here, accounting for 456 thousand lines. We recorded an increase of 69 thousand in the number of TV customers compared with year-end 2020. In traditional fixed-network business, the number of lines declined slightly by 35 thousand. This marked a considerable reduction in line losses compared with the prior-year period. As expected, the number of fixed-network lines remained stable at 17.6 million lines.

Wholesale

As of June 30, 2021, fiber-optic-based lines accounted for 56.7 % of all lines – 2.3 percentage points higher than at the end of 2020. This growth was driven largely by high demand for our “contingent model.” The number of unbundled local loop lines decreased by 248 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 cable providers. In addition, our wholesale customers are migrating their retail customers to their own fiber-optic-based lines. The total number of wholesale lines at the end of June 2021 was around 11.7 million.

Development of operations

millions of €		Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Total revenue		**5,942**	**5,903**	**5,853**	**0.9**	**11,844**	**11,683**	**1.4**	**23,790**
Consumers		2,984	2,979	2,901	2.7	5,963	5,774	3.3	11,740
Business Customers		2,188	2,166	2,152	0.7	4,354	4,320	0.8	8,857
Wholesale		709	679	749	(9.3)	1,388	1,491	(6.9)	2,983
Other		61	78	51	52.9	139	98	41.8	210
Profit (loss) from operations (EBIT)		**1,215**	**1,182**	**1,045**	**13.1**	**2,397**	**1,979**	**21.1**	**3,970**
EBIT margin	%	20.4	20.0	17.9		20.2	16.9		16.7
Depreciation, amortization and impairment losses		(1,001)	(1,009)	(1,110)	9.1	(2,010)	(2,207)	8.9	(4,510)
EBITDA		2,215	2,191	2,155	1.7	4,406	4,186	5.3	8,480
Special factors affecting EBITDA		(99)	(172)	(125)	(37.6)	(271)	(332)	18.4	(752)
EBITDA (adjusted for special factors)		2,314	2,363	2,280	3.6	4,678	4,518	3.5	9,232
EBITDA AL		2,206	2,182	2,145	1.7	4,388	4,168	5.3	8,435
Special factors affecting EBITDA AL		(99)	(172)	(125)	(37.6)	(271)	(332)	18.4	(752)
EBITDA AL (adjusted for special factors)		**2,305**	**2,354**	**2,270**	**3.7**	**4,659**	**4,500**	**3.5**	**9,188**
EBITDA AL margin (adjusted for special factors)	%	38.8	39.9	38.8		39.3	38.5		38.6
Cash capex		**(860)**	**(839)**	**(915)**	**8.3**	**(1,699)**	**(1,964)**	**13.5**	**(4,191)**

Total revenue

In the first six months of 2021, we generated total revenue of EUR 11.8 billion, which was up by 1.4 % year-on-year. This was mainly driven by broadband revenue growth of 6.5 % and a rise in terminal equipment revenue both in the fixed network by 8.9 % and in mobile communications by 8.2 %. Although the effects of the pandemic on our revenue began to level off in the second quarter as the coronavirus situation eased, factors including temporary travel restrictions, lockdowns, and the deteriorated economic situation had an overall impact on our top line. This had a negative effect on roaming and visitor revenues. It also resulted in delays or postponements to current orders in B2B telecommunications business.

Revenue from **Consumers** increased by 3.3 % compared with the prior-year period. Volume-driven declines in revenue from voice components continued to impact on traditional fixed-network business. By contrast, revenue from broadband business grew by 6.8 %, due in part to the positive effects from increased customer appreciation for stable data lines. Fixed-network terminal equipment business posted growth of 10.4 % on the back of strong terminal equipment rental business. Mobile business increased by 3.1 %, primarily due to higher revenues from mobile terminal equipment business and a positive trend in the number of subscribers to our secondary brand, congstar.

Revenue from **Business Customers** was up 0.8 % year-on-year. IT revenue grew by 5.6 % against the prior-year period, mainly due to concerted efforts to drive forward digitalization in the SME sector. Overall, mobile revenue was up 1.1 % year-on-year, partly on the back of positive revenues from terminal equipment business and sustained growth of the customer base. In organic terms, i.e., assuming constant exchange rates and adjusted for the reassignment of Deutsche Telekom IT (DT IT) Russia, DT IT Slovakia, and DT IT Hungary to the Group Headquarters & Group Services segment, revenue increased markedly by 2.6 % year-on-year.

Wholesale revenue was down at the end of June 2021 by 6.9 % year-on-year. The positive trend in the number of fiber-optic-based lines continued, with an increase of 7.8 % compared with the prior-year period. However, this was not enough to offset the decrease in revenues of 11.6 % from declining volumes of unbundled local loop lines. The positive contribution in the prior-year period from the application of the IFRS 16 Leases accounting standard, which reduced the customer retention period in connection with the lease of unbundled local loop lines, no longer applied in the reporting period and thus had an additional negative impact. On April 1, 2021, the transition to the new commitment agreements to replace the former quota-based agreements under what has become known as the "contingent model" led to sharper declines in revenue in the second quarter than in the first quarter. This is primarily due to the fact that under the new commitment model the one-time payments are initially lower compared to the up-front payments that had been made under the quota-based agreements under the contingent model. The annual commitment payments will rise over the course of subsequent years. Voice revenue was down against the prior-year period, which had contained coronavirus-induced higher revenues.

For further information on the entry into force of the commitment agreements, please refer to the section "The economic environment – Regulation."

Adjusted EBITDA AL, EBITDA AL

EBITDA AL adjusted for special factors increased by EUR 159 million or 3.5 % year-on-year to EUR 4.7 billion. Our adjusted EBITDA AL margin increased to 39.3 %, up from 38.5 % in the prior year. The main reasons for this increase are a sound operational development, driven by high-value revenue growth and enhanced cost efficiency. Lower personnel costs resulting, among other factors, from the smaller headcount and the ongoing implementation of efficiency enhancement and digitalization measures reduced costs.

In contrast to the effects described under EBITDA AL, lower expenses recognized as special factors for socially responsible instruments in connection with the staff restructuring, in particular the dedicated retirement program, had an offsetting effect. EBITDA AL grew in the first six months of 2021 to EUR 4.4 billion or 5.3 % above the prior-year level.

EBIT

Profit from operations was up 21.1 % year-on-year to around EUR 2.4 billion driven by the positive EBITDA trend together with lower depreciation, amortization and impairment losses year-on-year, mainly on account of lower amortization of intangible assets.

Cash capex

Cash capex decreased by EUR 265 million or 13.5 % compared with the prior-year period with two key factors at play here: Firstly, front-loaded investment in the fourth quarter of 2020 resulted in lower cash outflows year-on-year. Secondly, the share of book capex with an impact on cash flows was below the prior-year level due to lower fiber-optic investments as a result of bad weather conditions.

Capital expenditure totaled around EUR 1.7 billion in the first six months of 2021, in particular for the build-out of the 5G and fiber-optic networks. The number of households passed by our fiber-optic network increased to around 2.5 million by the end of June 2021. In mobile communications, our customers benefit from greater LTE network coverage. As of June 30, 2021, we covered 98.9 % of households in Germany with LTE. 82.4 % of German households can already use 5G.

United States

Customer development

thousands	June 30, 2021	Mar. 31, 2021	Change June 30, 2021/ Mar. 31, 2021 %	Dec. 31, 2020	Change June 30, 2021/ Dec. 31, 2020 %	June 30, 2020	Change June 30, 2021/ June 30, 2020 %
Customers	104,789	103,437	1.3	102,064	2.7	107,720	(2.7)
Postpaid customers	83,848	82,572	1.5	81,350	3.1	77,753	7.8
Postpaid phone customers[a, b]	68,029	67,402	0.9	66,618	2.1	65,105	4.5
Other postpaid customers[a, b]	15,819	15,170	4.3	14,732	7.4	12,648	25.1
Prepaid customers[a, b, c]	20,941	20,865	0.4	20,714	1.1	29,967	(30.1)

Adjustments of the customer base

thousands

	Total adjustments of the customer base in 2020	Adjustment of customer definition for Sprint's prepaid business as of July 1, 2020[c]	Adjustment of customer definition at Sprint as of Apr. 1, 2020[a]	Sprint additions as of April 1, 2020
Customers	28,354	(9,393)	(4,853)	42,600
Postpaid customers	28,830	0	(5,514)	34,344
Postpaid phone customers	24,055	0	(1,861)	25,916
Other postpaid customers	4,775	0	(3,653)	8,428
Prepaid customers	(476)	(9,393)	661	8,256

[a] Includes customers acquired in connection with the Sprint Merger and certain customer base adjustments on April 1, 2020.

[b] In the first quarter of 2021, we acquired 11,000 postpaid phone customers and 1,000 postpaid other customers through our acquisition of an affiliate.

[c] In connection with obtaining regulatory approval for the Sprint Merger, on July 1, 2020, substantially all prepaid customers acquired were subsequently acquired by DISH. Upon closing of the transaction with DISH, we entered into a Master Network Service Agreement to provide network services to customers of their prepaid business for a period of up to seven years. As a result, we included a base adjustment to reduce prepaid customers by 9.4 million in the third quarter of 2020. The prepaid customers included in our total customers as of June 30, 2020 include the customers subsequently acquired by DISH and are expected to be different than the customers included under the Master Network Service Agreement, and classified as wholesale customers, due to differences in customer reporting policies.

Customers

At June 30, 2021, the United States operating segment (T-Mobile US) had 104.8 million customers, compared to 102.1 million customers at December 31, 2020. Net customer additions were 2.7 million in the first half of 2021, compared to 2.1 million net customer additions in the first half of 2020, due to the factors described below.

Postpaid net customer additions were 2.5 million in the first half of 2021, compared to 1.9 million postpaid net customer additions in the first half of 2020. The increase resulted from higher postpaid phone net customer additions, primarily due to increased retail store traffic due to closures arising from the coronavirus pandemic in the prior period, partially offset by higher churn. In addition, this increase was partially offset by lower postpaid other net customer additions, primarily due to higher disconnect volumes from an increased customer base.

Prepaid net customer additions were 227 thousand in the first quarter of 2021, compared to 190 thousand prepaid net customer losses in the first quarter of 2020. The increase was primarily due to lower churn.

Development of operations

millions of €

		Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Total revenue		**16,483**	**16,643**	**17,297**	**(3.8)**	**33,126**	**27,455**	**20.7**	**61,208**
Profit (loss) from operations (EBIT)		**2,144**	**2,147**	**1,959**	**9.6**	**4,291**	**3,468**	**23.7**	**9,187**
EBIT margin	%	13.0	12.9	11.3		13.0	12.6		15.0
Depreciation, amortization and impairment losses		(4,577)	(4,484)	(4,589)	2.3	(9,062)	(6,673)	(35.8)	(15,665)
EBITDA		6,722	6,632	6,548	1.3	13,353	10,141	31.7	24,852
Special factors affecting EBITDA		(151)	(272)	(892)	69.5	(424)	(1,166)	63.6	(270)
EBITDA (adjusted for special factors)		6,873	6,904	7,441	(7.2)	13,777	11,307	21.8	25,122
EBITDA AL		5,446	5,248	5,412	(3.0)	10,694	8,298	28.9	20,628
Special factors affecting EBITDA AL		(261)	(489)	(892)	45.2	(750)	(1,166)	35.7	(370)
EBITDA AL (adjusted for special factors)		**5,706**	**5,737**	**6,304**	**(9.0)**	**11,444**	**9,464**	**20.9**	**20,997**
EBITDA AL margin (adjusted for special factors)	%	34.6	34.5	36.4		34.5	34.5		34.3
Cash capex		**(10,513)**	**(2,725)**	**(2,679)**	**(1.7)**	**(13,237)**	**(4,387)**	**n.a.**	**(10,394)**

Total revenue

Total revenue for the United States operating segment of EUR 33.1 billion in the first half of 2021, increased by 20.7 %, compared to EUR 27.5 billion in the first half of 2020. In U.S. dollars, T-Mobile US' total revenues increased by 32.0 % year-on-year primarily due to increased service revenues as well as increased equipment revenues. The components of these changes are described below.

Service revenues increased in the first half of 2021 primarily due to higher average postpaid accounts, higher postpaid ARPA (Average Revenue per Account), higher wholesale revenues primarily from our Master Network Service Agreement with DISH and the success of our other MVNO relationships, and higher other service revenues primarily from the inclusion of wireline operations acquired in the Sprint Merger.

Equipment revenues increased in the first half of 2021 primarily due to an increase in device sales revenue, excluding purchased leased devices and liquidation of returned devices. In addition, equipment revenues increased due to the Sprint Merger including increases in lease revenues due to a higher number of customer devices under lease, an increase in sales of accessories and device sales revenues, due to increased retail store traffic due to closures arising from the coronavirus pandemic in the prior period and a larger customer base. Additional increases in revenue primarily due to the Sprint Merger include those associated with an increase in sales of leased devices, primarily due to a larger base of leased devices.

Adjusted EBITDA AL, EBITDA AL

In euros, adjusted EBITDA AL increased by 20.9 % to EUR 11.4 billion in the first half of 2021, compared to EUR 9.5 billion in the first half of 2020. The adjusted EBITDA AL margin was 34.5 % in the first half of 2021 on par with 34.5 % in the first half of 2020. In U.S. dollars, adjusted EBITDA AL increased by 32.3 % during the same period. Adjusted EBITDA AL increased primarily due to higher service revenues and equipment revenues as discussed above. These increases were partially offset by increases in expenses primarily due to the Sprint Merger including those associated with device cost of equipment sales, excluding purchased leased devices, leases, backhaul agreements, external labor and professional services, and advertising. Additional increases in expenses primarily due to the Sprint Merger include those associated with employee-related and benefit-related costs primarily due to increased headcount, costs related to the liquidation of a higher volume of returned devices, and leased device cost of equipment sales, primarily due to a larger base of leased devices. In addition to these costs primarily due to the Sprint Merger, were increases in expenses associated with device cost of equipment sales, excluding purchased leased devices, primarily due to an increase in the number of devices sold driven by increased retail store traffic due to closures arising from the coronavirus pandemic in the prior period and higher average costs per device sold due to an increase in the high-end device mix, the continued build-out of our nationwide 5G network, and cost of accessories, due to increased retail store traffic due to closures arising from the coronavirus pandemic in the prior period.

EBITDA AL in the first half of 2021, included special factors of EUR -0.8 billion compared to EUR -1.2 billion in the first half of 2020. The change in special factors was primarily due to higher special factors recognized in the first half of 2020 including supplemental employee payroll, third-party commissions and cleaning-related expenses associated with the coronavirus pandemic and a postpaid billing system disposal, partially offset by a transaction fee received from SoftBank. Special factors also included Merger-related costs comprised of transaction costs, including legal and professional services related to the completion of the Merger and acquisitions of affiliates; restructuring costs, including severance, store rationalization and network decommissioning; and integration costs to achieve synergies in network, retail, IT, and back office operations. Overall, EBITDA AL increased by 28.9 % to EUR 10.7 billion in the first half of 2021, compared to EUR 8.3 billion in the first half of 2018, due to the factors described above, including special factors.

EBIT

EBIT increased to EUR 4.3 billion in the first half of 2021, compared to EUR 3.5 billion in the first half of 2020. In U.S. dollars, EBIT increased by 35.6 % during the same period primarily due to higher EBITDA AL. In U.S. dollars, depreciation and amortization increased by 48.5 % primarily due to the continued build-out of our nationwide 5G network, higher depreciation expense on leased devices resulting from a larger base of leased devices as a result of the Sprint Merger, higher amortization from intangible assets acquired in the Sprint Merger, partially offset by certain 4G-related network assets becoming fully depreciated.

Cash capex

Cash capex increased to EUR 13.2 billion in the first half of 2021, compared to EUR 4.4 billion in the first half of 2020. In U.S. dollars, cash capex increased by USD 11.0 billion primarily driven by an increase in spectrum purchases, primarily due to USD 8.9 billion paid for spectrum licenses won at the conclusion of the C-band auction in March 2021, network integration related to the Sprint Merger and the continued build-out of our nationwide 5G network.

Europe

Customer development

thousands

		June 30, 2021	Mar. 31, 2021	Change June 30, 2021/ Mar. 31, 2021 %	Dec. 31, 2020	Change June 30, 2021/ Dec. 31, 2020 %	June 30, 2020	Change June 30, 2021/ June 30, 2020 %
Europe, total	Mobile customers	45,788	45,454	0.7	45,619	0.4	45,665	0.3
	Contract customers[a]	27,172	26,995	0.7	26,844	1.2	26,416	2.9
	Prepaid customers[a]	18,616	18,459	0.9	18,775	(0.8)	19,249	(3.3)
	Fixed-network lines	9,111	9,117	(0.1)	9,084	0.3	9,040	0.8
	Of which: IP-based	8,537	8,511	0.3	8,439	1.2	8,322	2.6
	Broadband customers[b]	7,059	7,001	0.8	6,943	1.7	6,797	3.9
	Television (IPTV, satellite, cable)[c]	5,098	5,092	0.1	5,046	1.0	4,951	3.0
	Unbundled local loop lines (ULLs)/ wholesale PSTN	1,996	2,039	(2.1)	2,246	(11.1)	2,265	(11.9)
	Wholesale broadband lines	774	730	6.0	684	13.2	602	28.6
Greece	Mobile customers	6,935	6,840	1.4	6,914	0.3	7,172	(3.3)
	Fixed-network lines	2,605	2,597	0.3	2,589	0.6	2,575	1.2
	Broadband customers	2,252	2,220	1.4	2,185	3.1	2,112	6.6
Romania	Mobile customers	4,582	4,592	(0.2)	4,683	(2.2)	4,710	(2.7)
	Fixed-network lines	1,409	1,432	(1.6)	1,444	(2.4)	1,487	(5.2)
	Broadband customers	841	872	(3.6)	912	(7.8)	959	(12.3)
Hungary	Mobile customers[a]	5,503	5,456	0.9	5,427	1.4	5,398	1.9
	Fixed-network lines	1,778	1,769	0.5	1,759	1.1	1,722	3.3
	Broadband customers[b]	1,361	1,342	1.4	1,321	3.0	1,268	7.3
Poland	Mobile customers	11,290	11,205	0.8	11,198	0.8	11,021	2.4
	Fixed-network lines	30	33	(9.1)	31	(3.2)	29	3.4
	Broadband customers[b]	59	43	37.2	32	84.4	17	n.a.
Czech Republic	Mobile customers	6,205	6,185	0.3	6,178	0.4	6,239	(0.5)
	Fixed-network lines	625	615	1.6	606	3.1	583	7.2
	Broadband customers	383	377	1.6	368	4.1	356	7.6
Croatia	Mobile customers	2,273	2,256	0.8	2,253	0.9	2,232	1.8
	Fixed-network lines	881	882	(0.1)	885	(0.5)	893	(1.3)
	Broadband customers	630	627	0.5	625	0.8	622	1.3
Slovakia	Mobile customers	2,479	2,452	1.1	2,441	1.6	2,399	3.3
	Fixed-network lines	865	865	0.0	865	0.0	861	0.5
	Broadband customers	620	614	1.0	607	2.1	591	4.9
Austria	Mobile customers	5,067	5,034	0.7	5,074	(0.1)	4,990	1.5
	Fixed-network lines	582	578	0.7	569	2.3	556	4.7
	Broadband customers	650	645	0.8	635	2.4	620	4.8
Others[d]	Mobile customers	1,453	1,433	1.4	1,451	0.1	1,505	(3.5)
	Fixed-network lines	335	346	(3.2)	335	0.0	333	0.6
	Broadband customers	263	261	0.8	259	1.5	252	4.4

[a] In Hungary, efforts to standardize the underlying customer definition resulted in the assignment of M2M cards exclusively to the prepaid customer segment effective January 1, 2020.

