Deutsche Telekom

INTERIM GROUP REPORT

9M 2022

JANUARY 1 TO SEPTEMBER 30

Contents

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

Deutsche Telekom at a glance

millions of €		Q1-Q3 2022	Q1-Q3 2021	Change %	Q3 2022	Q3 2021	Change %	FY 2021
Revenue and earnings (according to the management approach)[a]								
Net revenue[b]		84,613	79,164	6.9	28,979	26,641	8.8	107,811
Of which: domestic	%	22.1	23.1		21.8	26.4		23.0
Of which: international	%	77.9	76.9		78.2	73.6		77.0
Service revenue[b]		68,227	61,448	11.0	23,584	20,971	12.5	83,130
EBITDA		33,441	31,298	6.8	10,422	10,468	(0.4)	40,539
EBITDA (adjusted for special factors)		34,915	32,714	6.7	12,003	11,139	7.8	43,175
EBITDA AL		27,085	26,313	2.9	8,546	8,723	(2.0)	33,893
EBITDA AL (adjusted for special factors)		30,244	28,323	6.8	10,481	9,661	8.5	37,330
EBITDA AL margin (adjusted for special factors)	%	35.7	35.8		36.2	36.3		34.6
Profit (loss) from operations (EBIT)		12,085	10,672	13.2	3,401	3,466	(1.9)	13,057
Revenue and earnings from continuing operations (according to financial statements)[a, c]								
Net revenue[b]		84,453	79,014	6.9	28,925	26,594	8.8	107,610
EBITDA		32,741	30,653	6.8	10,182	10,248	(0.6)	39,671
Profit (loss) from operations (EBIT)		11,576	10,308	12.3	3,161	3,343	(5.4)	12,580
Net profit (loss)		6,987	3,705	88.6	1,578	889	77.5	4,176
Net profit (loss) (adjusted for special factors)		7,094	4,627	53.3	2,411	1,313	83.6	5,862
Earnings per share (basic/diluted)	€	1.41	0.78	80.8	0.32	0.19	68.4	0.87
Adjusted earnings per share (basic/diluted)	€	1.43	0.97	47.4	0.48	0.27	77.8	1.22
Statement of financial position								
Total assets		321,357	273,355	17.6				281,627
Shareholders' equity		94,475	78,861	19.8				81,469
Equity ratio	%	29.4	28.8					28.9
Net debt[d]		151,707	130,375	16.4				132,142
Cash flows								
Net cash from operating activities		27,302	25,620	6.6	9,323	9,233	1.0	32,171
Cash capex		(18,208)	(21,260)	14.4	(5,949)	(4,666)	(27.5)	(26,366)
Cash capex (before spectrum investment)		(15,224)	(12,932)	(17.7)	(5,582)	(4,362)	(28.0)	(17,978)
Free cash flow (before dividend payments and spectrum investment)		12,320	12,818	(3.9)	3,899	4,895	(20.3)	14,332
Free cash flow AL (before dividend payments and spectrum investment)		9,444	8,290	13.9	2,904	2,940	(1.2)	8,810
Net cash used in investing activities		(15,511)	(22,687)	31.6	(5,364)	(6,380)	15.9	(27,403)
Net cash used in financing activities		(11,505)	(10,094)	(14.0)	(1,014)	(5,582)	81.8	(10,779)

[a] Since the third quarter of 2022, the GD Towers entity, which operates the cell tower business in Germany and Austria, currently assigned to the Group Development operating segment, has been recognized in the interim consolidated financial statements as a discontinued operation. However, in the interim Group management report we continue to include the contributions by GD Towers in the results of operations according to the management approach. For information on the agreement with DigitalBridge and Brookfield on GD Towers, please refer to the section "Group organization, strategy, and management" in the interim Group management report and the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.
[b] The prior-year comparatives were adjusted retrospectively to take account of changes to the principal/agent policy regarding the recognition of gross and net revenues as of the third quarter of 2022. For further information, please refer to the section "Development of business in the Group" in the interim Group management report and the section "Accounting policies" in the interim consolidated financial statements.
[c] As a result of the agreement concluded on July 13, 2022, the GD tower companies are recognized in the interim consolidated financial statements as a discontinued operation. As of the third quarter of 2022, the prior-year comparatives were adjusted retrospectively. For further information, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.
[d] Including net debt included under liabilities directly associated with non-current assets and disposal groups held for sale.

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

millions	Sept. 30, 2022	Dec. 31, 2021	Change Sept. 30, 2022/ Dec. 31, 2021 %	Sept. 30, 2021	Change Sept. 30, 2022/ Sept. 30, 2021 %
Fixed-network and mobile customers					
Mobile customers[a]	242.3	248.2	(2.4)	250.5	(3.3)
Fixed-network lines	25.3	26.1	(3.1)	27.4	(7.8)
Broadband customers[b]	21.2	21.6	(1.6)	22.2	(4.4)

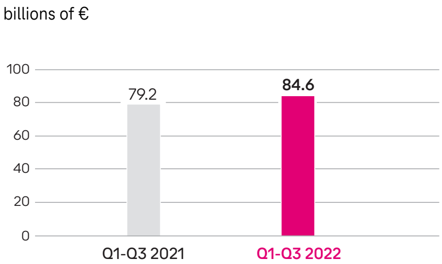
[a] Including T-Mobile US wholesale customers.
[b] Excluding wholesale.
The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures. Changes were calculated on the basis of millions for greater precision.

To our shareholders

Selected financial data of the Group

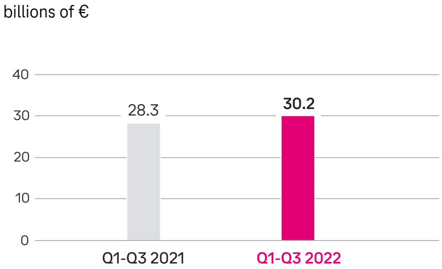
Net revenue[a, b]

- Net revenue increased by 6.9 % to EUR 84.6 billion. In organic terms, it increased by 0.6 %. Service revenue increased by 11.0 % to EUR 68.2 billion; in organic terms, the increase was 4.0 %.
- Revenue growth in the United States of 12.4 % was mainly attributable to exchange rate effects. In organic terms, revenue was down 0.5 % against the prior year.
- Our Germany segment increased revenue by 2.2 %, on the back of strong business performance.
- In the Europe segment, revenue declined by 1.7 % due to the sale of the Romanian fixed-network business as of September 30, 2021, but grew on an organic basis by 4.5 %.
- Revenue in Systems Solutions remained almost stable at the prior-year level.
- In Group Development, revenue declined by 40.0 % due to the sale of T-Mobile Netherlands as of March 31, 2022, but was up 6.3 % against the prior year on an organic basis.



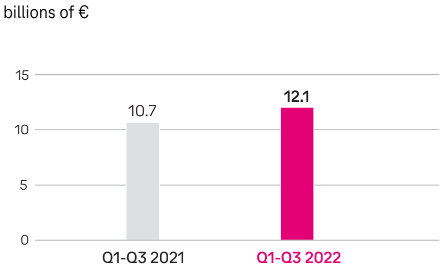
EBITDA AL (adjusted for special factors)[a]

- Adjusted EBITDA AL grew by 6.8 % to EUR 30.2 billion. In organic terms, it increased by 0.7 %.
- In the United States, adjusted EBITDA AL increased by 11.5 %, mainly due to exchange rate effects. In organic terms, it decreased by 1.2 %. Adjusted core EBITDA AL grew by 20.9 % to EUR 18.1 billion.
- In our Germany segment, adjusted EBITDA AL was up 3.2 %, driven by high-value revenue growth and enhanced cost efficiency.
- Adjusted EBITDA AL in the Europe segment decreased by 1.3 %, but increased by 3.9 % in organic terms.
- In Systems Solutions, adjusted EBITDA AL grew by 13.9 %, due to efficiency effects from our transformation program and revenue increases in the growth areas.
- The sale of T-Mobile Netherlands as of March 31, 2022 resulted in a decrease of 24.1 % in adjusted EBITDA AL in Group Development. In organic terms, it increased by 21.1 %.
- At 35.7 %, the Group's adjusted EBITDA AL margin remained at the same high level posted in the prior year. The adjusted EBITDA AL margin was 40.6 % in the Germany segment, 36.4 % in the Europe segment, and 34.5 % in the United States segment.



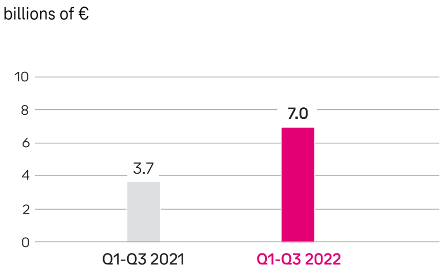
Profit/loss from operations (EBIT)[a]

- EBIT increased by 13.2 % to EUR 12.1 billion.
- EBITDA AL grew by 2.9 % to EUR 27.1 billion. Special factors had a negative effect of EUR 3.2 billion. Deconsolidations, acquisitions, and disposals resulted in expenses totaling EUR 1.6 billion. Expenses for staff restructuring amounted to EUR 0.9 billion. In addition, impairment losses of EUR 0.3 billion were recognized on right-of-use assets, and other special factors affecting EBITDA AL were recognized in the same amount. In the prior-year period, the special factors affecting EBITDA AL totaled EUR -2.0 billion.
- At EUR 21.4 billion, depreciation, amortization and impairment losses were 3.5 % higher than in the prior-year period, with depreciation and amortization decreasing slightly by EUR 0.1 billion. Impairment losses increased to EUR 0.9 billion and were mainly attributable to the former Sprint's fiber-optic-based wireline assets.



Net profit

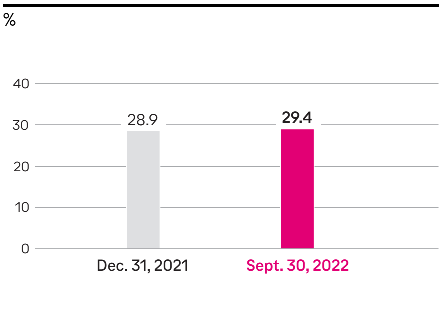
- Net profit increased substantially by 88.6 % to EUR 7.0 billion.
- Our loss from financial activities decreased by EUR 1.1 billion to EUR 2.6 billion, with other financial income/expense improving in particular in connection with the measurement of derivatives. The interest component from the measurement of provisions and liabilities increased by EUR 0.5 billion. By contrast, finance costs increased by EUR 0.4 billion.
- Tax expense increased by EUR 0.1 billion to EUR 1.8 billion.
- Profit attributable to non-controlling interests decreased by EUR 0.9 billion to EUR 0.7 billion, a trend mainly attributable to the United States segment.
- Adjusted earnings per share rose from EUR 0.97 to EUR 1.43.



[a] Since the third quarter of 2022, the GD Towers entity, which operates the cell tower business in Germany and Austria, currently assigned to the Group Development operating segment, has been recognized in the interim consolidated financial statements as a discontinued operation. According to the management approach, however, we continue to include the contributions by GD Towers in the management-relevant financial performance indicators explained here. For information on the agreement with DigitalBridge and Brookfield on GD Towers, please refer to the section "Group organization, strategy, and management" in the interim Group management report and the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.
[b] The prior-year comparatives were adjusted retrospectively to take account of changes to the principal/agent policy regarding the recognition of gross and net revenues as of the third quarter of 2022. For further information, please refer to the section "Development of business in the Group" in the interim Group management report and the section "Accounting policies" in the interim consolidated financial statements.

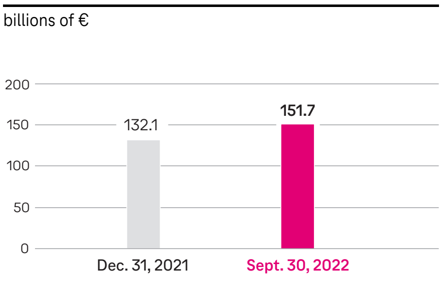
Equity ratio

- The equity ratio increased by 0.5 percentage points against December 31, 2021 to 29.4 %.
- The increase in shareholders' equity from EUR 81.5 billion to EUR 94.5 billion is primarily attributable to profit of EUR 7.7 billion and to other comprehensive income of EUR 12.4 billion. This mainly includes effects from currency translations (EUR 10.8 billion) and the remeasurement of defined benefit plans (EUR 1.8 billion).
- Shareholders' equity was reduced in particular by the dividend payments to our shareholders (EUR 3.2 billion) and other shareholders of subsidiaries (EUR 0.2 billion), as well as the purchase of T-Mobile US shares to further increase the stake in T-Mobile US (EUR 2.7 billion). The sale of T-Mobile Netherlands reduced shareholders' equity (EUR 0.6 billion).



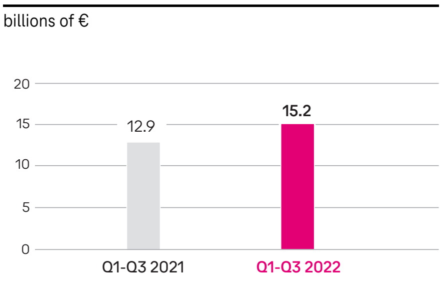
Net debt[c]

- Net debt increased by EUR 19.6 billion to EUR 151.7 billion compared with the end of 2021.
- The increase was attributable in particular to exchange rate effects of EUR 15.7 billion, as well as to the modification of the arrangements between T-Mobile US and Crown Castle, which resulted in an increase of EUR 6.6 billion in right-of-use assets and of EUR 0.8 billion in property, plant and equipment. This effect is mirrored by growth in net debt of EUR 7.4 billion. Additions of lease liabilities and right-of-use assets (EUR 3.9 billion), the dividend payment – including to non-controlling interests – (EUR 3.4 billion), spectrum acquisitions primarily in the United States (EUR 3.1 billion), and the increase of the stake in T-Mobile US (EUR 2.2 billion) also had an increasing effect.
- The main factors reducing net debt were free cash flow (before dividend payments and spectrum investment) of EUR 12.3 billion and the corporate transactions involving T-Mobile Netherlands and GlasfaserPlus totaling EUR 4.7 billion.



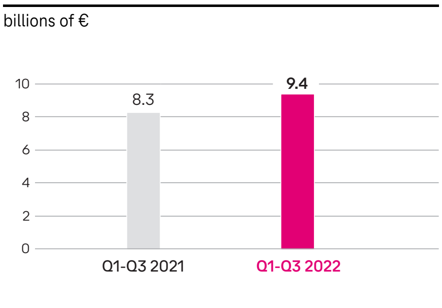
Cash capex (before spectrum investment)

- Cash capex (before spectrum investment) increased by 17.7 % to EUR 15.2 billion.
- This increase is largely attributable to the ongoing 5G network build-out in the United States and exchange rate effects.
- Cash capex (including spectrum investment) decreased by 14.4 % to EUR 18.2 billion. Spectrum licenses were purchased for EUR 3.0 billion in the reporting period, in particular FCC mobile licenses in the United States segment. In the prior-year period, cash capex had included the cash outflows for mobile licenses – primarily at the C-band auction in the United States segment – totaling EUR 8.3 billion.



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

- Free cash flow AL increased by 13.9 % to EUR 9.4 billion.
- The basis for this increase was the strong business performance in the operating segments. The decrease of EUR 1.7 billion in the principal portion of repayment of lease liabilities also had a positive effect.
- By contrast, higher cash capex (before spectrum investment), higher cash outflows in connection with the integration of Sprint in the United States, and an increase of EUR 0.2 billion in net interest payments had a decreasing effect.



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

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

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

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

Highlights in the third quarter of 2022

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

Guidance raised and dividend proposal for the 2022 financial year

In view of the sound business performance, we are again raising our guidance for adjusted EBITDA AL of the Group for the 2022 financial year. Instead of around EUR 37 billion, we now expect to post adjusted EBITDA AL of more than EUR 37 billion. We are also raising our guidance for adjusted earnings per share, which we now expect to surpass EUR 1.50. Against the background of the results of the first nine months of 2022 and subject to the approval of the Supervisory Board, the Board of Management plans to propose to the shareholders' meeting, which will resolve on the appropriation of net income for the 2022 financial year, to pay out a dividend of EUR 0.70 per share for the 2022 financial year.

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

Transactions

Agreement with DigitalBridge and Brookfield on GD Towers. On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 % stake in GD Towers, comprising its tower assets in Germany and Austria, currently assigned to the Group Development operating segment, to DigitalBridge and Brookfield. Deutsche Telekom will retain a 49.0 % stake, benefiting from future value upside at GD Towers. The transaction is subject to approval by the regulatory authorities and is expected to be completed by the start of 2023.

New limited partners admitted to infrastructure fund DIV II. In August and September 2022, Digital Transformation Capital Partners admitted new investors to the investment company Digital Infrastructure Vehicle II (DIV II). As a result, Deutsche Telekom's share in DIV II decreased from 66.67 % to 41.25 % and the entity was deconsolidated in the third quarter of 2022.

Agreement with Cogent to sell the U.S. wireline business. On September 6, 2022, T-Mobile US reached an agreement with Cogent Infrastructure (Cogent) on the sale of the fiber-optic-based wireline business of the former Sprint. The transaction is subject to approval by the authorities as well as other closing conditions. The transaction is expected to be completed in the second half of 2023.

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

T-Mobile US

Share buy-back program. On September 8, 2022, T-Mobile US announced that its Board of Directors has authorized a share buy-back program for up to USD 14.0 billion of the company's common stock through September 30, 2023. Repurchases are expected to be made from available cash on hand and proceeds of one or more debt issuances or other borrowings, based on the company's evaluation of market conditions and other factors. By September 30, 2022, T-Mobile US had bought back around 4.9 million shares with a total volume of USD 0.7 billion (EUR 0.7 billion) under this program. On September 15, 2022, T-Mobile US issued senior notes with a total volume of USD 3.0 billion (EUR 3.0 billion) and intends to use the cash proceeds for general business purposes, which may include, among other things, the financing of the share buy-back program and the early repayment of higher-interest bonds.

Rating upgrade. In July 2022, the rating agency Moody's upgraded the rating for our subsidiary T-Mobile US from Ba2 to Baa3 with a stable outlook. Standard & Poor's (S&P) raised their rating for T-Mobile US in August 2022, from BB+ to BBB- with a positive outlook. Together with the existing BBB- rating with a positive outlook from Fitch, our U.S. subsidiary has now secured its first-ever full investment grade rating at all three major rating agencies.

Investments in networks

Network build-out in Germany. At the end of the third quarter of 2022, our 5G network was available to 93.5 % of households in Germany – in more than 540 cities and towns on the fast frequency of 3.6 GHz.

A total of around 4.5 million households in Germany thus had the option of a direct connection to our fiber-optic network as of September 30, 2022.

Network build-out in the United States. T-Mobile US' Ultra Capacity 5G network in the fast 2.5 GHz and millimeter-wave (mmWave) bands covered 250 million people across the United States as of the end of the third quarter of 2022. Our U.S. subsidiary already reaches 97 % of the population of the United States with its 600 MHz spectrum. Leveraging its extensive 5G network, in July 2022, T-Mobile US improved access to its high-speed internet service (5G Home Internet) in 32 cities and towns across California. A further 81 cities and towns were hooked up across Colorado, Iowa, Kansas, Missouri, and Oklahoma. In September 2022, our U.S. subsidiary expanded its footprint of 5G Home Internet across six more states in the Northeast. By the end of the third quarter of 2022, a total of more than 40 million households across the United States were eligible for T-Mobile US' 5G Home Internet.

The bidding phase of the Federal Communications Commission's latest **spectrum auction** – FCC Auction 108 – in the United States closed on August 29, 2022, whereupon T-Mobile US was awarded a further 7,000 2.5 GHz licenses, for which it paid a total of around USD 0.3 billion (EUR 0.3 billion). These new spectrum licenses will allow T-Mobile US to reach some 81 million people in predominantly rural areas. Our U.S. subsidiary plans to bring Ultra Capacity 5G to further towns across the United States, as well as to significantly increase the bandwidths in many places that are already covered with Ultra Capacity 5G. On August 8, 2022, T-Mobile US reached **agreements** with Channel 51 License and LB License on the **acquisition of licenses in the 600 MHz spectrum** for an aggregate purchase price of USD 3.5 billion (EUR 3.4 billion). The licenses are to be acquired without any associated network assets. T-Mobile US currently utilizes these licenses under an existing arrangement covering fixed-term spectrum leases. The transactions are expected to be completed between mid and late 2023.