[b] The prior-year comparatives for broadband customers in Poland and Hungary were adjusted retrospectively as part of the standardization of the underlying customer definition.

[c] The comparatives for TV customers in Croatia were adjusted retrospectively as part of the standardization of the underlying customer definition.

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

Total
In the Europe operating segment we successfully ensured a stable development of customer numbers despite far-reaching lockdown measures imposed in response to the coronavirus pandemic. The focus on expanding digital sales channels, such as our service app, made a substantial contribution. In the first six months of 2021, we recorded slight growth in fixed-network customers. Our MagentaOne convergent product portfolio, in particular, generated growth compared with year-end 2020 of 5.6 % in FMC customers thanks to ongoing demand. We are working flat out to build out our fixed-network infrastructure with state-of-the-art optical fiber. The number of broadband customers has increased marginally to 7.1 million.

The mobile business also recorded a slight increase in customer numbers once again, with the growth in valuable contract customers more than offsetting the decline in the prepaid customer base. Our build-out of the 5G network is making good progress: seven national companies have already launched the commercial sale of 5G products and services.

Mobile communications
In the Europe operating segment, we had 45.8 million mobile customers at the end of the first half of 2021, which was stable compared with the end of 2020 with a positive growth trend. The number of high-value contract customers increased by 1.2 %. The contract customer base grew in all national companies, especially in Poland, Austria, Romania, Croatia, and the Czech Republic. Overall, contract customers account for 59.3 % of the total customer base. In addition to our innovative services and rate plans, this growth is driven by our product portfolio, which is based on the “more for more” principle. Our customers can select high-value add-on services – e.g., more data – for a small additional monthly fee. This data volume can also be used for video streaming and gaming services. In addition, thanks to our integrated network strategy our customers benefited from greater coverage with fast mobile broadband. As of June 30, 2021, we covered 97.8 % of the population in the countries of our operating segment with LTE, reaching around 108 million people in total. The footprint countries of our operating segment are also making excellent headway with 5G. Broad swaths of the populations of Greece, Austria, Croatia and other countries have already been connected to Deutsche Telekom’s 5G network.

The prepaid customer base declined, mainly in Romania. Furthermore, our market approach is focused on contract rate plans and we offer our prepaid customers attractive high-value contract rate plans. Around half of new contract customer additions are former prepaid customers who have taken advantage of these offerings. Furthermore, inactive SIM cards are deactivated from the customer base at regular intervals.

Fixed network
The broadband business recorded growth of 1.7 % as of June 30, 2021 compared with the end of the prior year to a total of 7.1 million customers. The customer bases of almost all national companies, especially in Greece, Hungary, Poland, the Czech Republic, and Slovakia saw substantial growth. Romania was the exception. By continuing to invest in innovative fiber-optic technologies, we are systematically building out our fixed-network infrastructure. At the end of the second quarter of 2021, a total of around 6.3 million households in our national companies had the option to subscribe to a direct connection to our high-speed fiber-optic network with speeds reaching up to 1 Gbit/s. The number of IP-based lines increased to account for 93.7 % of all fixed-network lines in the same period. The total number of fixed-network lines in our Europe operating segment edged up on the prior-year level to 9.1 million.

The TV and entertainment business had a total of 5.1 million customers as of June 30, 2021, up by a marginal 1.0 % compared with the end of 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
Our portfolio of convergent products, MagentaOne, was highly popular with consumers across all of our national companies. At the end of the first half of 2021, we had 6.1 million FMC customers; this corresponds to growth of 5.6 % compared with the end of the prior year. Our national companies in Greece, Hungary, Austria, and the Czech Republic in particular contributed to this growth. We have also seen accelerated growth in the marketing of our MagentaOne Business product to business customers.

Development of operations

millions of €

		Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Total revenue		**2,729**	**2,823**	**2,706**	**4.3**	**5,551**	**5,464**	**1.6**	**11,335**
Greece		717	759	692	9.7	1,476	1,399	5.5	2,940
Romania		210	217	229	(5.2)	427	466	(8.4)	951
Hungary		406	424	405	4.7	830	832	(0.2)	1,734
Poland		341	349	359	(2.8)	689	719	(4.2)	1,453
Czech Republic		269	280	255	9.8	549	521	5.4	1,072
Croatia		219	223	215	3.7	442	428	3.3	917
Slovakia		190	194	186	4.3	384	372	3.2	773
Austria		326	327	317	3.2	652	630	3.5	1,302
Other[a]		70	76	64	18.8	146	130	12.3	283
Profit (loss) from operations (EBIT)		**385**	**425**	**365**	**16.4**	**810**	**713**	**13.6**	**1,278**
EBIT margin	%	14.1	15.1	13.5		14.6	13.0		11.3
Depreciation, amortization and impairment losses		(645)	(648)	(642)	(0.9)	(1,292)	(1,301)	0.7	(2,875)
EBITDA		1,029	1,073	1,007	6.6	2,102	2,014	4.4	4,153
Special factors affecting EBITDA		(10)	(15)	(51)	70.6	(25)	(90)	72.2	(188)
EBITDA (adjusted for special factors)		1,039	1,088	1,058	2.8	2,127	2,103	1.1	4,341
EBITDA AL		936	979	901	8.7	1,915	1,799	6.4	3,722
Special factors affecting EBITDA AL		(10)	(15)	(51)	70.6	(25)	(90)	72.2	(188)
EBITDA AL (adjusted for special factors)		**946**	**994**	**952**	**4.4**	**1,940**	**1,888**	**2.8**	**3,910**
Greece		298	304	285	6.7	602	573	5.1	1,199
Romania		37	44	36	22.2	81	70	15.7	153
Hungary		106	133	125	6.4	239	238	0.4	520
Poland		95	100	97	3.1	195	192	1.6	378
Czech Republic		111	120	105	14.3	231	214	7.9	430
Croatia		79	85	82	3.7	163	159	2.5	337
Slovakia		84	78	80	(2.5)	162	159	1.9	335
Austria[b]		125	123	124	(0.8)	249	247	0.8	496
Other[a]		11	8	19	(57.9)	18	35	(48.6)	63
EBITDA AL margin (adjusted for special factors)	%	34.7	35.2	35.2		34.9	34.6		34.5
Cash capex		**(485)**	**(386)**	**(562)**	**31.3**	**(871)**	**(1,000)**	**12.9**	**(2,216)**

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

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

[b] As of January 1, 2021, the Austrian cell tower business was reassigned from the Europe operating segment to the Group Development operating segment. Prior-year comparatives were not adjusted.

Total revenue

Our Europe operating segment generated total revenue of EUR 5.6 billion in the first half of 2021, a year-on-year increase of 1.6 %. In organic terms, i.e., assuming constant exchange rates, revenue increased by 2.4 % year-on-year.

Organic growth was driven by the strong performance of the mobile business, especially the increase in higher-margin service revenues, despite slight losses in roaming and visitor revenues, and higher revenues from terminal equipment sales. By contrast, the fixed-network business recorded stable revenues. Higher broadband and wholesale revenues offset the losses in the systems solutions business. Revenues from voice telephony declined substantially.

Looking at the development by country, our national companies in Greece, Hungary, and Austria recorded the best organic development of revenue as of June 30, 2021. This offset the decline in revenue in Romania and Poland. In Romania, the downward trend was mainly due to declining systems solutions revenues.

Revenue from **Consumers** increased by 1.6 % compared with the prior-year period, in organic terms it increased by 2.7 %, due mainly to higher mobile revenue: both service revenues and sales of mobile terminal equipment increased. In the fixed network, revenue from broadband/TV business increased thanks to our innovative TV and entertainment offerings as well as the continuous rollout of fiber-optic technology. This more than offset the decline in revenue from voice telephony. In addition, the higher number of FMC customers had a positive impact on revenue.

Europe's **Business Customers** operations made up for the losses of the previous quarter in the second quarter of 2021 and recorded a stable revenue development compared with the prior-year period. In organic terms, revenue even increased slightly by 0.6 %. The figures in our ICT unit continue to be impacted by the agreed sale of the fixed-network business in Romania; the strong performance recorded in Greece with sales of hybrid cloud and security solutions only partially offset the decline in the second quarter. By contrast, the core business in Europe recorded excellent growth in mobile business, especially in Poland and Austria. In the first half of the prior year, our revenues had been massively impacted by the coronavirus pandemic; in 2021, the economic environment has improved and there is once again increasing demand from our business customers for our business solutions in the areas of productivity, collaboration, and continuity.

Adjusted EBITDA AL, EBITDA AL

Our Europe operating segment generated adjusted EBITDA AL of EUR 1.9 billion in the first half of 2021, up 2.8 % against the level in the prior-year period. In organic terms, i.e., assuming constant exchange rates and adjusted for the reassignment of the Austrian cell tower business to the Group Development operating segment, adjusted EBITDA AL increased by 4.7 %, thus making a positive contribution to earnings. In addition to the positive revenue effects, savings in indirect costs, including due to lower personnel costs, contributed to this development.

Looking at the development by country, the increase in adjusted organic EBITDA AL was largely attributable to the positive trend at all of our national companies, but in particular in Greece and Austria.

EBITDA AL increased by 6.4 % year-on-year to EUR 1.9 billion. The expense arising from special factors was below the prior-year level. In organic terms, EBITDA AL grew by 8.6 %.

Development of operations in selected countries

Greece. In Greece, revenue increased by 5.5 % against the first six months in the prior year to EUR 1.5 billion. The encouraging development in mobile business was mainly driven by higher revenue from terminal equipment sales. In addition, service revenues were also back on course for growth in the second quarter of 2021 compared with the prior-year quarter. Thanks to the intensive fiber-optic and vectoring build-out, together with the resulting high numbers of customers, the fixed-network business also recovered appreciably. In the first half of 2021, it generated growing revenues, driven in part by broadband and in part by wholesale business. Stronger systems solutions revenues in the second quarter of 2021 contributed further to this growth.

In the first half of 2021, adjusted EBITDA AL in Greece stood at EUR 602 million, which was up 5.1 % against the prior-year period. This is attributable to a revenue-related increase in the net margin. Indirect costs remained on a par with the prior-year period overall.

Hungary. Revenue in Hungary totaled EUR 830 million as of June 30, 2021, which was stable compared with the prior-year period, despite negative exchange rate effects. In organic terms, revenue was up 3.4 % against the prior year. The mobile business is the main driver here. Service revenues developed particularly positively. In addition, growth in the number of contract customers had positive effects on terminal equipment business. Fixed-network operations also increased slightly, with rising TV and broadband revenues, both driven by larger customer bases. Our MagentaOne convergence products also continued to perform well, with further customer additions and corresponding revenue.

Adjusted EBITDA AL stood at EUR 239 million, up slightly year-on-year. In organic terms, adjusted EBITDA AL grew by 3.5 %. This growth is attributable in particular to higher revenues, which more than offset the rise in costs.

Poland. Our revenue in Poland decreased by 4.2 % in the first six months of 2021 to EUR 689 million. This decline was due to negative exchange rate effects. In organic terms, revenues decreased by just 1.5 %, with the mobile business recording slight losses as a result of reduced revenue from national roaming. In the fixed-network business, we increased the number of FTTH customers substantially, thereby creating the basis for further growth.

Adjusted EBITDA AL stood at EUR 195 million as of June 30, 2021, up 1.6 % year-on-year. In organic terms, adjusted EBITDA AL increased by 4.1 %, mainly on the back of lower costs.

Czech Republic. In the first half of 2021, revenue in the Czech Republic stood at EUR 549 million, an increase of 5.4 % against the prior-year level. In organic terms, revenue increased by 3.6 %. In addition to the positive development of mobile revenue, the fixed-network business is also increasingly establishing itself as a key revenue driver. The number of broadband customers increased by 7.6 % compared with the prior-year period. Mobile revenue increased year-on-year, despite the declines in roaming and visitor revenues as a result of the coronavirus pandemic. The growth is mainly attributable to business with higher-margin service revenues, plus stronger terminal equipment revenue. We also generated additional revenue in the area of systems solutions.

Adjusted EBITDA AL increased by 7.9 % year-on-year to EUR 231 million in the first six months of 2021. In organic terms, earnings grew by 6.1 % year-on-year, driven mainly by revenue.

Austria. Revenue generated in Austria totaled EUR 652 million in the first half of 2021. This increase of 3.5 % was mainly attributable to growth in the sale of mobile terminal equipment. Business with higher-margin service revenues (excluding visitors) also contributed positively to revenue. These two effects more than offset the declines in visitor revenues resulting from the coronavirus pandemic. Revenue in the fixed-network business also increased. The broadband business in particular generated substantial growth rates, due among other factors to a larger customer base and higher-value rate plans.

Adjusted EBITDA AL increased as of June 30, 2021 by 0.8 % year-on-year to EUR 249 million. In organic terms, i.e., excluding the reassignment of the Austrian cell tower business to the Group Development operating segment, adjusted EBITDA AL increased substantially by 12.7 %. In addition to the positive revenue effects, a reduced cost base contributed to this growth, also attributable in particular to the realization of synergies as a result of the acquisition and integration of UPC Austria.

EBIT
Our Europe operating segment recorded an increase in EBIT of EUR 97 million in the first half of 2021. This primarily resulted from an EUR 88 million increase in EBITDA. Depreciation and amortization were down slightly on the prior-year period, mainly due to depreciation and amortization being suspended since the first quarter of 2021 as a result of the fixed-network business in Romania being held for sale.

Cash capex
In the first half of 2021, the Europe operating segment reported cash capex of EUR 871 million, down 12.9 % year-on-year. This decline is due to a decline in cash outflows for the acquisition of spectrum licenses, primarily in Hungary. We continue to invest in the provision of broadband and fiber-optic technology and in 5G as part of our integrated network strategy.

Systems Solutions
Order entry

millions of €	H1 2021	Q1 2021	FY 2020	H1 2020	Change H1 2021/ H1 2020 %
Order entry	2,019	891	4,564	1,788	12.9

Development of business
In the first half of 2021, the focus of our systems solutions business continued to be on growth and future viability as well as the acceleration of our transformation program, while the effects of the coronavirus pandemic had a negative impact on our business.

Under the transformation program, we continued to drive forward the alignment of our organization, workflows and capacities, and the fine-tuning of the strategy for our portfolio. In addition to stand-alone portfolio units, which are responsible for both our growth areas (e.g., public cloud and security) and our traditional IT business, we have defined selected industries (automotive, healthcare, public sector, and transport), for which we will increase our offering of vertical solutions based on our expertise. Consistent with our efforts to implement the Group's strategy pillar "Lead in business productivity," we transferred our IoT (Internet of Things) portfolio unit to the Germany operating segment effective January 1, 2021.

Order entry in our Systems Solutions operating segment was up by 12.9 % year-on-year in the first half of 2021. This trend reflects the recovery from the effects of the coronavirus pandemic on the economic situation of our business customers and the restraint in awarding contracts in the prior year. There was a clear positive trend in our growth areas in particular.

Development of operations

millions of €

		Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Total revenue		**1,015**	**1,006**	**1,065**	**(5.5)**	**2,021**	**2,127**	**(5.0)**	**4,159**
Of which: external revenue		798	799	829	(3.6)	1,596	1,669	(4.4)	3,237
Profit (loss) from operations (EBIT)		**(27)**	**(68)**	**(60)**	**(13.3)**	**(95)**	**(110)**	**13.6**	**(534)**
Special factors affecting EBIT		(56)	(104)	(59)	(76.3)	(160)	(97)	(64.9)	(582)
EBIT (adjusted for special factors)		29	36	(1)	n.a.	65	(13)	n.a.	48
EBIT margin (adjusted for special factors)	%	2.9	3.6	(0.1)		3.2	(0.6)		1.2
Depreciation, amortization and impairment losses		(80)	(74)	(103)	28.2	(155)	(205)	24.4	(720)
EBITDA		53	7	43	(83.7)	60	95	(36.8)	185
Special factors affecting EBITDA		(36)	(91)	(59)	(54.2)	(127)	(97)	(30.9)	(209)
EBITDA (adjusted for special factors)		89	98	102	(3.9)	187	192	(2.6)	394
EBITDA AL		26	(19)	12	n.a.	7	33	(78.8)	70
Special factors affecting EBITDA AL		(36)	(91)	(59)	(54.2)	(127)	(97)	(30.9)	(209)
EBITDA AL (adjusted for special factors)		**62**	**72**	**71**	**1.4**	**134**	**130**	**3.1**	**279**
EBITDA AL margin (adjusted for special factors)	%	6.1	7.2	6.7		6.6	6.1		6.7
Cash capex		**(49)**	**(50)**	**(55)**	**9.1**	**(99)**	**(80)**	**(23.8)**	**(235)**

Total revenue

Total revenue in our Systems Solutions operating segment in the first half of 2021 amounted to EUR 2.0 billion, down 5.0 % on the prior-year level. This decrease was mainly driven by the expected decline in traditional IT infrastructure business, due in part to targeted business decisions such as the reduction in end-user services. By contrast, our growth areas are growing significantly, especially public cloud (+22.5 %), road charging (+17.6 %) and digital solutions (+13.3 %).

Adjusted EBITDA AL, EBITDA AL

In the first half of 2021, adjusted EBITDA AL at our Systems Solutions operating segment increased by 3.1 % year-on-year to EUR 134 million. Efficiency effects from our transformation program and effects from increased revenue in our growth areas exceeded the decline in earnings in the traditional IT infrastructure business. EBITDA AL decreased by EUR 26 million compared with the prior-year period to EUR 7 million. Special factors were up EUR 30 million on the prior year at EUR -127 million, mainly due to a loss on deconsolidation in connection with the sale of a business operation.

Adjusted EBIT, EBIT

Adjusted EBIT at our Systems Solutions operating segment increased by EUR 78 million year-on-year in the first half of 2021 to EUR 65 million, mainly on the back of lower depreciation and amortization as a result of a non-cash impairment loss on non-current assets in the third quarter of the prior year and the related reduction in the depreciation and amortization base. EBIT increased by EUR 15 million compared with the prior-year period to EUR -95 million. Special factors were up EUR 63 million on the prior-year period, at EUR -160 million, mainly on account of a non-cash impairment loss on non-current assets recognized in the first half of 2021, which was also related to the ad hoc impairment testing carried out in the Systems Solutions cash-generating unit in the third quarter of the prior year, and the aforementioned loss on deconsolidation.