Network build-out in Europe. As of the end of the third quarter of 2022, our national companies covered 40.7 % of the population in our European footprint with 5G.

As of September 30, 2022, a total of around 7.7 million households in our European footprint had the option to subscribe to a direct connection to our fiber-optic network with speeds reaching up to 1 Gbit/s.

Cooperations, partnerships, and major deals

World exhibition of digitalization: Digital X 2022. On September 13 and 14, 2022, the Digital X exhibition took place in Cologne. Together with more than 300 partners, over 200 brand houses, and around 60 start-ups, Europe's leading digitalization initiative presented trends and technical innovations covering topics from 5G, IoT, and autonomous driving, to the metaverse and robotics. Around 70,000 visitors experienced the megatrends around mobility, security, new work, urbanization, and sustainability live and up close on dedicated routes through Cologne.

For further information, please refer to our media report.

Partnership with SpaceX in the United States. In August 2022, T-Mobile US and SpaceX announced joint plans that will enable our U.S. subsidiary to bring cell phone connectivity to its customers in parts of the United States previously without cell tower coverage using SpaceX's Starlink satellites. To provide this service, the two companies will create a new network, broadcast from Starlink's satellites using T-Mobile US' mid-band spectrum nationwide. With this technology, T-Mobile US is planning to give customers text message coverage, including MMS and participating messaging apps, practically everywhere in the United States, Puerto Rico, and territorial waters. As a next step, the companies plan to pursue the addition of voice and data coverage.

Fiber partnership in Austria. In August 2022, Magenta Telekom and the French investor Meridiam agreed to establish a strategic partnership for the largest private fiber-optic build-out initiative in Austria. By 2030, the companies are set to invest around EUR 1 billion in the roll-out of fiber to connect over 650,000 households and businesses to high-speed internet (FTTH). The strategic partnership will target rural regions and cities.

For further information, please refer to our media report.

Partnership with Google Cloud expanded. We are expanding our partnership with Google Cloud with plans to define a joint roadmap for the telecommunications industry bringing the power of the cloud closer to mobile and connected devices. Telecommunications service providers are reimagining their network infrastructures and creating new cloud-based models for network deployment. Partnering with companies like Google Cloud enables us to create more secure, reliable, and scalable networks.

For further information, please refer to our media report.

T-Systems moves Continental's SAP to the private cloud. In September 2022, the companies jointly announced that one of Germany's largest SAP system landscapes is moving to the cloud: T-Systems will transfer Continental AG's over 450 SAP systems to the private cloud in Frankfurt/Main, where the IT service provider will continue to deliver support services for the SAP operating system until at least the end of 2027. The contract covers all services related to operation: from consulting to the hotline.

For further information, please refer to our media report.

Products, rate plans, and services

IT made easy for small U.S. businesses. T-Mobile US is joining forces with Apple to introduce a plan especially for small businesses. Available since July 21, 2022, Business Unlimited Ultimate+ for iPhone is the first and only wireless plan that makes IT easy for small businesses, pairing Apple Business Essentials with AppleCare+ for Business Essentials, along with a new iPhone 13, 200 GB of high-speed hotspot data per month, and more.

New smartphone from Nothing exclusive to Deutsche Telekom. The innovative Phone (1) by British manufacturer Nothing hit the market on July 21, 2022 with Deutsche Telekom being the sole network provider in Germany to offer the device. The Phone (1) is impressive with its innovative design and use of the latest technology, and comes delivered with the new Nothing OS based on Android.

For further information, please refer to our media report.

New MagentaMobil rate plans. We launched a new rate plan for mobile customers starting July 1, 2022. The new portfolio offers more data volume and extra price advantages thanks to additional SIM cards: the MagentaMobil PlusKarte. The main card determines how much data volume each additional card gets. The second card generally costs only EUR 19.95 per month and the monthly price for each card on top of that is EUR 9.95. What's new is that all MagentaMobil PlusKarte SIM cards added to the rate plan are automatically given the same data volume as the main card.

For further information, please refer to our media report.

Awards

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

July – September

- **Connect fixed-network test 2022**
  Deutsche Telekom wins connect magazine's fixed-network test for the seventh time with an overall verdict of "very good." In addition, Magenta Telekom wins in Austria for its "outstanding" internet services.
- **Ookla® Speedtest & Umlaut Audit Report**
  Tests by the two market analysts show that T-Mobile US has the U.S.' fastest and most reliable 5G mobile network with the most stable speeds and highest availability.
- **Rated "best in test" by Ookla® Speedtest & Umlaut**
  Our subsidiary Cosmote's mobile network is once again rated Greece's fastest. Cosmote's mobile internet and voice telephony is certified as "best in test" for the 8th time in a row.
- **AV-Test certificate**
  Based on extensive security testing, the independent IT experts at AV-Test award the MagentaZuhause app and the Magenta SmartHome solution their Tested Smart Home Product certificate.
- **Investors' Darling 2022**
  Manager Magazin votes Deutsche Telekom best for financial communication with the #1 spot in its overall ranking of DAX, MDAX, and SDAX companies.
- **PC Magazin's broadband benchmark test 2022**
  PC Magazin tested the speed, data rates, latency, and stability of internet access in Austria. The trade magazine ranks Magenta Telekom best in class for the fourth time in succession.
- **AWS Security Competency Partner**
  T-Systems achieves an Identity and Access management distinction in the Amazon Web Services (AWS) Security Competency. This designation recognizes that T-Systems has demonstrated and successfully met AWS' technical and quality requirements and delivers the highest standard of security.
- **J.D. Power Customer Care Study 2022**
  T-Mobile US takes the top spot in customer care among mobile network operators in the United States for the 10th consecutive time in the study by the analysts at J.D. Power.
- **Der Goldene Computer awards**
  Readers of Computer Bild magazine rate Deutsche Telekom's 5G network #1 among the network providers in the 2022 readers' choice awards (20/2022 issue).
- **Connect mobile shop test 2022**
  Connect magazine tested the quality of advice and equipment in shops across the DACH region. The result: Deutsche Telekom is rated best in test once again in 2022 with an overall verdict of "very good." Six shops receive an individual verdict of "outstanding."
- **Top 25 IT service providers**
  AutomotiveIT magazine ranks T-Systems Germany's largest IT service provider in the automotive industry for the 13th time in a row.

Further information on awards can be found using the following links:

Connect fixed-network test DE and AT (German only)
Ookla® Speedtest and Umlaut Audit Report
AWS Security Competency Partner
J.D. Power Customer Care Study 2022
Ookla® Speedtest/Umlaut's Best in Test
AV-Test certificate
Der Goldene Computer awards (German only)
Investors' Darling 2022 (German only)
PC Magazin's broadband benchmark test 2022 (German only)
Connect mobile shop test 2022 (German only)
Top 25 IT service providers

Interim Group management report

Group organization, strategy, and management

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

Group organization

New limited partners admitted to infrastructure fund DIV II. In August and September 2022, Digital Transformation Capital Partners admitted new investors to the investment company Digital Infrastructure Vehicle II (DIV II). As a result, Deutsche Telekom's share in DIV II decreased from 66.67 % to 41.25 % and the entity was deconsolidated in the third quarter of 2022. Since the deconsolidation, the stake retained by the Group has been included in the consolidated financial statements as an associate using the equity method.

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

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

Share buy-back program at T-Mobile US. On September 8, 2022, T-Mobile US announced that its Board of Directors has authorized a share buy-back program for up to USD 14.0 billion of the company's common stock through September 30, 2023. Repurchases are expected to be made from available cash on hand and proceeds of one or more debt issuances or other borrowings, based on the company's evaluation of market conditions and other factors. The specific timing, price, and size of repurchases will depend on prevailing stock prices, general economic and market conditions, and other considerations, and may include up to USD 3.0 billion through the remainder of 2022. By September 30, 2022, T-Mobile US had bought back around 4.9 million shares with a total volume of USD 0.7 billion (EUR 0.7 billion) under this program.

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

Reassignment of the security business. Effective July 1, 2022, Deutsche Telekom reassigned its subsidiary Deutsche Telekom Security GmbH and the security business in Germany, Austria, Switzerland, Hungary, and Slovakia from the Systems Solutions operating segment to the Germany operating segment in order to maintain a consistent focus on implementing our Group strategy pillar "Lead in business productivity." As of the third quarter of 2022, the prior-year comparatives on the development of operations, headcount development, and order entry were adjusted retrospectively in both of the segments affected.

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

Agreement with DigitalBridge and Brookfield on GD Towers. On July 13, 2022, Deutsche Telekom reached an agreement with DigitalBridge and Brookfield on the sale of a 51.0 % stake in GD Towers, comprising its tower assets in Germany and Austria, currently assigned to the Group Development operating segment. This transaction has not yet been consummated. The preliminary sale price is based on an enterprise value of EUR 17.5 billion. The estimated cash proceeds from the transaction are expected to be EUR 10.9 billion. Deutsche Telekom will retain a 49.0 % stake, benefiting from future value upside at GD Towers. The transaction is subject to approval by the regulatory authorities and is expected to be completed by the start of 2023. Following completion of the transaction, Deutsche Telekom will largely lease back the sold passive network infrastructure in Germany and Austria, enabling Telekom Deutschland and T-Mobile Austria to continue improving their network leadership.

For further information on the agreement with DigitalBridge and Brookfield on the Group's cell tower business in Germany and Austria, and on the disclosure of the GD tower companies as a discontinued operation, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

Agreement with Cogent to sell the U.S. wireline business. On September 6, 2022, T-Mobile US reached an agreement with Cogent Infrastructure (Cogent) on the sale of T-Mobile US' fiber-optic-based wireline business. Under the agreement, Cogent will take over all shares in the entity that holds all of the assets and liabilities related to the former Sprint's fiber-optic-based wireline network. The sale price is USD 1 and is subject to customary adjustments laid down in the purchase agreement. In addition, upon completion of the transaction, T-Mobile US undertakes to enter into a separate agreement on IP transit services, according to which T-Mobile US will pay a total of USD 700 million to Cogent. The transaction is subject to approval by the authorities as well as other closing conditions. The assets and liabilities of the wireline business as of September 30, 2022 are reported in the consolidated statement of financial position as "held for sale." The transaction is expected to be completed in the second half of 2023.

Management of the Group

Presentation of GD Towers according to the management approach. On July 13, 2022, Deutsche Telekom reached an agreement with DigitalBridge and Brookfield on the sale a 51.0 % stake in GD Towers. This transaction has not yet been consummated. As a result, the GD Towers entity has been recognized in the interim consolidated financial statements as a discontinued operation since the third quarter of 2022. However, in the interim Group management report we continue to include the contributions by GD Towers in the results of operations according to the management approach. The following table provides a reconciliation of the amounts recognized in the consolidated income statement to the financial performance indicators relevant for the management approach:

millions of €		Q1-Q3 2022	Of which: continuing operations	Of which: discontinued operations	Q1-Q3 2021	Of which: continuing operations	Of which: discontinued operations
Net revenue[a]		**84,613**	**84,453**	**160**	**79,164**	**79,014**	**150**
Service revenue[a]		**68,227**	**68,227**	**0**	**61,448**	**61,448**	**0**
EBITDA		**33,441**	**32,741**	**700**	**31,298**	**30,653**	**645**
Depreciation of right-of-use assets		(5,260)	(5,159)	(101)	(4,154)	(4,006)	(148)
Interest expenses on recognized lease liabilities		(1,096)	(1,073)	(23)	(830)	(811)	(19)
EBITDA AL		**27,085**	**26,509**	**576**	**26,313**	**25,836**	**478**
Special factors affecting EBITDA AL		(3,159)	(3,158)	(1)	(2,010)	(2,005)	(5)
EBITDA AL (adjusted for special factors)		**30,244**	**29,667**	**577**	**28,323**	**27,841**	**483**
Depreciation, amortization and impairment losses		(21,357)	(21,165)	(192)	(20,625)	(20,345)	(280)
Profit (loss) from operations (EBIT)		**12,085**	**11,576**	**509**	**10,672**	**10,308**	**364**
Profit (loss) from financial activities		(2,574)	(2,577)	3	(3,661)	(3,512)	(149)
Profit (loss) before income taxes		9,510	8,998	512	7,011	6,796	215
Earnings per share (basic/diluted)	€	1.41	1.34	0.06	0.78	0.75	0.03
Adjusted earnings per share (basic/undiluted)	€	**1.43**	**1.36**	**0.07**	**0.97**	**0.94**	**0.03**

[a] The prior-year comparatives were adjusted retrospectively to take account of changes to the principal/agent policy regarding the recognition of gross and net revenues as of the third quarter of 2022.

Broader definition of service revenue. Since January 1, 2022, our service revenue additionally includes certain customer charges in the United States operating segment – primarily in order to create better comparability with T-Mobile US' service revenue as determined in accordance with U.S. GAAP – and other revenue of lesser significance, mainly in the United States and Systems Solutions operating segments. This increases service revenue by EUR 1.2 billion in the reporting period. The prior-year comparatives were not adjusted retrospectively.

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

Governance

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

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

The economic environment

This section provides additional information on, and explains recent changes to, the economic situation as described in the combined management report of the 2021 Annual Report, focusing on macroeconomic developments, the overall economic outlook, the currently prevailing economic risks, and the regulatory environment in the first nine months of 2022. The macroeconomic outlook is provided contingent on the understanding that forecasts are subject to significant uncertainties in view of the currently prevailing macroeconomic risks.

Macroeconomic development

The war in Ukraine has had a significant negative impact on the global economic outlook. Extensive sanctions have been imposed on Russia in response to its aggression. Dwindling gas deliveries from Russia are creating a supply gap that Europe will only be able to fill to a limited extent, driving up energy prices and precipitating an energy crisis. High inflation has prompted the U.S. Federal Reserve, the European Central Bank, and other central banks to take determined action to tighten monetary policy. Repeated lockdowns in China as a consequence of the nation's zero-Covid strategy continue to impact on economic activity.

In light of current developments, the International Monetary Fund (IMF) revised its forecasts downwards in October 2022 and now expects global economic output to grow by 3.2 % in 2022 and by a mere 2.7 % in 2023.

For the German economy, the IMF expects GDP to grow by 1.5 % and consumer prices to increase by 8.5 % in the current year. Given the war in Ukraine and its economic consequences, the business climate has worsened significantly. In the third quarter of 2022, the Bitkom-ifo-Digitalindex for the current business situation declined; business expectations for the coming months also deteriorated substantially. However, the business climate in the digital sector is significantly brighter than in the economy as a whole.

The economies of our core markets in North America and Europe will grow this year, albeit less than forecast prior to the start of the war in Ukraine. According to the IMF forecast, economic output is expected to grow this year by 1.6 % in the United States and by 3.1 % in the eurozone. The European Central Bank raised its key interest rates in July, September, and October 2022 and plans further increases. In November 2022, in the fourth successive increase of its kind, the U.S. Federal Reserve raised the federal funds rate in the United States by 0.75 percentage points and indicated that yet further increases are coming.

Overall economic outlook

The risk of a recession in the United States increased significantly following the run of interest rate hikes. In the eurozone, the economy is under pressure from a dramatic drop in Russian gas deliveries coupled with high inflation – private consumption is being hit hard by reduced purchasing power and many businesses are resorting to downscaling production. The substantial decline across leading indicators is a further sign of a likely recession in the latter part of 2022/early part of 2023. For 2023, the IMF expects GDP to grow by 1.0 % in the United States and by 0.5 % in the eurozone; for the German economy, the IMF expects economic output to decline by 0.3 %. The IMF expects inflation to slow down in the coming year, but to remain at a high level.

Overall economic risks

The availability of gas is currently the biggest threat to economic development in Germany and Europe. A failure to sufficiently reduce gas consumption this winter might lead to state rationing – with production downtime for industry just one of the consequences. Further economic risks arise as a result of sharply rising interest rates and prices for raw materials worldwide, the coronavirus pandemic and the possibility of renewed anti-infection precautions, potential debt crises in emerging nations, and a possible escalation of the war in Ukraine, as well as other geopolitical tensions.

Regulation

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

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

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

Adoption of the Federal Government's Digital Strategy. On August 31, 2022, the Federal Cabinet of Germany adopted the Federal Government's Digital Strategy 2025. The strategy brings together the key policy areas for the cross-cutting topic of digitalization and prioritizes the implementation of projects that are expected to unlock the greatest potential when it comes to advancing digitalization. One of its goals is to digitalize all public and healthcare services by 2025. A modern legal framework is also planned, which will support the development of the data economy and improve the use of data through connected virtual data rooms. The Gigabit Strategy adopted on July 13, 2022 plays a central role, promising greater speeds and improved framework conditions for building out the networks. The aim is to achieve nationwide coverage with fiber to the home (FTTH) and the latest-generation mobile communications standard by 2030. Specific action includes the introduction of expedited approval processes, the more widespread use of alternative cable-laying technologies, and the creation of a central information database (Gigabit-Grundbuch) that will improve transparency on the availability of infrastructure that can be shared. The federal states and municipalities play a key role in the implementation of these measures.

Awarding of spectrum

In the United States, the assignment phase of Auction 110 ended on January 4, 2022. In this auction, the Federal Communications Commission (FCC) allocated a total of 100 MHz in the 3,450 to 3,550 MHz band. T-Mobile US paid USD 2.9 billion (EUR 2.6 billion) to secure itself a total of 199 licenses. The bidding phase of FCC Auction 108 in the United States ended on August 29, 2022, whereupon T-Mobile US was awarded a further 7,000 2.5 GHz licenses for which it paid a total of around USD 0.3 billion (EUR 0.3 billion). The Federal Communications Commission has not yet begun assigning the licenses acquired at the auction. In the first quarter of 2022, OTE successfully participated in the auction for frequencies in the 430 MHz band in Greece, securing spectrum for around EUR 1.2 million. In Slovakia, the 3.x GHz auction was brought to a successful conclusion in May 2022, with Slovak Telekom securing 100 MHz for EUR 16 million. The four established mobile network operators agreed to a reshuffling of the 1,800 MHz band, which means they can each now use 2 x 20 MHz blocks of contiguous spectrum. In connection with the reshuffle, the spectrum licenses were extended for 15 years for a fee of EUR 8.9 million per network operator. In Poland, the extension of the 2,100 MHz licenses has been completed and the new licenses were sent out on October 11, 2022.

In Croatia, the regulatory authority has geared up for a multi-band auction, expected to take place in the fourth quarter of 2022. The authority published the final rules in mid-October 2022, thus opening the application phase. Once the qualified participants have been informed on November 17, 2022, the bidding phase is due to start on January 16, 2023. As previously, Poland has made no further official announcements regarding a new start date for the postponed auction for 3,400 to 3,800 MHz. The proceedings are being held up by incomplete legislative procedures. It is still expected that four 80 MHz licenses, capped at 80 MHz, will be awarded by way of an SMRA. All further details of the auction are pending. However, there are some early signs that the proceedings, as well as preparations for awarding the 700 MHz band and the still unused 2x 5 MHz blocks in the 800 MHz band, could get under way in November 2022. Romania will award 5G spectrum in the 700 MHz; 1,500 MHz; 2,600 MHz; and 3,400 to 3,800 MHz bands before the end of 2022. Telekom Romania Mobile Communications will not take part in the auction. In the Czech Republic, the proceedings to extend T-Mobile Czech Republic's 2,100 MHz license, which will expire in 2024, was formally opened. A separate procedure to extend the 900/1,800 MHz GSM license, also expiring in 2024, is expected for 2023.