Cash capex

Cash capex in the Systems Solutions operating segment stood at EUR 99 million in the first half of 2021, compared with EUR 80 million in the prior-year period. This was primarily due to front-loaded investments compared with the prior year. Going forwards, we will continue to focus our investments on developing our growth business.

Group Development

Customer development

thousands		June 30, 2021	Mar. 31, 2021	Change June 30, 2021/ Mar. 31, 2021 %	Dec. 31, 2020	Change June 30, 2021/ Dec. 31, 2020 %	June 30, 2020	Change June 30, 2021/ June 30, 2020 %
T-Mobile Netherlands	Mobile customers	6,853	6,798	0.8	6,803	0.7	5,741	19.4
	Fixed-network lines	707	693	2.0	682	3.7	644	9.8
	Broadband customers	695	680	2.2	668	4.0	628	10.7

In the Netherlands, the number of mobile customers increased slightly thanks to the shops finally reopening after the coronavirus lockdown at the end of April 2021. The millionth “Unlimited” customer was welcomed in the reporting period. The number of fixed-network lines in the Netherlands also increased, benefiting from the reopening of the shops and successful advertising.

Development of operations

millions of €		Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Total revenue		**782**	**780**	**716**	**8.9**	**1,563**	**1,424**	**9.8**	**2,883**
Of which: T-Mobile Netherlands		513	506	480	5.4	1,019	956	6.6	1,946
Of which: GD Towers[a, b]		282	283	248	14.1	565	495	14.1	989
Profit (loss) from operations (EBIT)		**166**	**381**	**123**	**n.a.**	**547**	**263**	**n.a.**	**562**
Depreciation, amortization and impairment losses		(210)	(219)	(192)	(14.1)	(429)	(386)	(11.1)	(780)
EBITDA		376	600	316	89.9	976	649	50.4	1,343
Special factors affecting EBITDA		(16)	198	(37)	n.a.	182	(44)	n.a.	(43)
EBITDA (adjusted for special factors)		392	403	353	14.2	794	693	14.6	1,386
Of which: T-Mobile Netherlands		171	184	163	12.9	355	320	10.9	639
Of which: GD Towers[a, b]		224	226	195	15.9	451	390	15.6	786
EBITDA AL		301	516	246	n.a.	816	508	60.6	1,058
Special factors affecting EBITDA AL		(16)	198	(37)	n.a.	182	(44)	n.a.	(43)
EBITDA AL (adjusted for special factors)		**316**	**318**	**283**	**12.4**	**634**	**552**	**14.9**	**1,101**
Of which: T-Mobile Netherlands		151	155	143	8.4	306	278	10.1	554
Of which: GD Towers[a, b]		169	170	145	17.2	339	290	16.9	587
EBITDA AL margin (adjusted for special factors)	%	40.4	40.8	39.5		40.6	38.8		38.2
Cash capex		**(115)**	**(134)**	**(117)**	**(14.5)**	**(250)**	**(236)**	**(5.9)**	**(699)**

[a] As of January 1, 2021, the Austrian cell tower business was reassigned from the Europe operating segment to the Group Development operating segment. Prior-year comparatives were not adjusted.

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

Total revenue

Total revenue in our Group Development operating segment increased in the first half of 2021 by 9.8 % year-on-year to EUR 1.6 billion. On June 1, 2021, the Dutch cell tower company T-Mobile Infra was sold to DIV and subsequently contributed into Cellnex Netherlands. In organic terms, i.e., adjusted for the sale of the Dutch cell tower business, the reassignment of the Austrian cell tower business as of January 1, 2021, as well as the acquisition of the Dutch MVNO and SIM provider Simpel as of December 1, 2020, total revenue increased by 4.4 %. This revenue increase resulted from the operational and structural growth of our two business units T-Mobile Netherlands and GD Towers, which includes DFMG and the Austrian cell tower business. In the Netherlands, mobile operations in particular contributed to this revenue growth on the back of higher out-of-bundle revenues and higher terminal equipment sales. GD Towers also recorded an increase in revenue, driven by volume-based growth at DFMG and the reassignment of the Austrian cell tower business.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased by 14.9 % to EUR 634 million. In organic terms, adjusted EBITDA AL grew by 8.1 %. This growth was attributable to the aforementioned positive revenue trend at T-Mobile Netherlands, synergies from the takeover of Tele2 Netherlands, the acquisition of Simpel, and efficient cost management at T-Mobile Netherlands. The GD Towers business posted consistent growth on the back of rising volumes and was further strengthened by the transfer of the Austrian cell tower business. An operational increase was also achieved through revenue growth and cost transformation. EBITDA AL was positively influenced by net special factors of EUR 182 million, which mainly related to the gain on deconsolidation due to the sale of the Dutch cell tower business. EBITDA AL increased by EUR 308 million compared with the prior-year period to EUR 816 million.

EBIT

EBIT increased year-on-year to EUR 547 million, mainly as a result of the development described under EBITDA AL. Depreciation, amortization and impairment losses increased by 11.1 % compared with the prior-year period, mainly on account of the depreciation, amortization and impairment losses from the Austrian cell tower business, which have been included since January 1, 2021.

Cash capex

Cash capex stood at EUR 250 million and thus up on the level of the prior-year period. We continue to focus our investments on the 5G build-out of mobile infrastructure in Germany.

Group Headquarters & Group Services

Development of operations

millions of €	Q1 2021	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Total revenue	**625**	**671**	**651**	**3.1**	**1,296**	**1,285**	**0.9**	**2,556**
Profit (loss) from operations (EBIT)	**(357)**	**(378)**	**(345)**	**(9.6)**	**(735)**	**(709)**	**(3.7)**	**(1,655)**
Depreciation, amortization and impairment losses	(330)	(382)	(325)	(17.5)	(712)	(620)	(14.8)	(1,304)
EBITDA	(27)	4	(20)	n.a.	(23)	(89)	74.2	(350)
Special factors affecting EBITDA	(26)	(55)	(81)	32.1	(81)	(139)	41.7	(277)
EBITDA (adjusted for special factors)	(2)	59	62	(4.8)	57	50	14.0	(73)
EBITDA AL	(110)	(75)	(108)	30.6	(186)	(269)	30.9	(707)
Special factors affecting EBITDA AL	(26)	(55)	(81)	32.1	(81)	(139)	41.7	(277)
EBITDA AL (adjusted for special factors)	**(84)**	**(21)**	**(27)**	**22.2**	**(105)**	**(130)**	**19.2**	**(429)**
Cash capex	**(250)**	**(222)**	**(240)**	**7.5**	**(472)**	**(470)**	**(0.4)**	**(990)**

Total revenue

Total revenue in our Group Headquarters & Group Services segment in the first half of 2021 increased by 0.9 % year-on-year, mainly due to higher intragroup revenue at Deutsche Telekom IT from the licensing of the ERP system. Lower revenue from land and buildings due to the ongoing optimization of space had an offsetting effect.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL in the Group Headquarters & Group Services segment improved by EUR 25 million year-on-year in the reporting period to EUR -105 million. This trend was mainly the result of increased revenues at Deutsche Telekom IT from the licensing of the ERP system and from lower operating expenses at our Group Services. By contrast, lower income from real estate sales and lower revenue from land and buildings had a negative impact on adjusted EBITDA AL.

Overall, EBITDA AL was negatively impacted in the reporting period by special factors amounting to EUR 81 million, especially for staff-related measures. This contrasts with special factors of EUR 139 million in the prior-year period, also in particular for staff-related measures.

EBIT
The year-on-year decline in EBIT of EUR 26 million to EUR -735 million was largely a result of two contrasting effects: the increase in depreciation, amortization and impairment losses on the one hand, and the positive development of EBITDA AL on the other. The increase in depreciation, amortization and impairment losses is mainly attributable to the increased volume of output in connection with the introduction of agile processes and shorter project runtimes at Deutsche Telekom IT. In addition, depreciation, amortization and impairment losses increased due to higher capitalization in connection with the licensing of the ERP system. An impairment loss was also recognized in the first quarter of 2021 in the amount of EUR 14 million on software used by the Systems Solutions operating segment. This impairment loss was a consequence of the ad hoc impairment testing carried out in the Systems Solutions cash-generating unit in the third quarter of the prior year. By contrast, depreciation, amortization and impairment losses from land and buildings decreased as a result of our continued optimization of the real estate portfolio.

Cash capex
Cash capex in the reporting period was at the same level as in the prior-year period.

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 2020 combined management report (page 107 et seq.) and in the Interim Group Report as of March 31, 2021 (pages 32 and 33), we now expect to post a stronger-than-expected increase in adjusted EBITDA AL. Adjusted EBITDA AL was originally expected to increase to over EUR 37.0 billion. We now expect adjusted EBITDA AL for the Group to grow to over EUR 37.2 billion in the 2021 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 around USD 26.1 billion, up from the most recent guidance of USD 25.9 billion. All other statements made remain valid. We still expect our operations outside of the United States to generate adjusted EBITDA AL of EUR 14.4 billion, as communicated in our Interim Group Report as of March 31, 2021. We also expect the Group's free cash flow AL (before dividend payments and spectrum investment) to come in at over EUR 8.0 billion, in line with our most recent raised guidance. For additional information and recent changes in the economic situation, please refer to the section "The economic environment" in this interim Group management report. Readers are also referred to the Disclaimer at the end of this report.

Risks and opportunities

This section provides important additional information and explains recent changes in the risks and opportunities as described in the combined management report of the 2020 Annual Report. Readers are also referred to the Disclaimer at the end of this report.

Risk and opportunity management system
Starting in the second quarter of 2021, changes were made to the risk and opportunity management system in line with the revised IDW audit standard 340 on the auditing of the risk early warning system. These changes mainly relate to the implementation of a risk-bearing capacity conception, improvements to risk aggregation (e.g., greater quantification of risks), as well as some renaming and reassignment of risks and opportunities to the various categories. The parameters for classifying risk extent were also adjusted following a significant rise in Deutsche Telekom's EBITDA AL on the back of organic corporate growth and the business combination of T-Mobile US and Sprint. These changes affect the presentation and assessment of the risks and opportunities. We will provide detailed explanations of the changes in the 2021 Annual Report. The Interim Group Report as of June 30, 2021 only contains the "substantive" changes made to the risk and opportunity categories and no changes arising from adjustments to the methodology.

Economic risks, Germany and Europe

The economies of Germany and Europe are poised to recover substantially as coronavirus restrictions are eased. The business and consumer climate has seen a marked improvement in recent months. But at the same time growth in overall economic demand is leading to bottlenecks, with prices for raw materials soaring and companies increasingly facing a shortage of upstream products. Nonetheless, the general growth outlooks for Germany and Europe are positive. In April 2021, the International Monetary Fund (IMF) forecast a 4.4 % expansion of the eurozone economy for the current year (Germany +3.6 %) and considers a return to recession to be unlikely. Due to the uncertain path of the coronavirus pandemic, we cannot rule out economic implications resulting from possible further developments, such as the emergence of virus mutations. Based on experience so far, the coronavirus pandemic is expected to have only a limited impact on Deutsche Telekom's business. We have thus reduced the risk significance for the risk category "Economic risks, Germany" and "Economic risks, Europe" to "low."

Economic risks, United States

Leading economic research institutes have raised their growth forecasts for the United States. However, a USD 1,900 billion relief package passed in March 2021 could also entail higher U.S. corporate income tax rates going forward, potentially increasing the tax burden for our Group company T-Mobile US. In April 2021, the IMF forecast a 6.4 % expansion of the U.S. economy for the current year and considers a return to recession to be unlikely. Economic activity in the United States is set to reach pre-pandemic levels as early as mid-2021. The current growth outlooks have prompted us to reduce the risk significance for the risk category "Economic risks, United States" to "low."

Risks relating to strategic transformation and integration

Collaboration with Chinese suppliers is being impeded by the enduring trade conflict between the United States and China. Since 2020, the United States has restricted the use of U.S. technology for and by Chinese suppliers on account of security concerns. They also put pressure on other countries to do the same. In Germany, the legislator has put an end to many years of intensive discussion concerning the security of critical infrastructure with the new Second Act to Increase the Security of Information Technology Systems, or the IT Security Act 2.0 (IT-Sicherheitsgesetz 2.0). A positive outcome is that a number of long-disputed requirements for critical infrastructure (KRITIS) have now been laid down. Deutsche Telekom itself has long been scrutinizing security-critical components prior to installation and on an ongoing basis once in operation. We therefore assume that the assessment by the authorities will also be compatible with rapid network build-out and will not lead to any long-term delays. The IT Security Act 2.0 does not include any ban on individual manufacturers. The Federal Ministry of the Interior, Building and Community is currently drafting the necessary ordinance for the practical application of the IT Security Act 2.0. The requirements laid down in the security catalogue, which is currently being drawn up by the Bundesnetzagentur and the Federal Office for Information Security in accordance with the Telecommunications Act, will be relevant to any critical components that could potentially be affected. The risk of a retrospective order to remove components already installed in the network is low under current legislation. The future risk of using component types that are yet to be installed cannot be assessed conclusively until the security catalogue is available. At the same time, the hurdles for retrospective orders to remove components already approved will be high. Accordingly, the potential impact of loss is reduced and we have lowered the risk significance in the risk category "Risks relating to strategic transformation and integration" to "medium."

Regulatory risks

New state interventions in the context of cybersecurity in Poland under debate. In January 2021, the Polish government published a draft for a cybersecurity act and new provisions for an amendment to the national telecommunications act. These changes would give new mobile network operators privileged access to resources to foster their establishment in the market. This could result in unfair competition and negatively affect the competitive standing of our mobile communications subsidiary in Poland.

Litigation

Claims relating to charges for the shared use of cable ducts. In proceedings instituted against Telekom Deutschland GmbH by Kabel Deutschland Vertrieb und Service GmbH (now Vodafone Kabel Deutschland GmbH) on the one hand and Unitymedia Hessen GmbH & Co. KG (now Vodafone Hessen GmbH), Unitymedia NRW GmbH (now Vodafone NRW GmbH), and Kabel BW GmbH (now Vodafone BW GmbH) on the other, the Federal Court of Justice in its rulings of May 18, 2021 allowed the plaintiffs' appeals to the extent that the proceedings relate to claims for the period from January 1, 2012 (for Vodafone Kabel Deutschland GmbH) and from January 1, 2016 (for the remaining plaintiffs). At present the financial impact of both these proceedings cannot be assessed with sufficient certainty.

Prospectus liability proceedings (third public offering, or DT3). This relates to initially around 2,600 ongoing lawsuits from some 16,000 alleged buyers of T-Shares sold on the basis of the prospectus published on May 26, 2000. The plaintiffs assert that individual figures given in this prospectus were inaccurate or incomplete. The amount in dispute currently totals approximately EUR 78 million plus interest. Some of the actions are also directed at KfW and/or the Federal Republic of Germany as well as the banks that handled the issuances. The Frankfurt/Main Regional Court had issued orders for reference to the Frankfurt/Main Higher Regional Court in accordance with the German Capital Investor Model Proceedings Act (Kapitalanleger-Musterverfahrensgesetz – KapMuG) and has temporarily suspended the initial proceedings. On May 16, 2012, the Frankfurt/Main Higher Regional Court had ruled that there were no material errors in Deutsche Telekom AG's prospectus. In its decision on October 21, 2014, the Federal Court of Justice partly revoked this ruling, determined that there was a mistake in the prospectus, and referred the case back to the Frankfurt/Main Higher Regional Court. On November 30, 2016, the Frankfurt/Main Higher Regional Court ruled that the mistake in the prospectus identified by the Federal Court of Justice could result in liability on the part of Deutsche Telekom AG, although the details of that liability would have to be established in the initial proceedings. Following an appeal from both parties, in February 2021 the Federal Court of Justice once again referred the process back to the Frankfurt/Main Higher Regional Court. Deutsche Telekom has recognized appropriate provisions for risk in the statement of financial position.

Sprint Merger Class Action. On June 4, 2021, a shareholder class action and derivative action was filed in the Delaware Court of Chancery against Deutsche Telekom, SoftBank, T-Mobile US, and certain current and former officers and directors, asserting breach of fiduciary duties relating to the repricing amendment to the Business Combination Agreement, as well as SoftBank's subsequent monetization of its T-Mobile shares. At present the financial impact of this proceeding cannot be assessed with sufficient certainty.

Anti-trust proceedings

Claims for damages against Slovak Telekom following a European Commission decision to impose fines. The European Commission decided on October 15, 2014 that Slovak Telekom had abused its market power on the Slovak broadband market and as a result imposed fines on Slovak Telekom and Deutsche Telekom, which were paid in full in January 2015. In 2018, following an appeal by Slovak Telekom and Deutsche Telekom, the Court of the European Union partially overturned the European Commission's ruling and reduced the fines by a total of EUR 13 million. A ruling of March 25, 2021 dismissed in full a further appeal with the European Court of Justice. Following the decision of the European Commission, competitors had filed damage actions against Slovak Telekom with the civil court in Bratislava. These claims seek compensation for alleged damages due to Slovak Telekom's abuse of a dominant market position, as determined by the European Commission. At present, two claims totaling EUR 112 million plus interest are still pending. It is currently not possible to estimate the financial impact with sufficient certainty.

Assessment of the aggregate risk position

The improved economic outlooks for Germany, Europe, and the United States, along with the new IT Security Act 2.0, which has introduced clarity in relation to restrictions with regard to Chinese suppliers, have led to an improvement in the aggregate risk position compared to the risks and opportunities as described in the combined management report of the 2020 Annual Report. At the time of preparing this report, neither our risk management system nor our management could identify any material risks to the continued existence of Deutsche Telekom AG or a significant Group company as a going concern.