In Germany, the usage rights for 800; 1,800 (partial); and 2,600 MHz are due to expire at the end of 2025. The Bundesnetzagentur still sees a considerable need for clarification on a range of issues and in September 2022 launched a consultation on a position paper containing a proposed award concept. An award decision is not expected before 2023. In the United States, on August 8, 2022, T-Mobile US reached agreements with Channel 51 License and LB License on the acquisition of licenses in the 600 MHz spectrum for an aggregate purchase price of USD 3.5 billion (EUR 3.4 billion). The agreements are subject to approvals by the regulatory authorities and certain other customary closing conditions. The transactions are expected to be completed between mid and late 2023.

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

Main spectrum awards

	Expected start of award procedure	Expected end of award procedure	Frequency ranges (MHz)	Planned award procedures	Updated information
Croatia	Q4 2022	Q1 2023	800/900/1,800/ 2,100/2,600	Auction (SMRA[a])	Unsold residual spectrum in the 3,400 to 3,800 MHz and 26,000 MHz bands will not be included in the award for nationwide use.
Poland	Q4 2022	Q4 2022	3,400–3,800	Auction (SMRA[a]), 4 blocks of 80 MHz, capped at 80 MHz	New start delayed further due to political discussions on national security guidelines (Cyber Security Act). Early indications suggest a possible start of the proceedings in November 2022.
Poland	Q4 2022	Q2 2023	700/800	Auction or tender proceedings[b], details and timeline tbd	Plans for all bands still unclear due to discussions on award models, dependency on the adoption of the Cyber Security Act, and standstill in 700 MHz border coordination talks with Russia. Early indications suggest a possible start of the proceedings in November 2022.
Romania	Q4 2022	Q4 2022	700/1,500/ 2,600/3,400–3,800	Auction (SMRA[a])	Expected to start in November 2022.
Czech Republic	Q2 2023	Q4 2023	900/1,800/2,100	2,100 MHz extension	TMCZ's 900/1,800 MHz GSM license and 2,100 MHz UMTS license will expire in 2024. Proceedings to extend 900/ 1,800 MHz licenses expected in 2023. 2,100 MHz extension proceedings formally opened.

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

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

Development of business in the Group

This section provides additional information on, and explains recent changes to, the significant events as described in the combined management report of the 2021 Annual Report, and looks at the effects of these changes on the development of business in the Group. In the section "The economic environment," we also focus on macroeconomic developments in the first nine months of 2022. For more information on global economic developments and the associated business risks, please refer to the section "Risks and opportunities."

War in Ukraine. Our business has hitherto not been directly affected by the war in Ukraine. Deutsche Telekom does not operate any networks in Russia or Ukraine. Neither does a stop on gas deliveries from Russia directly impact on our network operations. Deutsche Telekom is discontinuing its developer activities in Russia. We cannot assess with certainty how Deutsche Telekom will be indirectly affected, in particular by the impact on the global economy. The overall economic outlook has deteriorated significantly, above all as a result of the extensive sanctions, the limitations on trade in goods, and rising energy prices.

Coronavirus pandemic. The pandemic continues to have implications for the global economy and for society. Although the pandemic has only had a limited negative impact on the telecommunications sector so far, if the global pandemic were to re-escalate, it could lead to prolonged and increased supply-side shortages. Based on experience so far, we expect the coronavirus pandemic to only impact our business to a limited extent going forward.

Presentation of GD Towers according to the management approach. On July 13, 2022, Deutsche Telekom reached an agreement with DigitalBridge and Brookfield on the sale of a 51.0 % stake in GD Towers, comprising its tower assets in Germany and Austria, currently assigned to the Group Development operating segment. This transaction has not yet been consummated. The GD Towers entity has been recognized in the interim consolidated financial statements as a discontinued operation since the third quarter of 2022. However, in the interim Group management report we continue to include the contributions by GD Towers in the results of operations according to the management approach.

> For further information on the agreement with DigitalBridge and Brookfield on GD Towers, and the presentation of GD Towers according to the management approach, please refer to the section "Group organization, strategy, and management."

Gross vs. net recognition of revenues – change in the principal/agent consideration. In light of the IFRS Interpretations Committee's agenda decision published in May 2022 on transactions involving the commercial resale of software, Deutsche Telekom has implemented comprehensive changes to its accounting practices with respect to the recognition of gross vs. net revenues, effective the start of the third quarter of 2022. For Deutsche Telekom, the question arises particularly in the case of branded digital products (e.g., streaming services, software licenses, cloud-based software as a service) provided by and purchased from third parties and sold to customers as part of Deutsche Telekom's product portfolio. In considering the change in policy, Deutsche Telekom determines that it only acts as a principal and thus recognizes revenues on a gross basis if the customer does not enter into any contractual relationship with the third-party supplier, Deutsche Telekom bears primary responsibility for product acceptance and customer support, and is in a position to set the price for the customer. In contrast to its previous accounting practice, the application of the new policy results in a decline both in revenues and in goods and services purchased of EUR 0.9 billion in each case for the first three quarters of 2022, and of EUR 0.7 billion in each case for the first three quarters of 2021. As of the third quarter of 2022, the prior-year comparatives on revenue and order entry were adjusted retrospectively.

Reassignment of the security business. Effective July 1, 2022, Deutsche Telekom reassigned its subsidiary Deutsche Telekom Security GmbH and the security business in Germany, Austria, Switzerland, Hungary, and Slovakia from the Systems Solutions operating segment to the Germany operating segment in order to maintain a consistent focus on implementing our Group strategy pillar "Lead in business productivity." As of the third quarter of 2022, the prior-year comparatives on the development of operations, headcount development, and order entry were adjusted retrospectively in both of the segments affected.

Results of operations of the Group

The **GD Towers** entity has been recognized in the interim consolidated financial statements as a discontinued operation since the third quarter of 2022. According to the management approach, however, we continue to include the contributions by GD Towers in the Group Development operating segment in the management-relevant financial performance indicators explained here. For the reconciliation to the consolidated income statement, please refer to the relevant table in the section "Group organization, strategy, and management."

millions of €

		Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Net revenue		**84,613**	**79,164**	**6.9**	**27,746**	**27,888**	**28,979**	**26,641**	**8.8**	**107,811**
Service revenue		**68,227**	**61,448**	**11.0**	**22,021**	**22,622**	**23,584**	**20,971**	**12.5**	**83,130**
EBITDA AL (adjusted for special factors)		**30,244**	**28,323**	**6.8**	**9,873**	**9,891**	**10,481**	**9,661**	**8.5**	**37,330**
EBITDA AL		27,085	26,313	2.9	11,087	7,453	8,546	8,723	(2.0)	33,893
Depreciation, amortization and impairment losses		(21,357)	(20,625)	(3.5)	(6,765)	(7,570)	(7,021)	(7,002)	(0.3)	(27,482)
Profit (loss) from operations (EBIT)		**12,085**	**10,672**	**13.2**	**6,327**	**2,356**	**3,401**	**3,466**	**(1.9)**	**13,057**
Profit (loss) from financial activities		(2,574)	(3,661)	29.7	(890)	(634)	(1,051)	(1,491)	29.5	(5,139)
Profit (loss) before income taxes		9,510	7,011	35.6	5,438	1,723	2,350	1,974	19.0	7,918
Net profit (loss)		6,987	3,705	88.6	3,949	1,460	1,578	889	77.5	4,176
Net profit (loss) (adjusted for special factors)		7,094	4,627	53.3	2,238	2,445	2,411	1,313	83.6	5,862
Earnings per share (basic/ diluted)	€	1.41	0.78	80.8	0.79	0.29	0.32	0.19	68.4	0.87
Adjusted earnings per share (basic/undiluted)	**€**	**1.43**	**0.97**	**47.4**	**0.45**	**0.49**	**0.48**	**0.27**	**77.8**	**1.22**

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

Net revenue, service revenue

In the first three quarters of 2022, we generated net revenue of EUR 84.6 billion, which was up 6.9 % or EUR 5.4 billion year-on-year. In organic terms, revenue increased by EUR 0.5 billion or 0.6 %, including positive net exchange rate effects of EUR 6.2 billion, with the changes in the composition of the Group having the main net reducing effect of EUR 1.3 billion. Service revenue in the Group increased by EUR 6.8 billion or 11.0 % year-on-year to EUR 68.2 billion. In organic terms, service revenue increased by EUR 2.6 billion or 4.0 %.

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

millions of €

	Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Germany	18,145	17,763	2.2	5,963	6,038	6,144	5,974	2.8	24,050
United States	55,636	49,516	12.4	17,880	18,440	19,316	16,664	15.9	67,791
Europe	8,259	8,403	(1.7)	2,682	2,729	2,848	2,880	(1.1)	11,294
Systems Solutions	2,796	2,803	(0.2)	927	942	927	910	1.9	3,759
Group Development	1,409	2,349	(40.0)	825	291	293	787	(62.8)	3,165
Group Headquarters & Group Services	1,802	1,913	(5.8)	604	616	582	617	(5.7)	2,515
Intersegment revenue	(3,434)	(3,584)	4.2	(1,134)	(1,169)	(1,132)	(1,190)	4.9	(4,763)
Net revenue	**84,613**	**79,164**	**6.9**	**27,746**	**27,888**	**28,979**	**26,641**	**8.8**	**107,811**

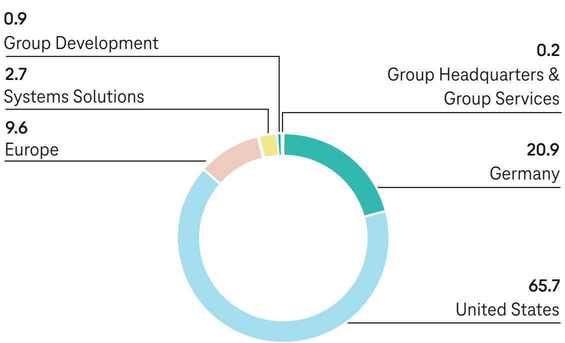
Our United States operating segment in particular contributed to the positive revenue trend with an increase of 12.4 %, mainly due to exchange rate effects. In organic terms, revenue declined by 0.5 % year-on-year due to lower terminal equipment revenue, partially offset by higher service revenue. Revenue in our home market of Germany was up on the prior-year level, increasing by 2.2 %. This was mainly driven by growth in service revenues, in both the fixed-network core business and in mobile communications. In our Europe operating segment, revenue decreased by 1.7 % year-on-year, mainly due to the sale of the Romanian fixed-network business. In organic terms, however, revenue increased by 4.5 %, primarily attributable to the strong performance of the mobile business, especially the increase in higher-margin mobile service revenues, increases in roaming and visitor revenues, and volume-driven increases in revenues from terminal equipment sales. Fixed-network service revenue also developed better compared with the prior-year period. Revenue in our Systems Solutions operating segment was down 0.2 % year-on-year; in organic terms, it was down 0.4 %. This decrease was mainly driven by the expected decline in traditional IT infrastructure business, due in part to deliberate business decisions such as the reduction in end-user services. The positive trends, especially in the Digital Solutions, Advisory, and Road Charging portfolio units, did not fully offset this decrease. Revenue in our Group Development operating segment declined by 40.0 % compared with the prior-year period, mainly due to the sale of T-Mobile Netherlands. In organic terms, it increased by 6.3 %, thanks to the operational and structural growth of the GD Towers business unit.