Interim consolidated financial statements

Consolidated statement of financial position

millions of €

	June 30, 2021	Dec. 31, 2020	Change	Change %	June 30, 2020
Assets					
Current assets	**32,728**	**37,293**	**(4,565)**	**(12.2)**	**37,936**
Cash and cash equivalents	8,861	12,939	(4,078)	(31.5)	14,537
Trade receivables	13,968	13,523	445	3.3	12,690
Contract assets	1,995	1,966	29	1.5	1,905
Current recoverable income taxes	242	349	(107)	(30.7)	245
Other financial assets	3,061	3,224	(163)	(5.1)	2,776
Inventories	2,066	2,695	(629)	(23.3)	2,077
Other assets	1,872	1,484	388	26.1	1,919
Non-current assets and disposal groups held for sale	664	1,113	(449)	(40.3)	1,786
Non-current assets	**237,775**	**227,624**	**10,151**	**4.5**	**232,035**
Intangible assets	128,431	118,066	10,365	8.8	126,372
Property, plant and equipment	60,439	60,975	(536)	(0.9)	62,912
Right-of-use assets	30,624	30,302	322	1.1	23,821
Capitalized contract costs	2,315	2,192	123	5.6	2,081
Investments accounted for using the equity method	950	543	407	75.0	541
Other financial assets	6,011	6,416	(405)	(6.3)	6,715
Deferred tax assets	7,752	7,972	(220)	(2.8)	8,434
Other assets	1,255	1,159	96	8.3	1,158
Total assets	**270,504**	**264,917**	**5,587**	**2.1**	**269,971**
Liabilities and shareholders' equity					
Current liabilities	**35,225**	**37,135**	**(1,910)**	**(5.1)**	**39,015**
Financial liabilities	11,902	12,652	(750)	(5.9)	13,567
Lease liabilities	4,977	5,108	(131)	(2.6)	5,812
Trade and other payables	8,342	9,760	(1,418)	(14.5)	9,601
Income tax liabilities	833	690	143	20.7	566
Other provisions	3,389	3,638	(249)	(6.8)	3,395
Other liabilities	3,812	3,213	599	18.6	3,739
Contract liabilities	1,699	1,625	74	4.6	1,794
Liabilities directly associated with non-current assets and disposal groups held for sale	271	449	(178)	(39.6)	541
Non-current liabilities	**158,279**	**155,232**	**3,047**	**2.0**	**157,454**
Financial liabilities	97,788	94,456	3,332	3.5	103,043
Lease liabilities	28,286	27,607	679	2.5	19,994
Provisions for pensions and other employee benefits	5,925	7,684	(1,759)	(22.9)	8,003
Other provisions	5,186	5,395	(209)	(3.9)	4,820
Deferred tax liabilities	18,257	17,260	997	5.8	18,716
Other liabilities	2,257	2,418	(161)	(6.7)	2,450
Contract liabilities	580	411	169	41.1	428
Liabilities	**193,504**	**192,367**	**1,137**	**0.6**	**196,469**
Shareholders' equity	**77,000**	**72,550**	**4,450**	**6.1**	**73,502**
Issued capital	12,189	12,189	0	0.0	12,189
Treasury shares	(46)	(46)	0	0.0	(47)
	12,144	**12,143**	**1**	**0.0**	**12,142**
Capital reserves	62,597	62,640	(43)	(0.1)	62,535
Retained earnings including carryforwards	(36,217)	(38,905)	2,688	6.9	(39,014)
Total other comprehensive income	(2,969)	(4,115)	1,146	27.8	(1,573)
Net profit (loss)	2,815	4,158	(1,343)	(32.3)	1,670
Issued capital and reserves attributable to owners of the parent	**38,370**	**35,922**	**2,448**	**6.8**	**35,760**
Non-controlling interests	38,630	36,628	2,002	5.5	37,743
Total liabilities and shareholders' equity	**270,504**	**264,917**	**5,587**	**2.1**	**269,971**

Consolidated income statement

millions of €	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Net revenue	**26,593**	**27,041**	**(1.7)**	**52,983**	**46,984**	**12.8**	**100,999**
Of which: interest income calculated using the effective interest method	69	75	(8.0)	141	156	(9.6)	278
Other operating income	553	527	4.9	841	820	2.6	2,879
Changes in inventories	(5)	2	n.a.	(5)	30	n.a.	(15)
Own capitalized costs	706	721	(2.1)	1,380	1,326	4.1	2,774
Goods and services purchased	(11,722)	(11,678)	(0.4)	(23,155)	(20,243)	(14.4)	(44,674)
Personnel costs	(4,702)	(5,131)	8.4	(9,358)	(9,615)	2.7	(18,853)
Other operating expenses	(954)	(1,456)	34.5	(1,855)	(2,336)	20.6	(4,476)
Impairment losses on financial assets	(124)	(333)	62.8	(269)	(474)	43.2	(862)
Gains (losses) from the write-off of financial assets measured at amortized cost	(29)	(33)	12.1	(53)	(85)	37.6	(188)
Other	(801)	(1,090)	26.5	(1,533)	(1,777)	13.7	(3,425)
EBITDA	**10,469**	**10,026**	**4.4**	**20,830**	**16,966**	**22.8**	**38,633**
Depreciation, amortization and impairment losses	(6,781)	(6,939)	2.3	(13,623)	(11,368)	(19.8)	(25,829)
Profit (loss) from operations (EBIT)	**3,688**	**3,087**	**19.5**	**7,207**	**5,597**	**28.8**	**12,804**
Finance costs	(1,118)	(1,443)	22.5	(2,304)	(2,000)	(15.2)	(4,224)
Interest income	100	93	7.5	215	193	11.4	414
Interest expense	(1,218)	(1,536)	20.7	(2,519)	(2,193)	(14.9)	(4,638)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(33)	(7)	n.a.	(44)	(6)	n.a.	(12)
Other financial income (expense)	656	202	n.a.	178	(206)	n.a.	109
Profit (loss) from financial activities	**(495)**	**(1,249)**	**60.4**	**(2,170)**	**(2,213)**	**1.9**	**(4,128)**
Profit (loss) before income taxes	**3,193**	**1,838**	**73.7**	**5,037**	**3,384**	**48.8**	**8,677**
Income taxes	(719)	(517)	(39.1)	(1,261)	(968)	(30.3)	(1,929)
Profit (loss)	**2,473**	**1,321**	**87.2**	**3,776**	**2,417**	**56.2**	**6,747**
Profit (loss) attributable to							
Owners of the parent (net profit (loss))	1,879	754	n.a.	2,815	1,670	68.6	4,158
Non-controlling interests	594	568	4.6	960	747	28.5	2,589

Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. This transaction affects the comparability of the figures for the current period with the prior-year figures. For further information on the transaction, please refer to the section "Changes in the composition of the Group and other transactions."

Earnings per share

		Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %	FY 2020
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	1,879	754	n.a.	2,815	1,670	68.6	4,158
Adjusted weighted average number of basic/diluted ordinary shares outstanding	millions	4,744	4,743	0.0	4,744	4,743	0.0	4,743
Earnings per share basic/diluted	€	**0.40**	**0.16**	**n.a.**	**0.59**	**0.35**	**68.6**	**0.88**

Consolidated statement of comprehensive income

millions of €	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change	FY 2020
Profit (loss)	**2,473**	**1,321**	**1,152**	**3,776**	**2,417**	**1,359**	**6,747**
Items not subsequently reclassified to profit or loss (not recycled)							
Gains (losses) from the remeasurement of equity instruments	54	45	9	87	59	28	62
Gains (losses) from the remeasurement of defined benefit plans	631	(348)	979	1,610	(1,355)	2,965	(1,358)
Revaluation due to business combinations	0	0	0	0	0	0	0
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0	0	0	0
Income taxes relating to components of other comprehensive income	(38)	97	(135)	(223)	11	(234)	142
	648	**(205)**	**853**	**1,474**	**(1,285)**	**2,759**	**(1,154)**
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	41	0	41	41	0	41	0
Change in other comprehensive income (not recognized in income statement)	(649)	(1,291)	642	2,047	(1,045)	3,092	(6,578)
Gains (losses) from the remeasurement of debt instruments							
Recognition of other comprehensive income in income statement	97	105	(8)	179	212	(33)	491
Change in other comprehensive income (not recognized in income statement)	(147)	(33)	(114)	(179)	(195)	16	(481)
Gains (losses) from hedging instruments (designated risk components)							
Recognition of other comprehensive income in income statement	98	141	(43)	14	141	(127)	431
Change in other comprehensive income (not recognized in income statement)	24	(162)	186	148	(1,082)	1,230	(1,446)
Gains (losses) from hedging instruments (hedging costs)							
Recognition of other comprehensive income in income statement	1	1	0	1	1	0	2
Change in other comprehensive income (not recognized in income statement)	12	(27)	39	21	(29)	50	(30)
Share of profit (loss) of investments accounted for using the equity method							
Recognition of other comprehensive income in income statement	0	0	0	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	0	0	0	0	0	0	1
Income taxes relating to components of other comprehensive income	(33)	4	(37)	(46)	257	(303)	283
	(556)	**(1,263)**	**707**	**2,226**	**(1,740)**	**3,966**	**(7,327)**
Other comprehensive income	**92**	**(1,469)**	**1,561**	**3,700**	**(3,025)**	**6,725**	**(8,481)**
Total comprehensive income	**2,565**	**(148)**	**2,713**	**7,475**	**(608)**	**8,083**	**(1,734)**
Total comprehensive income attributable to							
Owners of the parent	2,439	29	2,410	5,333	(552)	5,885	(496)
Non-controlling interests	126	(178)	304	2,142	(57)	2,199	(1,238)

Sprint has been included in Deutsche Telekom’s consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. This transaction affects the comparability of the figures for the current period with the prior-year figures. For further information on the transaction, please refer to the section “Changes in the composition of the Group and other transactions.”

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, 2020	**12,189**	**(47)**	**55,029**	**(38,709)**	**3,867**	**(808)**	**(21)**
Transfer resulting from change in accounting standards							
Changes in the composition of the Group							
Transactions with owners			7,374			(336)	
Unappropriated profit (loss) carried forward				3,867	(3,867)		
Dividends				(2,846)			
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			133				
Share buy-back/shares held in a trust deposit							
Profit (loss)					1,670		
Other comprehensive income				(1,323)		(485)	
Total comprehensive income							
Transfer to retained earnings				(3)			3
Balance at June 30, 2020	**12,189**	**(47)**	**62,535**	**(39,014)**	**1,670**	**(1,630)**	**(17)**
Balance at January 1, 2021	**12,189**	**(46)**	**62,640**	**(38,905)**	**4,158**	**(4,092)**	**(14)**
Transfer resulting from change in accounting standards							
Changes in the composition of the Group							
Transactions with owners			(110)			1	
Unappropriated profit (loss) carried forward				4,158	(4,158)		
Dividends				(2,846)			
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			67				
Share buy-back/shares held in a trust deposit							
Profit (loss)					2,815		
Other comprehensive income				1,330		1,006	
Total comprehensive income							
Transfer to retained earnings				46			3
Balance at June 30, 2021	**12,189**	**(46)**	**62,597**	**(36,217)**	**2,815**	**(3,085)**	**(11)**

Issued capital and reserves attributable to owners of the parent							Non-controlling interests	Total shareholders' equity
Total other comprehensive income						Total		
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			
101	**(6)**	**130**	**51**	**0**	**(69)**	**31,707**	**14,524**	**46,231**
							17,329	17,329
	12	377			(109)	7,317	6,006	13,323
						(2,846)	(174)	(3,019)
						133	113	246
						1,670	747	2,417
59	(3)	(617)	(27)		175	(2,222)	(803)	(3,025)
						(552)	**(56)**	**(608)**
160	**3**	**(110)**	**24**	**0**	**(3)**	**35,760**	**37,743**	**73,502**
156	**0**	**(223)**	**24**	**0**	**34**	**35,922**	**36,628**	**72,550**
		4			(1)	(106)	10	(96)
						(2,846)	(234)	(3,080)
						67	83	150
						2,815	960	3,776
81		119	22		(41)	2,517	1,182	3,700
						5,333	**2,142**	**7,475**
(52)					2			
185	**0**	**(100)**	**46**	**0**	**(5)**	**38,370**	**38,630**	**77,000**

Consolidated statement of cash flows

millions of €

	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Profit (loss) before income taxes	**3,193**	**1,838**	**5,037**	**3,384**	**8,677**
Depreciation, amortization and impairment losses	6,781	6,939	13,623	11,368	25,829
(Profit) loss from financial activities	495	1,249	2,170	2,213	4,128
(Profit) loss on the disposal of fully consolidated subsidiaries	(163)	(9)	(163)	(9)	(10)
(Income) loss from the sale of stakes accounted for using the equity method	0	0	0	0	0
Other non-cash transactions	(92)	164	5	394	(857)
(Gains) losses from the disposal of intangible assets and property, plant and equipment	(7)	199	(2)	178	368
Change in assets carried as operating working capital	(242)	(95)	436	(361)	(2,702)
Change in other operating assets	(203)	226	(542)	(263)	(509)
Change in provisions	(80)	(162)	(499)	(263)	20
Change in liabilities carried as operating working capital	(330)	(1,667)	(1,130)	(1,875)	(2,108)
Change in other operating liabilities	145	37	397	182	(239)
Income taxes received (paid)	(102)	70	(357)	(74)	(690)
Dividends received	1	1	2	4	6
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	0	(2,189)	0	(2,189)	(2,207)
Cash generated from operations	**9,396**	**6,600**	**18,977**	**12,690**	**29,706**
Interest paid	(1,718)	(1,917)	(3,206)	(4,394)	(7,252)
Interest received	402	464	615	811	1,289
Net cash from operating activities	**8,080**	**5,148**	**16,387**	**9,107**	**23,743**
Cash outflows for investments in					
Intangible assets	(1,016)	(1,900)	(10,089)	(3,055)	(5,756)
Property, plant and equipment	(3,306)	(2,648)	(6,505)	(5,061)	(12,938)
Non-current financial assets	(111)	(237)	(176)	(374)	(566)
Payments for publicly funded investments in the broadband build-out	(95)	(112)	(179)	(214)	(507)
Proceeds from public funds for investments in the broadband build-out	77	53	103	76	431
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(1)	(4,647)	(25)	(4,648)	(5,028)
Proceeds from disposal of					
Intangible assets	1	0	1	1	3
Property, plant and equipment	57	40	105	126	233
Non-current financial assets	128	54	190	73	112
Changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	145	22	145	22	1,094
Net change in short-term investments and marketable securities and receivables	187	826	122	1,790	273
Other	0	0	0	11	(2)
Net cash used in investing activities	**(3,934)**	**(8,548)**	**(16,307)**	**(11,254)**	**(22,649)**
Proceeds from issue of current financial liabilities	3,673	17,597	4,297	18,918	19,018
Repayment of current financial liabilities	(7,331)	(22,109)	(11,105)	(26,175)	(34,939)
Proceeds from issue of non-current financial liabilities	2,909	24,506	8,575	26,114	34,131
Repayment of non-current financial liabilities	0	(1,697)	0	(1,699)	(1,699)
Dividend payments (including to other shareholders of subsidiaries)	(2,909)	(2,874)	(2,909)	(2,874)	(3,067)
Principal portion of repayment of lease liabilities	(1,311)	(1,467)	(3,035)	(2,730)	(5,371)
Cash inflows from transactions with non-controlling entities	8	20	11	24	53
Cash outflows from transactions with non-controlling entities	(140)	(179)	(347)	(344)	(565)
Other	0	0	0	0	0
Net cash from (used in) financing activities	**(5,100)**	**13,797**	**(4,513)**	**11,234**	**7,561**
Effect of exchange rate changes on cash and cash equivalents	(58)	63	356	57	(1,036)
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	(1)	0	(1)	0	(73)
Net increase (decrease) in cash and cash equivalents	**(1,014)**	**10,459**	**(4,078)**	**9,144**	**7,547**
Cash and cash equivalents, at the beginning of the period	**9,872**	**4,078**	**12,939**	**5,393**	**5,393**
Cash and cash equivalents, at the end of the period	**8,861**	**14,537**	**8,861**	**14,537**	**12,939**

Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. This transaction affects the comparability of the figures for the current period with the prior-year figures. For further information on the transaction, please refer to the section "Changes in the composition of the Group and other transactions."

Significant events and transactions

Accounting policies

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

Statement of compliance

The interim consolidated financial statements for the period ended June 30, 2021 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, 2020. All IFRSs applied by Deutsche Telekom AG have been adopted by the European Commission for use within the EU.

In the opinion of the Board of Management, the reviewed half-year financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the results of operations and financial position of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2020 for the accounting policies applied for the Group's financial reporting.

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

Pronouncement	Title	To be applied by Deutsche Telekom from	Changes	Expected impact on the presentation of Deutsche Telekom's results of operations and financial position
IFRSs endorsed by the EU				
Amendments to IFRS 16	Covid-19-related Rent Concessions	Jan. 1, 2021[a]	Practical expedient for lessee accounting of rent concessions granted due to the Covid-19 pandemic. Instead of assessing whether a rent concession is a lease modification, the lessee may account for the changes in lease payments as if they were not lease modifications.	Practical expedient not applied by Deutsche Telekom.
Amendments to IFRS 4	Insurance Contracts – deferral of IFRS 9	Jan. 1, 2021	Deferral of first-time application of IFRS 9 for insurance companies.	No impact.
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)	Jan. 1, 2021	The amendments address the impact of modifications of financial instruments required as a direct consequence of the IBOR reform, hedge accounting requirements, and the accompanying disclosures.	No material impact expected.

[a] Earlier application is permissible. Deutsche Telekom already decided in the 2020 financial year to not apply the practical expedient.

Thanks to intensive preparatory and implementation work, the reform of interbank offered rates (IBORs) is currently generating low residual risks regarding the timing of implementation and the precise content of the planned changes for individual contracts concluded in foreign currencies. Deutsche Telekom is affected by this uncertainty in its hedging of interest rate and currency risks in designated fair value and cash flow hedges where certain IBORs are part of the hedging relationship (EURIBOR, USD-LIBOR, GBP-LIBOR, and CHF-LIBOR). Group Treasury continuously analyzes the latest developments and takes any additional steps needed to transition to the new interest rate benchmarks. EONIA has already been transitioned to €STR, while specific implementation work is currently being prepared for the currencies CHF, GBP, and JPY. The transition date for all other currencies affected by the reform will depend on the relevant market liquidity of the new risk free rates. For the USD-LIBOR, the market is expected to make the switch by mid-2023.

For more 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 2020 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.

Effective January 1, 2021, Deutsche Telekom reassigned the responsibility for business and profit and loss for Deutsche Telekom IoT GmbH from the Systems Solutions operating segment to the business customer unit in the Germany operating segment. Deutsche Telekom IoT GmbH is responsible for the IoT business of Deutsche Telekom. This reassignment makes it possible to serve the IoT market more quickly and thus to strengthen Deutsche Telekom's position on this growth market. Prior-year comparatives in both of the segments affected have accordingly been adjusted retrospectively in segment reporting.

As of January 1, 2021, Deutsche Telekom reassigned the Austrian cell tower business from the Europe operating segment to GD Towers in the Group Development operating segment to enhance the management efficiency in cell tower business. In addition, GD Towers will increase its efforts to expand third-party business, increase profitability, and develop growth areas. Furthermore, Deutsche Telekom IT (DT IT) Russia, DT IT Slovakia, and DT IT Hungary were reassigned from the Germany operating segment to the Group Headquarters & Group Services segment effective January 1, 2021. Prior-year comparatives in the segments affected have not been adjusted retrospectively, since the effects are immaterial for the Group and the costs for preparing the adjustment would outweigh the benefit.

Coronavirus pandemic
The coronavirus pandemic has developed into a global economic crisis. Due to higher demand for certain telecommunications services, the impact of the crisis is being felt less severely by the telecommunications industry and Deutsche Telekom than by other industries. Business activities and thus the results of operations and financial position of Deutsche Telekom were impacted by the coronavirus pandemic in various business areas, affecting revenue and earnings, although not to any significant extent. Deutsche Telekom has put in place cost-saving measures to mitigate potential effects on earnings. At this time, we can report only very minor repercussions with respect to payment defaults and customer numbers.

Possible future effects on the measurement of individual assets and liabilities are being analyzed on an ongoing basis. Due to the uncertain path of the coronavirus pandemic, Deutsche Telekom cannot rule out economic implications resulting from possible further developments, such as the emergence of virus mutations. Possible factors could include the introduction of new travel restrictions, the closure of Telekom Shops, disrupted supply chains, further declines in roaming and visitor volumes, falling terminal equipment sales, or a drop in the number of new contracts being taken out. In addition, corporate customer business may decline further, for example, due to delayed or changed customer decisions. The possibility of an increase in the number of consumers and business customers defaulting on their payments cannot be ruled out either. Based on experience so far, the coronavirus pandemic is likely to have only a limited impact on Deutsche Telekom's business.

Changes in the composition of the Group and other transactions
In the first half of 2021, the following developments were recorded in the Group in connection with transactions conducted by Deutsche Telekom in prior periods.

Business combination of T-Mobile US and Sprint
Together with their respective majority shareholders Deutsche Telekom AG and SoftBank K.K., T-Mobile US and Sprint Corp. concluded a binding agreement on April 29, 2018 to combine their companies. On July 26, 2019 and on February 20, 2020, further conditions for the business combination were agreed. The transaction was consummated on April 1, 2020. Prior to this, the approvals required from the national and regional regulatory and antitrust authorities and courts in the United States had been obtained and additional closing conditions met. The last approval was granted by the California Public Utilities Commission (CPUC) on April 16, 2020. As a consequence of the business combination, T-Mobile US took over all shares in Sprint.

The business combination of T-Mobile US and Sprint was executed by means of a share exchange without a cash component (all-stock transaction). For every 9.75 Sprint shares held, the Sprint shareholders, with the exception of SoftBank, received one new share in T-Mobile US in return. Pursuant to the supplementary agreement dated February 20, 2020, SoftBank agreed to surrender to T-Mobile US immediately, for no additional consideration, an aggregate of 48,751,557 ordinary shares in T-Mobile US, received in connection with this transaction, such that SoftBank received one new share in T-Mobile US for every 11.31 Sprint shares. Taking these adjustments into account, a total of 373,396,310 new ordinary shares in T-Mobile US were issued to Sprint shareholders.

The purchase price allocation and the measurement of Sprint's assets and liabilities at the acquisition date were finalized as of March 31, 2021.

The consideration transferred is comprised as follows:

millions of €	Fair value at the acquisition date
T-Mobile US ordinary shares issued	28,649
+ Vested rights from share-based remuneration plans	350
+ Contingent consideration paid to SoftBank	1,721
– Payment received in relation to cost allocation from SoftBank in connection with CPUC	(93)
= Consideration transferred	**30,627**

Based on the closing T-Mobile US share price of USD 83.90 as of March 31, 2020 – which was the most recent publicly available closing price at the time of consummation – the total value of T-Mobile US ordinary shares issued in exchange for Sprint ordinary shares was USD 31.3 billion (EUR 28.6 billion). In addition, one component of the consideration transferred was the replacement of share-based remuneration for certain Sprint employees for services provided prior to the business combination and contingent consideration payable to SoftBank. The contingent consideration results from the agreement concluded on February 20, 2020 that if the trailing 45-day volume-weighted average price of the T-Mobile US ordinary share at any time during the period commencing on April 1, 2022 and ending on December 31, 2025 reaches or exceeds the value of USD 150.00, then T-Mobile US will issue to SoftBank for no additional consideration 48,751,557 ordinary shares, i.e., the number of shares that SoftBank surrendered to T-Mobile US in the course of the closing of the transaction. The Monte Carlo simulation method was used to measure the contingent consideration. The main inputs and assumptions are the volatility of 28.5 %, the risk-free interest rate of 0.44 %, the period for fulfillment of conditions, the 45-day volume-weighted average price per ordinary share of T-Mobile US, and the corresponding share price at the date of acquisition. Thus, the maximum value of the undiscounted contingent consideration equals the number of shares to be transferred multiplied by the price at the time the contingency is met. The consideration transferred is reduced by a pro rata reimbursement of costs by SoftBank to Deutsche Telekom related to the fulfillment of closing conditions vis-à-vis the CPUC. The financing structure was also reorganized in the course of combining the businesses of T-Mobile US and Sprint. Immediately after the transaction, liabilities of the former Sprint totaling USD 9.8 billion (around EUR 8.9 billion) were repaid, of which USD 7.4 billion (around EUR 6.8 billion) fell due pursuant to a binding change-in-control clause. The amounts repaid are included in current financial liabilities as of the date of consummation and are recognized, in the statement of cash flows as of December 31, 2020, under net cash used in investing activities (mandatory repayments) and net cash from/used in financing activities (optional repayments). Thus the total costs of the acquisition, including the mandatory repayment of financial liabilities as of the acquisition date, amounted to EUR 37.4 billion.

On completion of the transaction, Deutsche Telekom and SoftBank held approximately 43.6 % and 24.7 %, respectively, and other shareholders approximately 31.7 % of the shares in the “new” T-Mobile US. Due to a proxy agreement concluded with SoftBank and the fact that persons nominated by Deutsche Telekom hold a majority on the Board of Directors of the new company, T-Mobile US will continue to be included in the consolidated financial statements of Deutsche Telekom as a fully consolidated subsidiary.

The fair values of Sprint's acquired assets and liabilities recognized at the acquisition date are presented in the following table:

millions of €

	Fair value at the acquisition date
Assets	
Current assets	**7,903**
Cash and cash equivalents	1,904
Trade receivables	2,924
Contract assets	141
Other financial assets	205
Other assets	364
Current recoverable income taxes	18
Inventories	602
Non-current assets and disposal groups held for sale	1,745
Non-current assets	**85,678**
Goodwill	8,704
Other intangible assets	50,322
Of which: FCC spectrum licenses	41,629
Of which: customer base	4,481
Of which: other	4,212
Property, plant and equipment	13,660
Right-of-use assets	6,287
Other financial assets	224
Deferred tax assets	6,269
Other assets	212
Assets	**93,581**
Liabilities	
Current liabilities	**18,978**
Financial liabilities	11,988
Lease liabilities	1,669
Trade and other payables	2,948
Income tax liabilities	136
Other provisions	890
Contract liabilities	249
Other liabilities	664
Liabilities associated with assets and disposal groups held for sale	434
Non-current liabilities	**43,976**
Financial liabilities	27,068
Lease liabilities	5,146
Provisions for pensions and other employee benefits	816
Other provisions	1,057
Deferred tax liabilities	9,809
Other liabilities	55
Contract liabilities	25
Liabilities	**62,954**

The acquired intangible assets mainly comprise FCC spectrum licenses and customer relationships, which were measured at fair value in the amount of EUR 41,629 million and EUR 4,481 million, respectively. Spectrum licenses were measured using the greenfield method. Under the greenfield method, the value of an intangible asset is determined using a hypothetical cash flow scenario. The scenario projects the development of an entity's operating business on the assumption that the entity owns only this intangible asset at inception. FCC spectrum licenses have an indefinite useful life. The multi-period excess earnings method was used to measure customer relationships. Under this method, the fair value of the customer base is calculated by determining the present value of earnings after tax attributable to existing customers. The expected useful life of customer relationships is eight years on average. Other intangible assets include, among other things, limited-term spectrum leases, the measurement of which includes the contractual payment obligations and also reflects the extent to which contractual terms are favorable compared to current market values. The average remaining lease term at the acquisition date was 20 years for non-cancelable leases, generally with a term of 30 years, and seven years for cancelable leases, generally with a minimum term of 10 years.

The fair value of the acquired trade and other receivables amounts to EUR 2,924 million. The gross amount of trade receivables totals EUR 3,076 million, of which EUR 152 million is expected to be bad debt.

In the first quarter of 2021, measurement adjustments were made to the acquired assets and liabilities, which mainly related to taxes, contingent liabilities, and spectrum leases and resulted in an immaterial change in goodwill.

The acquired goodwill of EUR 8,704 million is calculated as follows:

millions of €	Fair value at the acquisition date
Consideration transferred	30,627
– Fair value of assets acquired	(84,877)
+ Fair value of the liabilities recognized	62,954
= Goodwill	**8,704**

Non-controlling interests participated fully in the transaction by means of the share exchange. As a result of the issuance of T-Mobile US ordinary shares to the former Sprint shareholders, the total non-controlling interest increased. The carrying amount of the cumulative non-controlling interests in T-Mobile US was calculated on the basis of the revalued interests in the shareholders' equity of T-Mobile US and was EUR 34.7 billion as of April 1, 2020 (December 31, 2019: EUR 11.0 billion) based on the purchase price allocation. Since the shares issued to the former Sprint shareholders as part of the share exchange are measured at fair value, the full goodwill method was applied. The goodwill comprises the synergies anticipated in connection with the acquisition, expected new customer additions, and the combined workforce. No part of the recognized goodwill is deductible for income tax purposes.

For further information on the business combination of T-Mobile US and Sprint, please refer to the section "Group organization" in the combined management report and the section "Summary of accounting policies – Changes in the composition of the Group and other transactions" in the notes to the consolidated financial statements in the 2020 Annual Report.

Acquisition of Simpel by T-Mobile Netherlands

On October 16, 2020, T-Mobile Netherlands B.V. signed an agreement for the acquisition of 100 % of the shares in Complex Bidco. B.V. including its 100 % stake in the Dutch MVNO and SIM provider Simpel.nl B.V. On November 16, 2020, the Dutch Authority for Consumers and Markets approved the acquisition without conditions. The acquisition was closed on December 1, 2020. Complex Bidco. B.V. including Simpel.nl B.V. has been included in Deutsche Telekom's consolidated financial statements since December 1, 2020.

The purchase price allocation and the measurement of Simpel's assets and liabilities at the acquisition date were finalized as of June 30, 2021. The finalization of the purchase price allocation did not result in any material changes to the fair values of the assets acquired and the liabilities assumed at the acquisition date compared with those reported in the notes to the consolidated financial statements as of December 31, 2020.

The consideration transferred is comprised as follows:

millions of €	Fair value at the acquisition date
Cash payment	259
+ Fair value of the purchase option	26
+ Settlement of the pre-existing relationships	8
= Consideration transferred	**293**

The purchase option resulted from the call option agreement concluded in July 2019, which secured T-Mobile Netherlands the right to acquire 100 % of the shares in Complex Bidco. B.V. including its 100 % stake in Simpel.

The fair values of Simpel's acquired assets and liabilities recognized at the acquisition date are presented in the following table:

millions of €	Fair value at the acquisition date
Assets	
Current assets	**6**
Cash and cash equivalents	4
Trade receivables	1
Other assets	1
Non-current assets	**336**
Goodwill	196
Other intangible assets	138
Of which: customer base	114
Of which: brand	15
Of which: other	9
Property, plant and equipment	1
Deferred tax assets	1
Assets	**342**
Liabilities	
Current liabilities	**15**
Trade and other payables	4
Income tax liabilities	7
Other liabilities	4
Non-current liabilities	**34**
Deferred tax liabilities	34
Liabilities	**49**

The customer base was measured using the multi-period excess earnings method. Under this method, the fair value of the customer base is calculated by determining the present value of earnings after tax attributable to existing customers. The customer base is amortized over the remaining useful life of around 8 years. The brand was measured using the license price analogy method. Under this method, the value of the brand is calculated by making an assumption about which license costs would be notionally payable if the company did not own the relevant asset. The brand is amortized over the remaining useful life of 10 years.

The carrying amounts of the acquired receivables are based on the fair values. No material contingent liabilities have been identified.

The deferred tax liabilities comprise the tax effect on the temporary differences between the fair value of the different assets and liabilities on the one hand, and the respective carrying amount for tax purposes on the other.

The acquired goodwill of EUR 196 million is calculated as follows:

millions of €	Fair value at the acquisition date
Consideration transferred	293
– Fair value of assets acquired	(146)
+ Fair value of the liabilities recognized	49
= Goodwill	**196**

The goodwill reflects the value of new customer additions anticipated in connection with the acquisition. No part of the recognized goodwill is deductible for income tax purposes.

For further information on the acquisition of Simpel, please refer to the section "Summary of accounting policies – Changes in the composition of the Group and other transactions" in the notes to the consolidated financial statements in the 2020 Annual Report.

In the first half of 2021, 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.

Merger of the cell tower business in the Netherlands and set-up of an infrastructure fund
Deutsche Telekom has set up a fund for investments in digital infrastructure in Europe. On January 21, 2021, Deutsche Telekom, Cellnex Telecom S.A. (Cellnex), the newly established independently managed investment company Digital Infrastructure Vehicle II SICAF-RAIF (DIV), and others signed an agreement to merge Deutsche Telekom's and Cellnex's respective Dutch subsidiaries for passive mobile infrastructure, T-Mobile Infra B.V. and Cellnex Netherlands B.V. (Cellnex NL), into Cellnex NL. In the first step, Deutsche Telekom and Cellnex carried out an increase in capital at DIV. As a result, Deutsche Telekom holds 66.67 % and Cellnex 33.33 % of the shares in DIV. Since Deutsche Telekom has control over DIV, DIV is included in the consolidated financial statements of Deutsche Telekom as a subsidiary. T-Mobile Infra B.V. was then sold to DIV. Immediately before the sale, Deutsche Telekom received a dividend of EUR 0.3 billion from T-Mobile Infra B.V. In the next step, DIV contributed its stake in T-Mobile Infra B.V. into Cellnex NL. In return, DIV received a stake of 37.65 % in the "new" company Cellnex NL. The transaction was consummated on June 1, 2021, after the responsible antitrust authority had granted all the necessary approvals. As a consequence, Deutsche Telekom lost control over T-Mobile Infra B.V. and EUR 0.2 billion of the resulting gain on deconsolidation of EUR 0.3 billion was included in other operating income as of June 30, 2021. EUR 0.1 billion will be recognized pro rata in later periods through the sale-and-leaseback transaction described below. Since June 1, 2021, the stake in Cellnex NL has been indirectly included in the consolidated financial statements through the investment in DIV as an investment accounted for using the equity method with a carrying amount of EUR 0.4 billion. The carrying amount of the non-controlling interest of 33.33 % in DIV amounted to EUR 0.1 billion as of June 1, 2021. Since the shares in DIV are puttable, the non-controlling interests were recognized under non-current financial liabilities.

T-Mobile Netherlands will continue to have full access to the contributed passive mobile infrastructure by means of a long-term agreement at normal market terms and conditions, primarily by leasing the corresponding infrastructure. The lease component included in the agreement with a non-cancelable basic lease term of around 12 years fulfills the conditions of a sale-and-leaseback transaction. Right-of-use assets in the amount of EUR 0.3 billion and lease liabilities in the amount of EUR 0.4 billion were recognized in this context as of June 1, 2021. The gain from the sale-and-leaseback transaction totaled EUR 0.1 billion, EUR 12 million of which was recognized directly in profit or loss; the remainder will be released to profit or loss over the residual useful lives of the rights-of-use assets. The cash inflow totaling EUR 377 million resulting from the sale of T-Mobile Infra B.V. is recognized in the consolidated statement of cash flows as of June 30, 2021, with EUR 135 million relating to the sale of the business operation recognized under net cash used in investing activities and EUR 242 million relating to the sale and leaseback of the passive mobile infrastructure recognized under net cash from/used in financing activities.

In future, further institutional investors in addition to Deutsche Telekom and Cellnex will be given the opportunity to buy a stake in DIV. Deutsche Telekom plans to maintain around 25 % of the fund in its target structure. Until control is lost, DIV will be included in Deutsche Telekom's consolidated financial statements as a subsidiary.

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

Acquisition of Shentel
Sprint is party to a variety of agreements with Shenandoah Personal Communications Company (Shentel), pursuant to which Shentel is the exclusive provider of wireless communications network products for Sprint in certain parts of several U.S. states that are home to approximately 1.1 million subscribers. Pursuant to one such agreement, Sprint was granted an option to purchase Shentel's wireless telecommunications assets. On August 26, 2020, Sprint exercised its option by delivering a binding notice of exercise to Shentel. The purchase price for the Shentel wireless telecommunications assets to be purchased by Sprint is determined through the valuation process prescribed in the agreement. On February 1, 2021, the valuation process was completed. The base purchase price of the wireless telecommunication assets is USD 1.9 billion, subject to certain purchase price adjustments prescribed by the agreement as well as additional purchase price adjustments agreed by the parties. On May 28, 2021, a purchase agreement was signed between T-Mobile USA Inc. and Shentel for the acquisition of assets and liabilities directly associated with the aforementioned wireless telecommunications operation of Shentel. The transaction was consummated on July 1, 2021, after obtaining the necessary approvals from the regulatory authorities and satisfying the other closing conditions. The preliminary consideration transferred as of the acquisition date in the form of a cash payment – taking into account the preliminary settlement paid for the pre-existing relationships between T-Mobile US and Shentel for a total of USD 0.1 billion (EUR 0.1 billion) – amounted to USD 1.9 billion (EUR 1.6 billion).

The acquisition meets the conditions for a business combination in accordance with IFRS 3. Since the transaction was consummated so close to the date of preparing the consolidated financial statements, it is not yet possible to disclose information on the purchase price allocation, on the fair values of the assets acquired and the liabilities assumed, or on the goodwill resulting from the transaction. The assets acquired primarily comprised property, plant and equipment related to cell sites and network technology, lease right-of-use assets, and other intangible assets. The liabilities assumed mainly included lease liabilities.

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

OTE share buy-back

As a consequence of a share buy-back program implemented between March 4, 2020 and October 31, 2020, OTE acquired a total of 9,965,956 treasury shares with an aggregate value of EUR 121 million. The extraordinary shareholders' meeting of OTE S.A. on December 4, 2020 resolved to withdraw 9,965,956 shares from circulation with a corresponding capital reduction of around EUR 28 million. The shares were retired from the Athens Stock Exchange on January 15, 2021. As a result, Deutsche Telekom's share in OTE increased from 46.91 % to 47.90 %.

Selected notes to the consolidated statement of financial position

Trade receivables

At EUR 14.0 billion, trade receivables increased by EUR 0.4 billion against the 2020 year-end level. The increase resulted from higher receivables in the United States operating segment due to the reporting date, and exchange rate effects, especially from the translation of U.S. dollars to euros. Lower receivables in the Germany operating segment had an offsetting effect.