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

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

Contribution of the segments to net revenue[a]

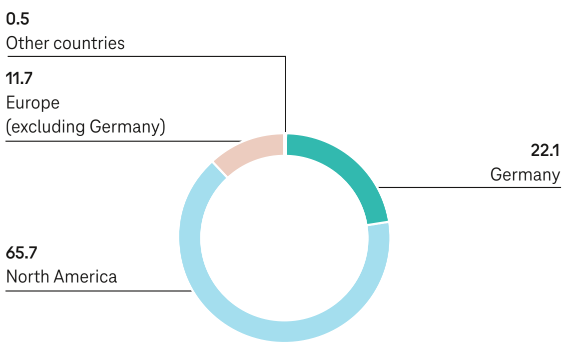
%



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

Breakdown of revenue by region

%



At 65.7 %, our United States operating segment again provided by far the largest contribution to net revenue of the Group, up 3.2 percentage points above the level in the prior-year period. The proportion of net revenue generated internationally also increased from 76.9 % to 77.9 %.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased year-on-year by EUR 1.9 billion or 6.8 % to EUR 30.2 billion in the first three quarters of 2022. In organic terms, adjusted EBITDA AL increased by EUR 0.2 billion or 0.7 %, including positive net exchange rate effects of EUR 2.2 billion, and with changes in the composition of the Group having a net reducing effect of EUR 0.5 billion. Adjusted core EBITDA AL, i.e., adjusted EBITDA AL excluding revenue from terminal equipment leases in the United States, thereby presenting operational development undistorted by the strategic withdrawal from the terminal equipment lease business, increased by EUR 3.1 billion or 11.7 % to EUR 29.1 billion.

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

millions of €

	Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Germany	7,358	7,128	3.2	2,393	2,429	2,535	2,462	3.0	9,536
United States	19,198	17,215	11.5	6,172	6,337	6,690	5,771	15.9	22,697
Europe	3,007	3,046	(1.3)	976	986	1,046	1,105	(5.3)	4,007
Systems Solutions	230	202	13.9	68	79	83	74	12.2	271
Group Development	740	975	(24.1)	356	164	221	340	(35.0)	1,307
Group Headquarters & Group Services	(274)	(191)	(43.5)	(85)	(100)	(89)	(86)	(3.5)	(440)
Reconciliation	(16)	(50)	68.0	(7)	(3)	(5)	(5)	0.0	(47)
EBITDA AL (adjusted for special factors)	**30,244**	**28,323**	**6.8**	**9,873**	**9,891**	**10,481**	**9,661**	**8.5**	**37,330**

The Germany, United States, and Systems Solutions operating segments made a positive contribution to the development of adjusted EBITDA AL. In our United States operating segment, adjusted EBITDA AL increased by 11.5 %, essentially due to exchange rate effects. In organic terms, adjusted EBITDA AL declined by 1.2 % year-on-year. Adjusted core EBITDA AL increased by EUR 3.1 billion or 20.9 % to EUR 18.1 billion. Our Germany operating segment contributed to the increase thanks to high-value revenue growth and improved cost efficiency with 3.2 % higher adjusted EBITDA AL. In our Systems Solutions operating segment, adjusted EBITDA AL increased by 13.9 % or, in organic terms, by 10.2 %. Efficiency effects from our transformation program and increased revenue in our growth areas exceeded the decline in earnings in the traditional IT infrastructure business. Adjusted EBITDA AL in our Europe operating segment decreased by 1.3 %. In organic terms, however, adjusted EBITDA AL grew by 3.9 %, again making a significant positive contribution to earnings, with a positive net margin more than sufficient to offset the higher indirect costs. Adjusted EBITDA AL in our Group Development operating segment declined by 24.1 % year-on-year due to the sale of T-Mobile Netherlands as of March 31, 2022. In organic terms, it increased by 21.1 %, since the GD Towers business posted consistent growth on the back of a rising number of cell tower sites and was further strengthened by the development of the Austrian cell tower business.

EBITDA AL increased by EUR 0.8 billion or 2.9 % year-on-year to EUR 27.1 billion, with special factors changing from EUR -2.0 billion to EUR -3.2 billion. Expenses incurred in connection with staff restructuring totaled EUR 0.9 billion, up EUR 0.5 billion against the prior-year level. Net expenses of EUR 1.6 billion were recorded as special factors under effects of deconsolidations, disposals and acquisitions. EUR 4.0 billion of this related to expenses in connection with integration costs incurred as a result of the business combination of T-Mobile US and Sprint. These expenses included in particular discounts on terminal equipment for former Sprint customers whose devices can no longer be used in the T-Mobile US mobile network, and expenses arising in connection with the decommissioning of the Sprint mobile network. The latter primarily comprise additional depreciation, amortization and impairment losses from reductions in the useful lives of leased network technology for cell sites in the United States. In connection with the agreement concluded to sell the wireline business, T-Mobile US recorded expenses totaling EUR 0.7 billion in the third quarter of 2022 on account of payment obligations entered into. Separate from the agreed sale of the wireline business, a gain of EUR 0.1 billion from the consummated sale of IP addresses of the fiber-optic-based wireline network in the United States was recognized in the third quarter of 2022. Income of EUR 1.7 billion resulted from the deconsolidation of GlasfaserPlus, EUR 0.9 billion from the sale of T-Mobile Netherlands, and another EUR 0.1 billion from the deconsolidation of DIV II. In the prior-year period, net expenses of EUR 1.5 billion were recorded as special factors under effects of deconsolidations, disposals and acquisitions. These expenses also related to the business combination with Sprint and were partially offset by income from the sale of the Dutch cell tower business. The impairment losses recognized as special factors amounted to EUR 0.3 billion and mainly related to right-of-use assets used in connection with the former Sprint's fiber-optic-based wireline network. Other special factors affecting EBITDA AL amounted to EUR -0.3 billion and include net expenses of EUR 0.4 billion in connection with the proceedings pending in consequence of the cyberattack on T-Mobile US, as well as payments on account from insurance companies of EUR 0.1 billion in connection with damage sustained in the catastrophic flooding in North Rhine-Westphalia and Rhineland-Palatinate in July 2021.

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

Profit/loss from operations (EBIT)

Group EBIT increased to EUR 12.1 billion, up EUR 1.4 billion or 13.2 % against the level of the prior-year period. This increase is due in particular to the effects described under adjusted EBITDA AL and EBITDA AL. At EUR 21.4 billion, depreciation, amortization and impairment losses were EUR 0.7 billion higher than in the prior-year period, with depreciation and amortization decreasing slightly by EUR 0.1 billion. In the Group Development operating segment, depreciation and amortization were down on the prior-year level in connection with the fact that T-Mobile Netherlands had been held for sale until it was sold and accordingly the related depreciation and amortization had been suspended, and in connection with its subsequent sale. In addition, depreciation and amortization were suspended for the GD Towers entity, which has been held for sale since July 13, 2022. Depreciation on property, plant and equipment in the United States operating segment declined due to the ongoing strategic withdrawal from the terminal equipment lease business. By contrast, in the United States operating segment, a reduction in the useful life of leased network technology for cell sites following the business combination of T-Mobile US and Sprint increased depreciation of the corresponding right-of-use assets by EUR 1.4 billion. Impairment losses increased year-on-year by EUR 0.8 billion to EUR 0.9 billion. The impairment losses recorded in the reporting period mainly related to the former Sprint's fiber-optic-based wireline assets and were in part attributable to the sale of the business agreed in September 2022.

For information on the agreement with DigitalBridge and Brookfield on GD Towers, and the presentation of GD Towers according to the management approach, including reconciliation table, please refer to the section "Group organization, strategy, and management."

Profit before income taxes

Profit before income taxes increased by EUR 2.5 billion to EUR 9.5 billion. Loss from financial activities decreased year-on-year from EUR 3.7 billion to EUR 2.6 billion, with other financial income/expense improving from EUR -0.2 billion to EUR 1.3 billion. This was attributable in particular to positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future and positive measurement effects from the amortization and subsequent measurement of the stock options received from SoftBank in June 2020 to buy shares in T-Mobile US. Measurement effects from currency hedges and less pronounced negative measurement effects from derivatives of T-Mobile US embedded in bonds compared with the prior-year period also contributed to this. The interest component from the measurement of provisions and liabilities increased by EUR 0.5 billion. However, finance costs also increased from EUR 3.5 billion to EUR 3.9 billion.

Net profit, adjusted net profit

Net profit increased year-on-year by EUR 3.3 billion to EUR 7.0 billion. Tax expense increased by EUR 0.1 billion to EUR 1.8 billion. Profit attributable to non-controlling interests decreased by EUR 0.9 billion to EUR 0.7 billion, with the decrease being primarily attributable to our United States operating segment. Excluding special factors, which had a negative overall effect of EUR 0.1 billion on net profit, adjusted net profit in the first three quarters of 2022 amounted to EUR 7.1 billion, up EUR 2.5 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.

Earnings per share, adjusted earnings per share

Earnings per share is calculated as net profit divided by the weighted average number of ordinary shares outstanding, which totaled 4,972 million as of September 30, 2022. This resulted in earnings per share of EUR 1.41, compared with EUR 0.78 in the prior-year period. Earnings per share adjusted for special factors affecting net profit amounted to EUR 1.43 compared with EUR 0.97 in the prior-year period.