Contract assets

At EUR 2.0 billion as of the reporting date, the carrying amount of contract assets remained unchanged against December 31, 2020. 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 decreased by EUR 0.6 billion compared to December 31, 2020 to EUR 2.1 billion, mainly due to sales of high-priced mobile terminal equipment as a result of a marketing campaign in the United States operating segment. By contrast, positive exchange rate effects, mainly from the translation from U.S. dollars into euros, increased the carrying amount.

Intangible assets

The carrying amount of intangible assets increased by EUR 10.4 billion to EUR 128.4 billion, primarily due to the following effects: additions of EUR 10.6 billion, resulting mainly from the conclusion of the FCC C-band auction in the United States, where T-Mobile US purchased 142 licenses for EUR 7.8 billion (USD 9.3 billion). In the Europe operating segment, licenses were purchased for a total value of EUR 0.2 billion. The 5G licenses acquired at auction in November 2020 by T-Mobile Czech Republic were purchased in the first half of 2021 for EUR 0.1 billion. In addition, proceedings to re-award 900 and 1,800 MHz spectrum licenses in Hungary were held on January 28, 2021 and concluded the same day. Magyar Telekom acquired spectrum licenses for EUR 0.1 billion. Positive exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 3.1 billion, while amortization and impairment losses of EUR 3.3 billion had an offsetting effect.

As part of the realignment of the B2B telecommunications business, the assets and liabilities assigned to the relevant business areas were transferred to the Germany operating segment in September 2020, primarily from the Systems Solutions and Europe operating segments. The realignment of the B2B telecommunications business in combination with the effects of the coronavirus pandemic in the third quarter of 2020 triggered ad hoc impairment testing of the assets assigned to the Systems Solutions cash-generating unit, which identified a deterioration in the business outlook for IT operations. As a consequence, impairment losses were recognized on intangible assets and property, plant and equipment in the Systems Solutions operating segment and on intangible assets in the Group Headquarters & Group Services segment. In the first half of 2021, this resulted in impairment losses of EUR 47 million on intangible assets and property, plant and equipment under development and under construction.

For further information on the impairment losses, please refer to Note 6 "Intangible assets" in the 2020 Annual Report.

Property, plant and equipment

The carrying amount of property, plant and equipment decreased by EUR 0.5 billion compared to December 31, 2020 to EUR 60.4 billion. Additions of EUR 6.8 billion to upgrade and build out the network and acquire mobile devices in our United States operating segment and in connection with the broadband/fiber-optic build-out and mobile infrastructure build-out in the Germany and Europe operating segments increased the carrying amount. Positive exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 0.9 billion, while depreciation and impairment losses totaling EUR 7.3 billion and disposals of EUR 0.9 billion had an offsetting effect.

Right-of-use assets

The carrying amount of the right-of-use assets increased by EUR 0.3 billion compared with December 31, 2020 to EUR 30.6 billion, mainly due to the following effects: The carrying amount was increased by additions of EUR 2.7 billion, partly as a result of a sale-and-leaseback transaction concluded after the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund, and by positive exchange rate effects of EUR 0.8 billion, primarily from the translation of U.S. dollars into euros. Depreciation and impairment losses totaling EUR 3.0 billion and disposals of EUR 0.2 billion had a reducing effect.

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

Capitalized contract costs

As of June 30, 2021, the carrying amount of capitalized contract costs was up by EUR 0.1 billion against the level of December 31, 2020 to EUR 2.3 billion. These assets mainly relate to the Germany, United States, and Europe operating segments.

Investments accounted for using the equity method

The carrying amount of investments accounted for using the equity method increased from EUR 0.5 billion on December 31, 2020 to EUR 0.9 billion, mainly as a result of the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund. As a result of the transaction, 37.65 % of the shares in Cellnex Netherlands B.V. with a carrying amount of EUR 0.4 billion were included in the Group Development operating segment in the consolidated financial statements using the equity method.

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

Other financial assets

The carrying amount of current and non-current other financial assets decreased by EUR 0.6 billion compared with December 31, 2020 to EUR 9.1 billion. The carrying amount of derivatives with a hedging relationship decreased by EUR 0.5 billion to EUR 1.5 billion, mainly due to the decrease in positive fair values from interest rate swaps in fair value hedges, which is primarily the result of a rise in the interest rate level. In connection with cash collateral, in particular in connection with the conclusion of the FCC C-band auction in the United States operating segment, the carrying amount decreased by EUR 0.4 billion. The carrying amount of derivatives without a hedging relationship increased by a net effect of EUR 0.1 billion to EUR 2.1 billion. Positive measurement effects resulted from the subsequent measurement of the stock options to buy shares in T-Mobile US in the amount of EUR 0.4 billion received from SoftBank in June 2020 and from energy forward agreements embedded in contracts totaling EUR 0.2 billion. By contrast, negative measurement effects in the amount of EUR 0.5 billion from the subsequent measurement of embedded derivatives at T-Mobile US resulted in part from the premature repayment of bonds. In addition, receivables resulting from grants still to be received from funding projects for the broadband build-out in Germany increased the carrying amount by EUR 0.2 billion.

Non-current assets and disposal groups held for sale

The carrying amount of non-current assets and disposal groups held for sale decreased by EUR 0.4 billion compared with December 31, 2020 to EUR 0.7 billion, mainly in connection with the sale of the Dutch company T-Mobile Infra B.V. as of June 1, 2021. As of June 30, 2021, non-current assets and disposal groups held for sale included the assets of Telekom Romania Communications S.A., which runs the Romanian fixed-network business in the Europe operating segment. Both these companies were classified as held for sale as of December 31, 2020 on account of the specific intention to sell them.

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

Financial liabilities and lease liabilities

The following table shows the composition and maturity structure of **financial liabilities** as of June 30, 2021:

millions of €	June 30, 2021	Due within 1 year	Due >1 ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	91,749	5,534	29,034	57,180
Liabilities to banks	4,480	1,429	2,151	899
Liabilities to non-banks from promissory note bonds	481	53	0	428
Liabilities with the right of creditors to priority repayment in the event of default	3,513	626	2,254	633
Other interest-bearing liabilities	7,020	2,505	1,995	2,520
Other non-interest-bearing liabilities	1,916	1,637	146	134
Derivative financial liabilities	531	119	234	178
Financial liabilities	**109,690**	**11,902**	**35,815**	**61,973**

The carrying amount of current and non-current financial liabilities increased by EUR 2.6 billion compared with year-end 2020 to EUR 109.7 billion, primarily due to the factors described below. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 1.9 billion.

The carrying amount of bonds and other securitized liabilities increased by EUR 4.0 billion. The main factors in this increase were senior notes issued in the reporting period by T-Mobile US with a total volume of USD 9.8 billion (EUR 8.2 billion) with terms ending between 2026 and 2031 and bearing interest of between 2.25 % and 3.5 %. The carrying amount was also increased by AUD bonds with a volume of AUD 0.1 billion (EUR 0.1 billion) issued by Deutsche Telekom AG and euro bonds with a volume of EUR 0.1 billion. The early repayment by T-Mobile US in the reporting period of bonds with a volume of USD 4.8 billion (EUR 4.0 billion) with terms originally ending between 2023 and 2026 and bearing interest of between 5.125 % and 6.5 % as well as scheduled repayments in the Group of euro bonds of EUR 1.4 billion had a contrasting effect. The carrying amount of bonds and other securitized liabilities increased by EUR 1.6 billion due to exchange rate effects, especially from the translation of U.S. dollars into euros.

The carrying amount of liabilities to banks decreased by EUR 0.8 billion compared with December 31, 2020 to EUR 4.5 billion, mainly due to scheduled repayments of EUR 0.6 billion made in the reporting period and a decline of EUR 0.3 billion in connection with factoring in the United States operating segment.

The liabilities with the right of creditors to priority repayment in the event of default of EUR 3.5 billion (December 31, 2020: EUR 3.9 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 0.5 billion when translated into euros reduced the carrying amount. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.1 billion.

The carrying amount of other interest-bearing liabilities decreased by EUR 0.2 billion compared with December 31, 2020 to EUR 7.0 billion. The carrying amount of other interest-bearing liabilities decreased by a total of EUR 0.3 billion in connection with collateral received for derivative financial instruments. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.1 billion.

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

The carrying amount of derivative financial liabilities decreased by EUR 0.3 billion overall to EUR 0.5 billion, mainly in connection with positive measurement effects in the reporting period.

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 0.5 billion to EUR 33.3 billion compared with December 31, 2020. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.9 billion. The sale-and-leaseback transaction concluded in connection with the combination of the cell tower business in the Netherlands and the set-up of the infrastructure fund also increased the carrying amount by EUR 0.4 billion. In particular, the decommissioning of former Sprint cell sites and the closure of some former Sprint shops in the United States operating segment had an offsetting effect. Overall, lease liabilities in the amount of EUR 5.0 billion are due within one year.

Trade and other payables

The carrying amount of trade and other payables decreased by EUR 1.4 billion to EUR 8.3 billion, due in particular to lower liabilities to terminal equipment vendors and declines in liabilities for purchased services in the United States operating segment. Liabilities also decreased in the Europe operating segment. By contrast, exchange rate effects, primarily from the translation of U.S. dollars into euros, increased the carrying amount.

Provisions for pensions and other employee benefits

The carrying amount of provisions for pensions and other employee benefits decreased by EUR 1.8 billion as of December 31, 2020 to EUR 5.9 billion, mainly due to an increase in the share prices of plan assets and interest rate adjustments. All this resulted in an actuarial gain of EUR 1.6 billion from the remeasurement of defined benefit plans to be recognized directly in equity.

In the first quarter of 2021, the risk benefits (death in the active phase and/or disability) for employees not covered by collective agreements in Germany were restructured, as had already been done for employees covered by collective agreements in the fourth quarter of 2020. As a result of the change from an annual (pro rata) contribution to payment of a lump sum, the employer will in future grant the risk benefit irrespective of the employee's length of service with the company. Future risk benefit payments will thus directly be recognized as expenses in the payout year. Provisions of EUR 0.1 billion recognized according to the previous rules were released against a reduction in expenses in the first quarter of 2021.

For further information on the Global Pension Policy and a description of the plan, please refer to Note 15 "Provisions for pensions and other employee benefits" in the 2020 Annual Report.

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 2020 to EUR 8.6 billion. This decrease was mainly due to the performance-related compensation components for the prior year paid to employees in the first half of 2021.

Other liabilities

The carrying amount of current and non-current other liabilities increased by EUR 0.4 billion to EUR 6.1 billion. Liabilities due to existing build-out obligations in connection with grants still to be received from funding projects for the broadband build-out in Germany increased by EUR 0.1 billion. In addition, negative exchange rate effects, mainly from the translation of euros into U.S. dollars, increased the carrying amount.

Contract liabilities

The carrying amount of current and non-current contract liabilities increased by EUR 0.2 billion compared with December 31, 2020 to EUR 2.3 billion. These mainly comprise deferred revenues.

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

The carrying amount of liabilities directly associated with non-current assets and disposal groups held for sale decreased by EUR 0.2 billion compared with December 31, 2020 to EUR 0.3 billion, mainly in connection with the sale of the Dutch company T-Mobile Infra B.V. as of June 1, 2021. As of June 30, 2021, the carrying amounts include the liabilities of Telekom Romania Communications S.A., which operates the Romanian fixed-network business in the Europe operating segment. Both these companies were classified as held for sale as of December 31, 2020 on account of the specific intention to sell them.

For further information on the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund, 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 72.6 billion as of December 31, 2020 to EUR 77.0 billion. This growth was attributable to profit of EUR 3.8 billion and to the increase in other comprehensive income of EUR 3.7 billion, primarily as a result of currency translation effects of EUR 2.1 billion recognized directly in equity and the remeasurement of defined benefit plans accounting for EUR 1.6 billion, as well as gains from hedging instruments of EUR 0.2 billion. By contrast, income taxes relating to components of other comprehensive income of EUR 0.3 billion had a negative impact on other comprehensive income. Shareholders' equity was reduced in connection with dividend payments for the 2020 financial year to Deutsche Telekom AG shareholders in the amount of EUR 2.8 billion and to other shareholders of subsidiaries in the amount of EUR 0.2 billion.

Primarily as a result of the business combination of T-Mobile US and Sprint in the prior year, the share of shareholders' equity attributable to non-controlling interests increased substantially. The following table shows the development of transactions with owners and the change in the composition of the Group in the statement of changes in equity:

millions of €

	June 30, 2021			Dec. 31, 2020		
	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total share-holders' equity	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total share-holders' equity
Changes in the composition of the Group	**0**	**0**	**0**	**0**	**17,329**	**17,329**
Acquisition of Sprint	0	0	0	0	17,331	17,331
Other effects	0	0	0	0	(2)	(2)
Transactions with owners	**(106)**	**10**	**(96)**	**7,299**	**5,967**	**13,266**
Acquisition of Sprint	0	0	0	7,474	5,915	13,389
T-Mobile US share-based remuneration	(126)	134	8	(207)	249	42
Magyar Telekom share buy-back	9	(38)	(29)	68	(83)	(15)
OTE share buy-back	(20)	(46)	(66)	(40)	(103)	(143)
Hrvatski Telekom share buy-back	(1)	(8)	(9)	5	(17)	(12)
T-Mobile Netherlands sale and leaseback	32	(32)	0	0	0	0
Other effects	0	0	0	(1)	6	5

Selected notes to the consolidated income statement

Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. As a result of the change in the composition of the Group during the year, the remeasured assets and liabilities were recognized as of this date, and all income and expenses generated from the date of first-time consolidation are included in Deutsche Telekom's consolidated income statement. This affects the comparability of the figures for the current period with the prior-year figures.

For further information on the business combination of T-Mobile US and Sprint, 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 €

	H1 2021	H1 2020
Revenue from the rendering of services	**41,401**	**38,226**
Germany	10,131	9,918
United States	24,247	21,273
Europe	4,638	4,625
Systems Solutions	1,550	1,610
Group Development	795	764
Group Headquarters & Group Services	40	36
Revenue from the sale of goods and merchandise	**9,250**	**6,614**
Germany	1,065	1,003
United States	7,230	4,745
Europe	709	645
Systems Solutions	31	35
Group Development	215	187
Group Headquarters & Group Services	0	0
Revenue from the use of entity assets by others	**2,331**	**2,144**
Germany	356	384
United States	1,648	1,437
Europe	105	106
Systems Solutions	16	24
Group Development	144	135
Group Headquarters & Group Services	63	58
Net revenue	**52,983**	**46,984**

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

Other operating income

millions of €

	H1 2021	H1 2020
Income from the reversal of impairment losses on non-current assets	1	3
Income from the disposal of non-current assets	82	79
Income from reimbursements	64	73
Income from insurance compensation	47	34
Income from ancillary services	11	12
Miscellaneous other operating income	636	619
Of which: gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method	201	9
	841	**820**

Gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method were attributable to the sale of the Dutch cell tower company T-Mobile Infra to the independently managed investment company Digital Infrastructure Vehicle (DIV) and its subsequent contribution into Cellnex NL in connection with the combination of the cell tower business in the Netherlands. Miscellaneous other operating income includes a large number of individual items accounting for marginal amounts.

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

Other operating expenses

millions of €

	H1 2021	H1 2020
Impairment losses on financial assets	(269)	(474)
Gains (losses) from the write-off of financial assets measured at amortized cost	(53)	(85)
Other	(1,533)	(1,777)
Legal and audit fees	(272)	(305)
Losses from asset disposals	(80)	(257)
Income (losses) from the measurement of factoring receivables	(2)	(4)
Other taxes	(270)	(283)
Cash and guarantee transaction costs	(256)	(259)
Insurance expenses	(67)	(55)
Miscellaneous other operating expenses	(586)	(615)
	(1,855)	**(2,336)**

The year-on-year decrease in impairment losses on financial assets was mainly attributable to impairment losses on customer receivables due to lowered credit ratings recognized in the first half of 2020 as a consequence of the coronavirus pandemic in the United States operating segment. Expenses for legal and audit fees primarily resulted from the business combination of T-Mobile US and Sprint. In the prior-year period, losses from asset disposals of EUR 0.2 billion had resulted from the derecognition of billing software for postpaid customers in the United States, which had still been in development. Prior to the migration of Sprint contract customers to the T-Mobile US billing software, it had been decided that this software was not suitable for the joint customer base and would not be put into operation. Miscellaneous other operating expenses include a large number of individual items accounting for marginal amounts.

Depreciation, amortization and impairment losses

At EUR 13.6 billion, depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets were EUR 2.3 billion higher overall in the first half of 2021 than in the prior-year period. Depreciation of property, plant and equipment increased by EUR 1.3 billion and amortization of intangible assets by EUR 0.3 billion. Depreciation of right-of-use assets increased by EUR 0.6 billion. These increases are all largely due to Sprint, which has been included in the consolidated group since April 1, 2020. At EUR 0.1 billion, impairment losses were EUR 0.1 billion higher than in the prior-year period. This increase was attributable, among other factors, to impairment losses resulting from ad hoc impairment testing conducted in 2020 of assets assigned to the Systems Solutions cash-generating unit.

For further information on the impairment losses recognized following ad hoc testing, please refer to the section "Selected notes to the consolidated statement of financial position."

Profit/loss from financial activities

The loss from financial activities was unchanged against the first half of 2020 at EUR 2.2 billion, with finance costs increasing by EUR 0.3 billion to EUR 2.3 billion. This was mainly due to the financial liabilities assumed in connection with the acquisition of Sprint and the related restructuring and increase of financing. By contrast, other financial expense decreased by EUR 0.4 billion year-on-year to income of EUR 0.2 billion, mainly due to higher interest income from the measurement of provisions and liabilities, especially in the Group Headquarters & Group Services segment. Gains/losses from financial instruments remained more or less stable. Positive measurement effects resulted from the subsequent measurement of the stock options to buy shares in T-Mobile US received from SoftBank in June 2020. By contrast, negative effects from subsequent measurement resulted, among other things, from the premature repayment of bonds and the resulting derecognition of embedded derivatives at T-Mobile US. Overall, the share of profit/loss of associates and joint ventures accounted for using the equity method was also on a par with the prior-year period.

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

Income taxes

A tax expense of EUR 1.3 billion was recognized in the first half of 2021. The effective tax rate of 25 % essentially reflects the shares of the different countries in profit before income taxes and their respective national tax rates. The tax rate is also reduced by the gain from the sale of shares in a shareholding in the Group Development operating segment. In the prior-year period, a tax expense of EUR 1.0 billion had been recorded despite lower profit/loss before income taxes.

Other disclosures

Notes to the consolidated statement of cash flows

Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. As such, the development of cash flows in the reporting period can only be compared with the prior-year period to a limited extent.

For further information on the business combination of T-Mobile US and Sprint, please refer to the section "Changes in the composition of the Group and other transactions."