Employees

Headcount development

	Sept. 30, 2022	Dec. 31, 2021	Change	Change %
FTEs in the Group	**207,930**	**216,528**	**(8,598)**	**(4.0)**
Of which: civil servants (in Germany, with an active service relationship)	8,567	9,653	(1,086)	(11.3)
Germany	60,023	61,768	(1,745)	(2.8)
United States	66,864	71,094	(4,230)	(5.9)
Europe	34,328	35,319	(991)	(2.8)
Systems Solutions	26,838	26,175	663	2.5
Group Development	829	2,674	(1,845)	(69.0)
Of which: GD Towers	757	775	(18)	(2.3)
Group Headquarters & Group Services	19,048	19,498	(450)	(2.3)

As of September 30, 2022, the Group's headcount was down by 4.0 % compared with the end of 2021. In our Germany operating segment, the number of employees declined by 2.8 % against year-end 2021, largely due to the take-up of socially responsible instruments as part of staff restructuring activities, such as dedicated retirement and phased retirement. The total number of full-time equivalent employees in the United States operating segment decreased by 5.9 % from September 30, 2022 compared to December 31, 2021 – primarily due to intentional headcount rationalization to manage costs. In our Europe operating segment, the headcount was down by 2.8 % compared with the end of the prior year, in particular in Greece, Poland, Slovakia, and Croatia. The headcount in our Systems Solutions operating segment was up 2.5 % against the end of 2021. The effect on headcount of our efficiency enhancement measures was more than offset by increased staff requirements in our growth areas. In the Group Development operating segment, the sharp year-on-year decrease in headcount of 69.0 % was mainly due to the sale of T-Mobile Netherlands as of March 31, 2022. The headcount in the Group Headquarters & Group Services segment was down 2.3 % compared with the end of 2021, mainly due to the ongoing staff restructuring at Vivento and in the Technology and Innovation unit.

Reconciliations of financial performance indicators from the IFRS consolidated financial statements

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

billions of €	Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Net revenue	**84.5**	**79.0**	**6.9**	**27.7**	**27.8**	**28.9**	**26.6**	**8.8**	**107.6**
Revenue from the sale of goods and merchandise	(14.4)	(13.8)	(4.6)	(5.0)	(4.6)	(4.8)	(4.5)	(6.0)	(19.6)
Revenue from the use of entity assets by others	(1.8)	(3.0)	41.1	(0.7)	(0.6)	(0.5)	(0.8)	36.8	(3.8)
Revenue from the rendering of services	**68.3**	**62.2**	**9.7**	**22.0**	**22.6**	**23.6**	**21.2**	**11.2**	**84.2**
+/- Reconciliation to service revenue as financial performance indicator									
Adjustment of revenue from the rendering of services[a]	(0.8)	(1.6)	47.9	(0.3)	(0.3)	(0.3)	(0.6)	44.4	(2.2)
Adjustment of revenue from the sale of goods and merchandise[b]	0.2	0.2	12.9	0.1	0.1	0.1	0.1	26.0	0.3
Adjustment of revenue from the use of entity assets by others[c]	0.6	0.7	(13.4)	0.2	0.2	0.2	0.2	(15.2)	0.9
Service revenue	**68.2**	**61.4**	**11.0**	**22.0**	**22.6**	**23.6**	**21.0**	**12.5**	**83.1**

As a result of the agreement concluded on July 13, 2022, the GD Towers entity is recognized in the interim consolidated financial statements as a discontinued operation. As of the third quarter of 2022, the prior-year comparatives were adjusted retrospectively.

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

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

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

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

millions of €	Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
EBITDA	33,441	31,298	6.8	13,092	9,927	10,422	10,468	(0.4)	40,539
Depreciation of right-of-use assets[a]	(5,260)	(4,154)	(26.6)	(1,654)	(2,116)	(1,490)	(1,470)	(1.4)	(5,547)
Interest expenses on recognized lease liabilities[a]	(1,096)	(830)	(32.0)	(351)	(358)	(386)	(274)	(40.9)	(1,099)
EBITDA AL	**27,085**	**26,313**	**2.9**	**11,087**	**7,453**	**8,546**	**8,723**	**(2.0)**	**33,893**
Special factors affecting EBITDA AL	(3,159)	(2,010)	(57.2)	1,214	(2,438)	(1,935)	(938)	n.a.	(3,437)
EBITDA AL (adjusted for special factors)	**30,244**	**28,323**	**6.8**	**9,873**	**9,891**	**10,481**	**9,661**	**8.5**	**37,330**

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

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

millions of €	Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Net profit (loss)	**6,987**	**3,705**	**88.6**	**3,949**	**1,460**	**1,578**	**889**	**77.5**	**4,176**
Special factors affecting EBITDA AL	(3,159)	(2,010)	(57.2)	1,214	(2,438)	(1,935)	(938)	n.a.	(3,437)
Staff-related measures	(936)	(439)	n.a.	(183)	(386)	(367)	0	n.a.	(717)
Non-staff-related restructuring	(68)	(14)	n.a.	(9)	(37)	(22)	(4)	n.a.	(22)
Effects of deconsolidations, disposals and acquisitions	(1,610)	(1,460)	(10.3)	1,333	(1,433)	(1,510)	(868)	(74.0)	(2,542)
Impairment losses	(272)	0	n.a.	(4)	(197)	(71)	0	n.a.	0
Other	(274)	(97)	n.a.	77	(385)	34	(66)	n.a.	(156)
Special factors affecting net profit	3,051	1,087	n.a.	496	1,453	1,102	514	n.a.	1,751
Impairment losses	(790)	(170)	n.a.	(30)	(310)	(450)	(38)	n.a.	(258)
Profit (loss) from financial activities	27	(10)	n.a.	21	3	3	0	n.a.	(139)
Income taxes	1,415	624	n.a.	4	778	633	259	n.a.	1,064
Non-controlling interests	2,400	644	n.a.	502	982	916	293	n.a.	1,084
Special factors	**(108)**	**(923)**	**88.3**	**1,710**	**(985)**	**(833)**	**(423)**	**(96.9)**	**(1,686)**
Net profit (loss) (adjusted for special factors)	**7,094**	**4,627**	**53.3**	**2,238**	**2,445**	**2,411**	**1,313**	**83.6**	**5,862**

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

millions of €

	EBITDA AL Q1-Q3 2022	EBIT Q1-Q3 2022	EBITDA AL Q1-Q3 2021	EBIT Q1-Q3 2021	EBITDA AL FY 2021	EBIT FY 2021
EBITDA AL/EBIT	**27,085**	**12,085**	**26,313**	**10,672**	**33,893**	**13,057**
Germany	**1,276**	**1,276**	**(395)**	**(395)**	**(595)**	**(596)**
Staff-related measures	(381)	(381)	(315)	(315)	(478)	(478)
Non-staff-related restructuring	(4)	(4)	(9)	(9)	(12)	(12)
Effects of deconsolidations, disposals and acquisitions	1,619	1,619	(2)	(2)	(3)	(3)
Impairment losses	0	0	0	0	0	(1)
Other	42	42	(70)	(70)	(102)	(102)
United States	**(5,327)**	**(6,017)**	**(1,555)**	**(1,613)**	**(2,637)**	**(2,692)**
Staff-related measures	(318)	(318)	(15)	(15)	(16)	(16)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(4,379)	(4,514)	(1,540)	(1,540)	(2,621)	(2,618)
Impairment losses	(271)	(827)	0	(58)	0	(58)
Other	(359)	(359)	0	0	0	0
Europe	**8**	**8**	**55**	**55**	**11**	**11**
Staff-related measures	(51)	(51)	101	101	83	83
Non-staff-related restructuring	0	0	(1)	(1)	(1)	(1)
Effects of deconsolidations, disposals and acquisitions	5	5	(38)	(38)	(39)	(39)
Impairment losses	0	0	0	0	0	0
Other	54	54	(8)	(8)	(32)	(32)
Systems Solutions	**(106)**	**(156)**	**(163)**	**(233)**	**(206)**	**(384)**
Staff-related measures	(74)	(74)	(104)	(104)	(141)	(141)
Non-staff-related restructuring	0	0	(2)	(2)	(3)	(3)
Effects of deconsolidations, disposals and acquisitions	(2)	(2)	(39)	(39)	(39)	(39)
Impairment losses	0	(49)	0	(71)	0	(178)
Other	(30)	(30)	(18)	(18)	(24)	(24)
Group Development	**1,007**	**1,007**	**161**	**161**	**173**	**173**
Staff-related measures	(3)	(3)	(7)	(7)	(8)	(8)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	1,011	1,011	170	170	184	184
Impairment losses	0	0	0	0	0	0
Other	(1)	(1)	(2)	(2)	(3)	(3)
Group Headquarters & Group Services	**(17)**	**(46)**	**(113)**	**(127)**	**(182)**	**(203)**
Staff-related measures	(108)	(108)	(99)	(99)	(157)	(157)
Non-staff-related restructuring	(64)	(64)	(2)	(2)	(7)	(7)
Effects of deconsolidations, disposals and acquisitions	136	136	(12)	(12)	(23)	(23)
Impairment losses	(1)	(30)	0	(14)	0	(21)
Other	19	19	0	0	5	5
Group	**(3,159)**	**(3,927)**	**(2,010)**	**(2,152)**	**(3,437)**	**(3,692)**
Staff-related measures	(936)	(936)	(439)	(439)	(717)	(717)
Non-staff-related restructuring	(68)	(68)	(14)	(14)	(22)	(22)
Effects of deconsolidations, disposals and acquisitions	(1,610)	(1,744)	(1,460)	(1,460)	(2,542)	(2,538)
Impairment losses	(272)	(905)	0	(142)	0	(258)
Other	(274)	(274)	(97)	(97)	(156)	(156)
EBITDA AL/EBIT (adjusted for special factors)	**30,244**	**16,012**	**28,323**	**12,824**	**37,330**	**16,749**
Profit (loss) from financial activities (adjusted for special factors)		(2,579)		(3,623)		(4,998)
Profit (loss) before income taxes (adjusted for special factors)		**13,433**		**9,202**		**11,752**
Income taxes (adjusted for special factors)		(3,233)		(2,352)		(2,879)
Profit (loss) (adjusted for special factors)		**10,200**		**6,850**		**8,873**
Profit (loss) (adjusted for special factors) attributable to						
Owners of the parent (net profit (loss)) (adjusted for special factors)		7,094		4,627		5,862
Non-controlling interests (adjusted for special factors)		3,106		2,223		3,011