Net cash from operating activities

Net cash from operating activities increased by EUR 7.3 billion year-on-year to EUR 16.4 billion. The strong performance of the operating segments both in the United States and outside of the United States had a positive effect on net cash from operating activities. In addition, the increase is attributable to the business combination of T-Mobile US and Sprint effective April 1, 2020. Net cash from operating activities had been negatively affected in the prior-year period by interest payments totaling EUR 1.6 billion for zero-coupon bonds as well as by a net increase of EUR 0.6 billion in interest payments, mainly as a result of the financial liabilities recognized and the restructuring begun in connection with the acquisition of Sprint, and the related increase in financing. Income tax payments increased by EUR 0.3 billion compared with the prior-year period. Factoring agreements of EUR 0.1 billion had a positive impact on net cash used in operating activities in the reporting period. In the prior-year period, factoring agreements had had negative effects of EUR 0.5 billion, mainly as a result of the contractual termination of a revolving factoring agreement in the Germany operating segment.

Net cash used in investing activities

millions of €	H1 2021	H1 2020
Cash capex		
Germany operating segment	(1,699)	(1,964)
United States operating segment	(13,237)	(4,387)
Europe operating segment	(871)	(1,000)
Systems Solutions operating segment	(99)	(80)
Group Development operating segment	(250)	(236)
Group Headquarters & Group Services	(472)	(470)
Reconciliation	35	20
	(16,593)	**(8,117)**
Payments for publicly funded investments in the broadband build-out	(179)	(214)
Proceeds from public funds for investments in the broadband build-out	103	76
Net cash flows for collateral deposited and hedging transactions	124	1,783
Changes in cash and cash equivalents in connection with the consummated business combination of T-Mobile US and Sprint	0	(4,647)
Of which: cash and cash equivalents acquired from Sprint[a]	0	2,117
Of which: repayment of Sprint loans pursuant to change-in-control clause	0	(6,764)
Changes in cash and cash equivalents in connection with the contribution of the stake in T-Mobile Infra into Cellnex Netherlands[b]	135	0
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(25)	0
Changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	33	22
Proceeds from the disposal of property, plant and equipment, and intangible assets	83	128
Other	13	(285)
	(16,307)	**(11,254)**

[a] Also includes a payment of EUR 93 million received in relation to a cost allocation from SoftBank in connection with CPUC.

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

At EUR 16.6 billion, cash capex was EUR 8.5 billion higher than in the prior-year period. In the United States operating segment, FCC mobile licenses were acquired mainly as part of the concluded C-band auction for a total of EUR 8.0 billion and, in the Europe operating segment, mobile spectrum licenses were acquired for a total of EUR 0.1 billion in the reporting period. The figure for the prior-year period included EUR 1.1 billion for the acquisition of mobile spectrum licenses, EUR 0.9 billion of which related to the United States operating segment and EUR 0.2 billion to the Europe operating segment. Excluding investments in mobile spectrum licenses, cash capex was up EUR 1.5 billion year-on-year. This change was primarily attributable to an increase of EUR 1.8 billion in the United States operating segment on account of the inclusion of Sprint and as a result of the further build-out of the 5G network. A decline of EUR 0.3 billion in the Germany operating segment had an offsetting effect. Investments in optical fiber were lower due to bad weather. Also, construction work planned for 2021 had been brought forward to the fourth quarter of 2020.

Net cash from/used in financing activities

millions of €	H1 2021	H1 2020
Repayment of bonds	(5,804)	(5,449)
Dividend payments (including to other shareholders of subsidiaries)	(2,909)	(2,874)
Repayment of financial liabilities from financed capex and opex	(41)	(160)
Repayment of EIB loans	(481)	(181)
Net cash flows for collateral deposited and hedging transactions	0	(4)
Principal portion of repayment of lease liabilities	(3,035)	(2,730)
Repayment of financial liabilities for media broadcasting rights	(140)	(193)
Cash flows from continuing involvement factoring, net	(71)	(93)
Promissory notes, net	(58)	(202)
Issuance of bonds	8,332	1,609
Commercial paper, net	0	0
Overnight borrowings from banks, net	0	0
Repayment of spectrum liabilities	(85)	(197)
Changes in cash and cash equivalents in connection with the sale and leaseback of the passive mobile infrastructure of T-Mobile Infra	242	0
Issue of senior secured notes in connection with the acquisition of Sprint	0	20,942
Raising of secured term loan in connection with the acquisition of Sprint	0	3,562
Raising of bridge loan facility in connection with the acquisition of Sprint	0	17,405
Repayment of bridge loan facility in connection with the acquisition of Sprint	0	(17,493)
Repayment of Sprint loans (raised prior to acquisition by T-Mobile US)	0	(2,304)
Cash inflows from transactions with non-controlling entities		
T-Mobile US stock options	7	13
Cellnex Netherlands capital contributions	3	0
Toll4Europe capital contributions	0	11
	11	**24**
Cash outflows from transactions with non-controlling entities		
T-Mobile US share buy-backs	(243)	(255)
OTE share buy-backs	(65)	(60)
Other payments	(39)	(29)
	(347)	**(344)**
Other	(126)	(84)
	(4,513)	**11,234**

Non-cash transactions

Deutsche Telekom did not choose financing options to a significant extent either in the reporting period or in the prior-year period under which the payments for trade payables from operating and investing activities become due at a later point in time primarily by involving banks in the process.

In the first half of 2021, Deutsche Telekom leased assets of EUR 2.9 billion, mainly network equipment, and land and buildings (prior-year period: EUR 2.3 billion). 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 from/used in financing activities. The year-on-year increase was mainly attributable to the further build-out of the 5G network, the inclusion of Sprint in the United States operating segment, and the sale-and-leaseback agreements in connection with the combination of the cell tower business in the Netherlands.

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 first half of 2021 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 from/used in financing activities.

In the United States operating segment, EUR 0.7 billion was recognized for mobile handsets under property, plant and equipment in the first half of 2021 (H1 2020: EUR 1.6 billion). These relate 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.

The combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund in the Group Development operating segment resulted in the following non-cash transactions: First, the stake in T-Mobile Infra was contributed into Cellnex Netherlands in exchange for the granting of a stake of 37.65 % in the "new" company, Cellnex Netherlands. Second, in order to ensure T-Mobile Netherlands' continued access to the contributed passive mobile infrastructure, a long-term agreement, primarily on the lease of corresponding infrastructure components, was concluded in the form of a sale-and-leaseback transaction.

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

Segment reporting

The following table provides an overview of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first half of 2021 and the first half of 2020.

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

Effective January 1, 2021, Deutsche Telekom reassigned the responsibility for business and profit and loss for Deutsche Telekom IoT GmbH from the Systems Solutions operating segment to the business customer unit in the Germany operating segment. Prior-year comparatives in both segments were adjusted retrospectively. As of January 1, 2021, Deutsche Telekom reassigned the Austrian cell tower business from the Europe operating segment to GD Towers in the Group Development operating segment. Prior-year comparatives in both of the segments affected have not been adjusted retrospectively. As of January 1, 2021, DT IT Russia, DT IT Slovakia, and DT IT Hungary were reassigned from the Germany operating segment to the Group Headquarters & Group Services segment. Prior-year comparatives in both of the segments affected have not been adjusted retrospectively.

For further information, please refer to the section "Accounting policies."

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

Segment information in the first half of the year

millions of €

		Comparative period						Reporting date		
		Net revenue	Inter-segment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets[a]	Segment liabilities[a]	Investments accounted for using the equity method[a]
Germany	H1 2021	11,552	292	11,844	2,397	(2,008)	(1)	46,486	33,646	27
	H1 2020	11,304	379	11,683	1,979	(2,207)	0	45,114	32,725	34
United States	H1 2021	33,125	1	33,126	4,291	(9,036)	(26)	184,803	122,165	302
	H1 2020	27,454	1	27,455	3,468	(6,654)	(19)	176,765	117,681	296
Europe	H1 2021	5,452	99	5,551	810	(1,290)	(2)	25,516	9,429	54
	H1 2020	5,376	88	5,464	713	(1,299)	(2)	27,034	9,172	54
Systems Solutions	H1 2021	1,596	425	2,021	(95)	(122)	(33)	4,084	3,484	22
	H1 2020	1,669	458	2,127	(110)	(205)	0	4,094	3,754	23
Group Development	H1 2021	1,154	409	1,563	547	(429)	0	10,356	12,302	530
	H1 2020	1,086	338	1,424	263	(386)	0	9,212	11,220	122
Group Headquarters & Group Services	H1 2021	103	1,193	1,296	(735)	(697)	(14)	47,389	60,585	14
	H1 2020	94	1,191	1,285	(709)	(620)	0	48,047	63,188	14
Total	**H1 2021**	**52,983**	**2,419**	**55,401**	**7,215**	**(13,582)**	**(76)**	**318,634**	**241,611**	**949**
	H1 2020	**46,984**	**2,453**	**49,438**	**5,604**	**(11,371)**	**(21)**	**310,266**	**237,740**	**543**
Reconciliation	H1 2021	0	(2,419)	(2,419)	(8)	35	0	(48,130)	(48,107)	1
	H1 2020	0	(2,453)	(2,453)	(7)	24	0	(45,349)	(45,373)	0
Group	**H1 2021**	**52,983**	**0**	**52,983**	**7,207**	**(13,547)**	**(76)**	**270,504**	**193,504**	**950**
	H1 2020	**46,984**	**0**	**46,984**	**5,597**	**(11,347)**	**(21)**	**264,917**	**192,367**	**543**

[a] Figures relate to the reporting dates of June 30, 2021 and December 31, 2020, respectively.

Contingent liabilities

This section provides additional information and explains recent changes in the contingent liabilities as described in the consolidated financial statements for the 2020 financial year.

Claims relating to charges for the shared use of cable ducts. In proceedings instituted against Telekom Deutschland GmbH by Kabel Deutschland Vertrieb und Service GmbH (now Vodafone Kabel Deutschland GmbH) on the one hand and Unitymedia Hessen GmbH & Co. KG (now Vodafone Hessen GmbH), Unitymedia NRW GmbH (now Vodafone NRW GmbH), and Kabel BW GmbH (now Vodafone BW GmbH) on the other, the Federal Court of Justice in its rulings of May 18, 2021 allowed the plaintiffs' appeals to the extent that the proceedings relate to claims for the period from January 1, 2012 (for Vodafone Kabel Deutschland GmbH) and from January 1, 2016 (for the remaining plaintiffs). At present the financial impact of both these proceedings cannot be assessed with sufficient certainty.

Prospectus liability proceedings (third public offering, or DT3). This relates to initially around 2,600 ongoing lawsuits from some 16,000 alleged buyers of T-Shares sold on the basis of the prospectus published on May 26, 2000. The plaintiffs assert that individual figures given in this prospectus were inaccurate or incomplete. The amount in dispute currently totals approximately EUR 78 million plus interest. Some of the actions are also directed at KfW and/or the Federal Republic of Germany as well as the banks that handled the issuances. The Frankfurt/Main Regional Court had issued orders for reference to the Frankfurt/Main Higher Regional Court in accordance with the German Capital Investor Model Proceedings Act (Kapitalanleger-Musterverfahrensgesetz – KapMuG) and has temporarily suspended the initial proceedings. On May 16, 2012, the Frankfurt/Main Higher Regional Court had ruled that there were no material errors in Deutsche Telekom AG's prospectus. In its decision on October 21, 2014, the Federal Court of Justice partly revoked this ruling, determined that there was a mistake in the prospectus, and referred the case back to the Frankfurt/Main Higher Regional Court. On November 30, 2016, the Frankfurt/Main Higher Regional Court ruled that the mistake in the prospectus identified by the Federal Court of Justice could result in liability on the part of Deutsche Telekom AG, although the details of that liability would have to be established in the initial proceedings. Following an appeal from both parties, in February 2021 the Federal Court of Justice once again referred the proceedings back to the Frankfurt/Main Higher Regional Court. Deutsche Telekom has recognized appropriate provisions for risks as of June 30, 2021 in the statement of financial position.

Claims for damages against Slovak Telekom following a European Commission decision to impose fines. The European Commission decided on October 15, 2014 that Slovak Telekom had abused its market power on the Slovak broadband market and as a result imposed fines on Slovak Telekom and Deutsche Telekom, which were paid in full in January 2015. In 2018, following an appeal by Slovak Telekom and Deutsche Telekom, the Court of the European Union partially overturned the European Commission's ruling and reduced the fines by a total of EUR 13 million. A ruling of March 25, 2021 dismissed in full a further appeal with the European Court of Justice. Following the decision of the European Commission, competitors had filed damage actions against Slovak Telekom with the civil court in Bratislava. These claims seek compensation for alleged damages due to Slovak Telekom's abuse of a dominant market position, as determined by the European Commission. At present, two claims totaling EUR 112 million plus interest are still pending. It is currently not possible to estimate the financial impact with sufficient certainty.

Sprint Merger Class Action. On June 4, 2021, a shareholder class action and derivative action was filed in the Delaware Court of Chancery against Deutsche Telekom, SoftBank, T-Mobile US, and certain current and former officers and directors, asserting breach of fiduciary duties relating to the repricing amendment to the Business Combination Agreement, as well as SoftBank's subsequent monetization of its T-Mobile shares. At present the financial impact of this proceeding cannot be assessed with sufficient certainty.

Other financial obligations

The following table provides an overview of Deutsche Telekom's other financial obligations as of June 30, 2021:

millions of €	June 30, 2021
Purchase commitments regarding property, plant and equipment	6,326
Purchase commitments regarding intangible assets	1,553
Firm purchase commitments for inventories	3,913
Other purchase commitments and similar obligations	18,530
Payment obligations to the Civil Service Pension Fund	1,463
Obligations arising in connection with business combinations	1,634
Miscellaneous other obligations	51
	33,470

Of the obligations arising in connection with business combinations, USD 1.9 billion (EUR 1.6 billion) relates to obligations from the acquisition, consummated on July 1, 2021, of assets and liabilities directly associated with the wireless telecommunications operation of Shentel.

For further information, 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 €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount June 30, 2021	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value June 30, 2021[b]
Assets								
Cash and cash equivalents	AC	8,861	8,861					
Trade receivables								
At amortized cost	AC	5,812	5,812					
At fair value through other comprehensive income	FVOCI	8,155			8,155			8,155
At fair value through profit or loss	FVTPL	1				1		1
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	4,403	4,403					4,434
Of which: collateral paid	AC	113	113					
Of which: publicly funded projects	AC	1,829	1,829					
At fair value through other comprehensive income	FVOCI	0			0			0
At fair value through profit or loss	FVTPL	223				223		223
Equity instruments								
At fair value through other comprehensive income	FVOCI	505		505				505
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	2,102				2,102		2,102
Of which: termination rights embedded in bonds issued	FVTPL	386				386		386
Of which: energy forward agreements embedded in contracts	FVTPL	231				231		231
Of which: options received by third parties for the purchase of shares in subsidiaries and associates	FVTPL	1,255				1,255		1,255
Derivatives with a hedging relationship	n.a.	1,548			226	1,322		1,548
Lease assets	n.a.	288					288	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	208	208					
Equity instruments within non-current assets and disposal groups held for sale	FVOCI	34		34				34
Liabilities								
Trade payables	AC	8,342	8,342					
Bonds and other securitized liabilities	AC	91,749	91,749					100,081
Liabilities to banks	AC	4,480	4,480					4,593
Liabilities to non-banks from promissory note bonds	AC	481	481					568
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,513	3,513					3,750
Other interest-bearing liabilities	AC	7,020	7,020					7,057
Of which: collateral received	AC	1,215	1,215					

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

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

millions of €

	Measurement category in accordance with IFRS 9	Carrying amount June 30, 2021	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 June 30, 2021[b]
Other non-interest-bearing liabilities	AC	1,916	1,916					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	134	134					
Lease liabilities	n.a.	33,263					33,263	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	257				257		257
Of which: options granted to third parties for the purchase of shares in subsidiaries and associates	FVTPL	0				0		0
Of which: energy forward agreements embedded in contracts	FVTPL	52				52		52
Derivatives with a hedging relationship	n.a.	274			221	53		274
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	255	255					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	19,284	19,284					4,434
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	8,155			8,155			8,155
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	539		539				539
Financial assets at fair value through profit or loss	FVTPL	2,329				2,329		2,329
Liabilities								
Financial liabilities at amortized cost	AC	117,756	117,756					116,049
Financial liabilities at fair value through profit or loss	FVTPL	257				257		257

[a] For energy forward agreements embedded in contracts and options received from third parties for the purchase 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, 2020	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, 2020[b]
Assets								
Cash and cash equivalents	AC	12,939	12,939					
Trade receivables								
At amortized cost	AC	6,007	6,007					
At fair value through other comprehensive income	FVOCI	7,516			7,516			7,516
At fair value through profit or loss	FVTPL	0				0		0
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	4,722	4,722					4,758
Of which: collateral paid	AC	543	543					
Of which: publicly funded projects	AC	1,676	1,676					
At fair value through other comprehensive income	FVOCI	0			0			
At fair value through profit or loss	FVTPL	203				203		203
Equity instruments								
At fair value through other comprehensive income	FVOCI	425		425				425
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,992				1,992		1,992
Of which: termination rights embedded in bonds issued	FVTPL	889				889		889
Of which: energy forward agreements embedded in contracts	FVTPL	77				77		77
Of which: options received by third parties for the purchase of shares in subsidiaries and associates	FVTPL	819				819		819
Derivatives with a hedging relationship	n.a.	2,047			21	2,026		2,047
Lease assets	n.a.	248					248	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	206	206					
Equity instruments within non-current assets and disposal groups held for sale	FVOCI	32		32				32
Liabilities								
Trade payables	AC	9,760	9,760					
Bonds and other securitized liabilities	AC	87,702	87,702					97,655
Liabilities to banks	AC	5,257	5,257					5,393
Liabilities to non-banks from promissory note bonds	AC	490	490					586
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,886	3,886					4,167
Other interest-bearing liabilities	AC	7,206	7,206					7,270
Of which: collateral received	AC	1,530	1,530					
Other non-interest-bearing liabilities	AC	1,703	1,703					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	6	6					
Lease liabilities	n.a.	32,715					32,715	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	478				478		478
Of which: options granted to third parties for the purchase of shares in subsidiaries and associates	FVTPL	8				8		8
Of which: energy forward agreements embedded in contracts	FVTPL	129				129		129
Derivatives with a hedging relationship	n.a.	386			334	52		386

[a] For energy forward agreements embedded in contracts and options received from third parties for the purchase 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, 2020	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 Dec. 31, 2020[b]
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	398	398					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	23,874	23,874					4,758
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	7,516			7,516			7,516
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	457		457				457
Financial assets at fair value through profit or loss	FVTPL	2,198				2,198		2,198
Liabilities								
Financial liabilities at amortized cost	AC	116,402	116,402					115,071
Financial liabilities at fair value through profit or loss	FVTPL	478				478		478

[a] For energy forward agreements embedded in contracts and options received from third parties for the purchase 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 2.3 billion (December 31, 2020: EUR 2.0 billion) due in more than one year. The fair value generally equals the carrying amount.

Financial instruments measured at fair value

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

Financial instruments measured at fair value

millions of €

	June 30, 2021				Dec. 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Trade receivables								
At fair value through other comprehensive income			8,155	**8,155**			7,516	**7,516**
At fair value through profit or loss			1	**1**			0	**0**
Other financial assets – Originated loans and other receivables								
At fair value through other comprehensive income				**0**				**0**
At fair value through profit or loss	138	76	9	**223**	133	62	8	**203**
Equity instruments								
At fair value through other comprehensive income	34		505	**539**			457	**457**
At fair value through profit or loss			3	**3**			3	**3**
Derivative financial assets								
Derivatives without a hedging relationship		230	1,872	**2,102**		207	1,785	**1,992**
Derivatives with a hedging relationship		1,548		**1,548**		2,047		**2,047**
Liabilities								
Derivative financial liabilities								
Derivatives without a hedging relationship		205	52	**257**		341	137	**478**
Derivatives with a hedging relationship		274		**274**		386		**386**

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, liabilities to non-banks from promissory notes, 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.

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

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

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

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets at fair value through profit or loss: stock options	Derivative financial assets at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts
Carrying amount as of January 1, 2021	**457**	**889**	**805**	**77**	**(129)**
Additions (including first-time categorization as Level 3)	59	43	0	0	0
Decreases in fair value recognized in profit/loss (including losses on disposal)		(662)	(209)	(2)	(3)
Increases in fair value recognized in profit/loss (including gains on disposal)		95	641	153	83
Decreases in fair value recognized directly in equity	(31)				
Increases in fair value recognized directly in equity	95				
Disposals	(77)	0	0	0	0
Currency translation effects recognized directly in equity	2	21	0	3	(3)
Carrying amount as of June 30, 2021	**505**	**386**	**1,237**	**231**	**(52)**

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 492 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, investments with a carrying amount of EUR 34 million were held for sale, while there were no plans to sell the remaining investments. In the case of investments with a carrying amount of EUR 388 million, transactions involving shares in these companies took place at arm's length sufficiently close to the reporting date, which is why the share prices agreed in the transactions were to be used without adjustment for the measurement as of June 30, 2021. In the case of investments with a carrying amount of EUR 7 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 97 million, for which the last arm's length transactions relating to shares in these companies took place some time ago, a measurement performed more recently relating to shares in similar companies provides the most reliable representation of the fair values. Here, multiples to the reference variable of expected revenue (ranging between 3.0 and 12.7) were taken. The 25 % quantile, the median, or the 75 % quantile was used for the multiples depending on the specific circumstances. If other values had been used for the multiples and for the expected revenue amounts, the fair values calculated 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 13 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 386 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+	0.2 %–0.3 %	0.2 %–1.1 %
BBB-	0.6 %–0.7 %	0.3 %–1.8 %
BB	1.0 %–1.3 %	0.6 %–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 fair values calculated 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 136 million lower (EUR 166 million higher). In the reporting period, a net expense of EUR 109 million when translated into euros was recognized under the Level 3 measurement in other financial income/expense for unrealized losses for the options in the portfolio at the reporting date. In the reporting period, one option was exercised and the relevant bond canceled prematurely. At the time of termination, the option and its total carrying amount of EUR 451 million when translated into euros was expensed and derecognized. Please refer to the table above for the development of the carrying amounts in the reporting period. The changes in value recognized in profit or loss in the reporting period were mainly attributable to fluctuations in the interest rates and historical interest rate volatilities in absolute terms that are relevant for measurement. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

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

millions of €	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets at fair value through profit or loss: stock options	Derivative financial assets at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts
Multiple next-level-up quantile	8				
Multiple next-level-down quantile	(8)				
Expected revenues +10 %	3				
Expected revenues -10 %	(4)				
Interest rate volatility[b] +10 %		46			
Interest rate volatility[b] -10 %		(41)			
Spread curve[c] +50 basis points		(194)			
Spread curve[c] -50 basis points		243			
Mean reversion[d] +100 basis points		(25)			
Mean reversion[d] -100 basis points		30			
Future energy prices +10 %				58	24
Future energy prices -10 %				(66)	(24)
Future energy output +5 %				36	4
Future energy output -5 %				(45)	(4)
Future prices for renewable energy credits[e] +100 %				82	45
Future prices for renewable energy credits[e] from zero				(90)	(45)
Share price volatility[f] +10 %			66		
Share price volatility[f] -10 %			(63)		

[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 T-Mobile US 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 excluded.

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

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

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

With a carrying amount of EUR -52 million when translated into euros, the derivatives without a hedging relationship assigned to Level 3 and carried under derivative financial liabilities relate to energy forward agreements embedded in contracts entered into by T-Mobile US. The same applies to derivative financial assets with a carrying amount of EUR 231 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. The contracts have been entered into with energy producers since 2017 and run for terms of between 12 and 15 years from the commencement of commercial operation. In the case of one energy forward agreement, commercial operation is set to begin in 2023, with the others, it has already begun. The respective settlement period of the energy forward agreement, which is accounted for separately as a derivative, also starts when the facility begins commercial operation. Under the energy forward agreements, T-Mobile US receives variable amounts based on the facility's actual energy output and the then current energy prices, and pays fixed amounts per unit of energy generated 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 materially influenced by the facility's future energy output, for which T-Mobile US estimated a value of 4,057 gigawatt hours per year at the reporting date. The value of the derivatives is also significantly influenced by future energy prices on the relevant markets. Market prices are generally observable for a period of around five years, beyond that market liquidity is low. Further, the value of the derivatives is materially influenced by the future prices for renewable energy credits, which are also not observable. For the unobservable portion of the term, T-Mobile US used on-peak energy prices of between EUR 15.70/MWh and EUR 59.83/MWh when translated into euros and off-peak prices of between EUR 8.96/MWh and EUR 36.44/MWh when translated into euros. An average on-peak/off-peak ratio of 52 % was used. In our opinion, the values used constitute the best estimate in each case. At the reporting date, the calculated fair value from Deutsche Telekom's perspective for all energy forward agreements is positive and amounts to a total of EUR 287 million when translated into euros for the assets and EUR 36 million for the liabilities. If other values had been used for future energy prices, future energy output, or future prices of renewable energy credits, the fair values calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table above. In the reporting period, net income of EUR 227 million (when translated into euros) was recognized under the Level 3 measurement in other operating income/expense for unrealized gains for the derivatives. Please refer to the corresponding table for the development of the carrying amounts in the reporting period. The market-price changes in the reporting period were largely attributable to changes in observable and unobservable energy prices and to interest rate effects. Due to their distinctiveness, these instruments constitute a separate class of financial instruments. 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 material influence on the measurement of the derivatives, the respective amount resulting from initial measurement – with the exception of the agreements concluded by Sprint that are explained below – was not carried on initial recognition. Instead, these amounts are amortized in profit or loss on a straight-line basis over the period of commercial energy generation (for a total amount of EUR 12 million per year when translated into euros). 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). The development of the amount yet to be amortized in the income statement in the reporting period is shown in the following table. Unobservable inputs also have a material influence on the measurement of the derivatives for the agreements concluded before the business combination of T-Mobile US and Sprint. However, under the requirements for business combinations, the respective amounts resulting from the measurement are recognized as derivative financial assets, as a result of which there are no amounts yet to be amortized for these agreements. On the following reporting dates, the effects from the periodic measurement of the derivatives will be recorded in full in the income statement (other operating expenses or other operating income).

The financial assets assigned to Level 3 include derivative financial assets with a carrying amount of EUR 1,237 million when translated into euros, resulting from the acquired stock options to buy shares in T-Mobile US. The stock options, which can be exercised at any time, mature in 2024, can be exercised partially at fixed and partially at variable purchase prices, and are measured using an option pricing model. In addition to the share price observable on the market and the risk-free interest rates, average share price volatilities of T-Mobile US and comparable companies are calculated based on historic and current figures, since these provide a more reliable estimate for these inputs at the reporting date than exclusively using the current market volatilities. The absolute figure used for the share price volatility at the current reporting date was 26.2 % which, in our opinion, constitutes the best estimate. At the reporting date, the calculated fair value for the stock option amounted to EUR 1,941 million. If another value had been used for the share price volatility, the fair value calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table above. Due to their distinctiveness, these instruments constitute a separate class of financial instruments. The transaction price at inception was zero. Since the unobservable inputs have a material influence on the measurement of the options, the fair value resulting from initial measurement of EUR 1,005 million when translated into euros (before deduction of transaction costs) was not immediately recognized. Instead, this amount will be amortized in profit or loss over the lifetime of the options. This amortization adjusts the effects from measuring the options on an ongoing basis using the valuation model and updated parameters. All amounts from the measurement of the options are presented in net terms in the statement of financial position (other derivative financial assets) and in the income statement (other financial income/expense). The market-price changes in the reporting period are largely attributable to fluctuations in the share price and the risk-free interest rate. The development of the amount yet to be amortized in the income statement in the reporting period is shown in the following table.

Development of the not yet amortized amounts

millions of €

	Energy forward agreements	Stock options
Measurement amounts on initial recognition	**173**	**1,005**
Measurement amounts on initial recognition (additions during the reporting period)	0	0
Measurement amounts amortized in profit or loss in prior periods	(18)	(127)
Measurement amounts amortized in profit or loss in the current reporting period	(5)	(118)
Currency translation adjustments	(6)	(49)
Disposals in the current reporting period	0	0
Measurement amounts not amortized as of June 30, 2021	**144**	**711**

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

The financial assets measured at fair value through profit or loss and assigned to Level 3 include derivative financial assets with a carrying amount of EUR 17 million when translated into euros, resulting from options purchased from third parties for the purchase of company shares. No notable fluctuations in value are expected from these assets. 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 contracts in the amount of EUR 1,215 million (December 31, 2020: EUR 1,530 million). The credit risk was thus reduced by EUR 1,211 million (December 31, 2020: EUR 1,516 million) because, on the reporting date, the 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 1,779 million as of the reporting date (December 31, 2020: EUR 2,253 million) had a maximum credit risk of EUR 111 million as of June 30, 2021 (December 31, 2020: EUR 44 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 25 million as of the reporting date (December 31, 2020: EUR 34 million) to counterparties pursuant to collateral agreements. The cash collateral paid is offset by corresponding net derivative positions of EUR 24 million at the reporting date (December 31, 2020: EUR 34 million), which is why it was not exposed to any credit risks in this amount.

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

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

At the reporting date, cash and cash equivalents of EUR 84 million (December 31, 2020: EUR 63 million) when translated into euros were pledged as 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

There were no significant changes at June 30, 2021 to the related-party disclosures reported in the consolidated financial statements as of December 31, 2020:

Associate. In connection with the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund, the newly established, independently managed investment company Digital Infrastructure Vehicle II SICAF-RAIF (DIV) contributed the shares in T-Mobile Infra B.V. previously acquired by T-Mobile Netherlands into Cellnex Netherlands B.V. In return, DIV received a stake of 37.65 % in the "new" company Cellnex NL. Since then Cellnex NL has been included in the consolidated financial statements using the equity method. The transaction was consummated on June 1, 2021. Following the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund, T-Mobile Netherlands continues to have access to the contributed passive mobile infrastructure under a sale-and-leaseback transaction with T-Mobile Infra B.V. A long-term lease agreement at normal market conditions was concluded to this end.

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

Events after the reporting period

Acquisition of Shentel. On July 1, 2021, T-Mobile US consummated the acquisition of Shentel's wireless telecommunications assets.

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

Agreed sale of Telekom Romania Communications. On November 6, 2020, OTE concluded an agreement with Orange Romania concerning the sale of the 54 % stake in Telekom Romania Communications S.A., which operates the Romanian fixed-network business, to Orange Romania for a purchase price of EUR 268 million. The transaction is subject to approval by the authorities as well as other closing conditions. The European Commission approved the sale on July 28, 2021. Other closing conditions are still pending.

Responsibility statement

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

Bonn, August 12, 2021

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, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to June 30, 2021 which are part of the half-year financial report pursuant to § (Article) 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the 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 condensed 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 the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed 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 and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

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

Frankfurt/Main, August 12, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Tandetzki
Wirtschaftsprüfer
(German Public Auditor)

Dr. Sven Willms
Wirtschaftsprüfer
(German Public Auditor)

Additional information

Reconciliation for the change in disclosure of key figures for the prior-year comparative 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
H1 2020/June 30, 2020 Presentation as of June 30, 2020 – as reported							
Germany	10,852	1,927	4,382	(2,153)	0	41,099	30,835
United States	27,455	3,468	9,464	(6,654)	(19)	181,862	120,672
Europe	5,746	758	1,941	(1,307)	(2)	27,314	11,081
Systems Solutions	3,244	(90)	199	(242)	0	6,499	4,962
Group Development	1,424	263	552	(386)	0	8,548	10,647
Group Headquarters & Group Services	1,281	(723)	(132)	(631)	0	50,024	63,669
Total	**50,002**	**5,603**	**16,406**	**(11,373)**	**(21)**	**315,346**	**241,866**
Reconciliation	(3,018)	(6)	(33)	26	0	(45,375)	(45,397)
Group	**46,984**	**5,597**	**16,373**	**(11,347)**	**(21)**	**269,971**	**196,469**
H1 2020/June 30, 2020 +/- realignment of the B2B telecommunications business as of July 1, 2020							
Germany	828	91	143	(41)	0	2,856	1,094
United States	0	0	0	0	0	0	0
Europe	(282)	(45)	(53)	8	0	(755)	(254)
Systems Solutions	(1,110)	(60)	(94)	23	0	(1,980)	(712)
Group Development	0	0	0	0	0	0	0
Group Headquarters & Group Services	4	14	2	11	0	159	156
Total	**(560)**	**0**	**(2)**	**1**	**0**	**280**	**284**
Reconciliation	560	0	2	(1)	0	(280)	(284)
Group	**0**	**0**	**0**	**0**	**0**	**0**	**0**
H1 2020/June 30, 2020 +/- reassignment of the IoT business as of January 1, 2021							
Germany	3	(39)	(25)	(13)	0	116	112
United States	0	0	0	0	0	0	0
Europe	0	0	0	0	0	0	0
Systems Solutions	(7)	40	25	14	0	(72)	(68)
Group Development	0	0	0	0	0	0	0
Group Headquarters & Group Services	0	0	0	0	0	0	0
Total	**(4)**	**1**	**0**	**1**	**0**	**44**	**44**
Reconciliation	4	(1)	0	(1)	0	(44)	(44)
Group	**0**	**0**	**0**	**0**	**0**	**0**	**0**
H1 2020/June 30, 2020 = presentation after change in disclosure							
Germany	11,683	1,979	4,500	(2,207)	0	44,071	32,041
United States	27,455	3,468	9,464	(6,654)	(19)	181,862	120,672
Europe	5,464	713	1,888	(1,299)	(2)	26,559	10,827
Systems Solutions	2,127	(110)	130	(205)	0	4,447	4,182
Group Development	1,424	263	552	(386)	0	8,548	10,647
Group Headquarters & Group Services	1,285	(709)	(130)	(620)	0	50,183	63,825
Total	**49,438**	**5,604**	**16,404**	**(11,371)**	**(21)**	**315,670**	**242,194**
Reconciliation	(2,453)	(7)	(31)	24	0	(45,699)	(45,725)
Group	**46,984**	**5,597**	**16,373**	**(11,347)**	**(21)**	**269,971**	**196,469**

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

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

millions of €

					Reconciliation to organic figures		Organic change		
	H1 2021	H1 2020	Change	Change %	Recon-ciliation H1 2020	Of which: exchange rate effects	Organic H1 2020	Change	Change %
Net revenue	**52,983**	**46,984**	**5,999**	**12.8**	**2,557**	**(2,901)**	**49,541**	**3,441**	**6.9**
Germany	11,844	11,683	161	1.4	(107)	(4)	11,576	268	2.3
United States	33,126	27,455	5,671	20.7	2,633	(2,840)	30,087	3,038	10.1
Europe	5,551	5,464	87	1.6	(41)	(41)	5,424	128	2.4
Systems Solutions	2,021	2,127	(106)	(5.0)	(34)	(19)	2,093	(72)	(3.4)
Group Development	1,563	1,424	139	9.8	73	0	1,497	66	4.4
Group Headquarters & Group Services	1,296	1,285	11	0.9	0	0	1,284	11	0.9
Reconciliation	(2,418)	(2,453)	35	1.4	33	3	(2,420)	2	0.1
EBITDA AL	**17,591**	**14,505**	**3,086**	**21.3**	**1,446**	**(926)**	**15,951**	**1,639**	**10.3**
Germany	4,388	4,168	220	5.3	(7)	0	4,162	226	5.4
United States	10,694	8,298	2,396	28.9	1,442	(921)	9,740	954	9.8
Europe	1,915	1,799	116	6.4	(35)	(9)	1,764	152	8.6
Systems Solutions	7	33	(26)	(78.8)	3	3	36	(29)	(79.3)
Group Development	816	508	308	60.6	35	0	543	273	50.4
Group Headquarters & Group Services	(186)	(269)	83	30.9	11	5	(258)	73	(28.1)
Reconciliation	(43)	(32)	(11)	(34.4)	(4)	(4)	(35)	(9)	(22.9)
EBITDA AL (adjusted for special factors)	**18,662**	**16,373**	**2,289**	**14.0**	**1,475**	**(1,037)**	**17,849**	**814**	**4.6**
Germany	4,659	4,500	159	3.5	(7)	0	4,494	165	3.7
United States	11,444	9,464	1,980	20.9	1,473	(1,031)	10,937	507	4.6
Europe	1,940	1,888	52	2.8	(36)	(10)	1,853	87	4.7
Systems Solutions	134	130	4	3.1	3	3	133	2	1.3
Group Development	634	552	82	14.9	35	0	587	48	8.1
Group Headquarters & Group Services	(105)	(130)	25	19.2	11	5	(119)	14	11.7
Reconciliation	(44)	(31)	(13)	(41.9)	(4)	(4)	(35)	(9)	(25.7)

Glossary

For definitions, please refer to the 2020 Annual Report and the glossary therein.

Disclaimer

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

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> For further information on alternative performance measures, please refer to the section "Management of the Group" in the 2020 Annual Report and our Investor Relations website.

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

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

Financial calendar

August 12, 2021	November 12, 2021	February 24, 2022
Publication of the Interim Group Report as of June 30, 2021	Publication of the Interim Group Report as of September 30, 2021	Press conference on Deutsche Telekom's financial statements for the 2021 financial year and publication of the 2021 Annual Report

April 7, 2022	May 13, 2022	August 11, 2022
2022 shareholders' meeting	Publication of the Interim Group Report as of March 31, 2022	Publication of the Interim Group Report as of June 30, 2022

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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Our Annual Report is available online.

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