Financial position of the Group

Condensed consolidated statement of financial position

millions of €

	Sept. 30, 2022	%	Dec. 31, 2021	Change	Sept. 30, 2021
Assets					
Cash and cash equivalents	8,497	2.6	7,617	880	6,337
Trade receivables	17,087	5.3	15,299	1,788	14,110
Intangible assets	151,944	47.3	132,647	19,297	130,709
Property, plant and equipment	66,902	20.8	61,770	5,132	60,072
Right-of-use assets	37,767	11.8	30,777	6,990	30,807
Current and non-current financial assets	11,205	3.5	8,888	2,317	8,357
Deferred tax assets	9,300	2.9	7,906	1,394	7,514
Non-current assets and disposal groups held for sale	4,584	1.4	4,856	(272)	4,559
Other assets	14,071	4.4	11,867	2,204	10,890
Total assets	**321,357**	**100.0**	**281,627**	**39,730**	**273,355**
Liabilities and shareholders' equity					
Current and non-current financial liabilities	122,387	38.1	111,466	10,921	108,921
Current and non-current lease liabilities	42,833	13.3	33,133	9,700	32,806
Trade and other payables	11,545	3.6	10,452	1,093	8,235
Provisions for pensions and other employee benefits	4,250	1.3	6,134	(1,884)	6,445
Current and non-current other provisions	7,895	2.5	9,463	(1,568)	8,777
Deferred tax liabilities	24,751	7.7	19,809	4,942	18,908
Liabilities directly associated with non-current assets and disposal groups held for sale	3,409	1.1	1,365	2,044	1,274
Other liabilities	9,812	3.1	8,336	1,476	9,128
Shareholders' equity	94,475	29.4	81,469	13,006	78,861
Total liabilities and shareholders' equity	**321,357**	**100.0**	**281,627**	**39,730**	**273,355**

Total assets amounted to EUR 321.4 billion as of September 30, 2022, up by EUR 39.7 billion against December 31, 2021. Exchange rate effects in particular, primarily from the translation of U.S. dollars into euros, had an increasing effect. This increase is also due to the sustained high level of investing activities including, among other investments, spectrum acquisitions in the United States operating segment. The agreement signed between T-Mobile US and Crown Castle on the modification of existing arrangements concerning the lease of cell sites also increased total assets. Total assets were reduced due to the sale of T-Mobile Netherlands.

On the assets side, **trade receivables** amounted to EUR 17.1 billion, up by EUR 1.8 billion against the 2021 year-end. In the United States operating segment, the increase in receivables was mainly due to exchange rate effects. The increase in receivables there was also attributable to the Equipment Installment Plan and to customer additions. By contrast, wholesale receivables in the United States declined.

Intangible assets increased by EUR 19.3 billion to EUR 151.9 billion, due in particular to exchange rate effects of EUR 18.1 billion, primarily from the translation of U.S. dollars into euros. The carrying amount was further increased by additions of EUR 6.9 billion, EUR 3.1 billion of which related to the acquisition of mobile spectrum and resulted almost entirely from the licenses acquired at the FCC's Auctions 110 and 108 in the United States. Positive effects from changes in the composition of the Group also contributed EUR 0.1 billion to the increase in the carrying amount. Depreciation, amortization and impairment losses of EUR 5.1 billion, as well as the reclassification of assets worth EUR 0.6 billion to non-current assets and disposal groups held for sale reduced the carrying amount. These relate to the agreements on the sale of the Group's cell tower business in Germany and Austria (GD tower companies) and of the wireline business in the United States. Disposals decreased the carrying amount by EUR 0.1 billion.

Property, plant and equipment increased by EUR 5.1 billion to EUR 66.9 billion compared to December 31, 2021. Additions of EUR 13.3 billion for the upgrade and build-out of the network and in connection with the broadband/fiber-optic build-out and mobile infrastructure build-out increased the carrying amount. The modification of the arrangements between T-Mobile US and Crown Castle for existing cell sites increased the carrying amount by EUR 0.8 billion. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 4.5 billion. Reclassifications of lease assets upon expiry of the contractual lease term to property, plant and equipment, in the United States operating segment in particular, increased the carrying amount by EUR 0.3 billion, while depreciation and impairment losses of EUR 10.4 billion had an offsetting effect. This includes impairment losses of EUR 0.5 billion, mainly relating to the impairment test of the former Sprint's fiber-optic-based wireline assets, which was carried out in the second quarter of 2022, and the corresponding sale agreed in the third quarter of 2022. The reclassification of assets worth EUR 1.6 billion to non-current assets and disposal groups held for sale reduced the carrying amount. These relate to the agreements on the sale of the GD tower companies and of the wireline business in the United States. Disposals of EUR 0.9 billion also reduced the carrying amount.

Compared with December 31, 2021, **right-of-use assets** increased by EUR 7.0 billion to EUR 37.8 billion. The increase of the carrying amount was driven by additions of EUR 9.9 billion, primarily as a result of the agreement signed between T-Mobile US and Crown Castle on the modification of existing arrangements, mainly concerning the lease of Crown Castle's cell sites. As a result of the modification of the arrangements, right-of-use assets increased by EUR 6.6 billion. In addition, the agreement on the sale of 51.0 % of the shares in the GD tower companies triggered a remeasurement of the lease liabilities, which resulted in an increase in the right-of-use assets and the lease liabilities of EUR 0.5 billion in each case. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 5.0 billion. Depreciation and impairment losses of EUR 5.8 billion reduced the carrying amount. This included a EUR 1.4 billion increase in depreciation due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint. This also includes impairment losses of EUR 0.3 billion, mainly relating to the impairment test of the former Sprint's fiber-optic-based wireline assets, which was carried out in the second quarter of 2022, and the corresponding sale agreed in the third quarter of 2022. The reclassification of assets worth EUR 1.5 billion to non-current assets and disposal groups held for sale reduced the carrying amount. These relate to the agreements on the sale of the GD tower companies and of the wireline business in the United States. Reclassifications of lease assets upon expiry of the contractual lease term to property, plant and equipment, in the United States operating segment in particular, also reduced the carrying amount by EUR 0.3 billion. Disposals of EUR 0.2 billion also reduced the carrying amount.

Current and non-current **financial assets** increased by EUR 2.3 billion to EUR 11.2 billion. Originated loans and receivables increased by EUR 0.9 billion to EUR 4.3 billion, with the carrying amount of cash collateral deposited increasing by EUR 0.6 billion. In connection with receivables from grants still to be received from funding projects for the broadband build-out in Germany, the carrying amount of other receivables increased by EUR 0.2 billion. The carrying amount of debt instruments measured at fair value through profit or loss increased by EUR 0.4 billion in connection with the sale of a 50 % stake in GlasfaserPlus and the recognition of a contingent consideration receivable. The carrying amount of derivatives with a hedging relationship remained unchanged against the level at December 31, 3021 due to offsetting measurement effects in relation to interest rate swaps in fair value hedges on the one hand and interest rate and currency derivatives in cash flow hedges on the other. The carrying amount of derivatives without a hedging relationship increased by EUR 0.7 billion to EUR 1.9 billion. This was due to an increase of EUR 0.8 billion in the carrying amount of interest rate and currency derivatives due to exchange rate effects (primarily from the strengthening of the U.S. dollar against the euro). In connection with the stock options received from SoftBank to purchase shares in T-Mobile US, the carrying amount of the stock options recorded a net increase of EUR 0.2 billion against December 31, 2021, due on the one hand to the positive development of the T-Mobile US share price and the amortization in full of the initial measurement of the stock options at fair value, and on the other, to the derecognition of the exercised options in April 2022. At the time of exercising the stock options, they had a fair value of EUR 0.5 billion. In connection with negative measurement effects from derivatives embedded in bonds issued by T-Mobile US, the carrying amount of derivatives without a hedging relationship decreased by EUR 0.4 billion.

Non-current assets and disposal groups held for sale decreased by a net EUR 0.3 billion compared with December 31, 2021 to EUR 4.6 billion. The sale of T-Mobile Netherlands as of March 31, 2022 reduced the carrying amount by EUR 4.7 billion, and the sale of the 50 % stake in GlasfaserPlus on February 28, 2022 by EUR 0.1 billion. By contrast, the reclassification of the assets of the GD tower companies increased the carrying amount by EUR 4.1 billion, and those of the wireline business in the United States operating segment by EUR 0.4 billion. The assets were classified as held for sale as of September 30, 2022 on account of the sales agreements concluded.

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

Other assets increased by EUR 2.2 billion to EUR 14.1 billion, EUR 0.9 billion of which was due to the increase in the carrying amount of investments accounted for using the equity method, essentially as a result of the sale of the 50 % stake in GlasfaserPlus. Following the loss of control from an accounting perspective as a result of the transaction, GlasfaserPlus was deconsolidated as of February 28, 2022. Since this date, the remaining 50 % of the shares in the joint venture have been included in the consolidated financial statements as an investment accounted for using the equity method. The carrying amount of the investment amounted to EUR 1.0 billion as of September 30, 2022. In addition, DIV II was deconsolidated on August 2, 2022 as a result of the admission of new investors and the associated loss of control over the entity. Since then, the stake retained by the Group of 41.25 % has been included in the consolidated financial statements as an associate using the equity method. The carrying amount of the investment amounted to EUR 0.3 billion as of September 30, 2022. It was reduced by the disposal of 37.65 % of the shares in Cellnex Netherlands in the amount of EUR 0.4 billion as a result of the deconsolidation of DIV II. Capitalized contract costs and other assets increased by EUR 0.6 billion and EUR 0.4 billion, respectively, due in part to exchange rate effects. Inventories increased by EUR 0.3 billion, mainly due to higher inventories of high-priced mobile terminal equipment in the Germany operating segment, partly as a preventive measure in connection with the prevailing supply chain uncertainty. Exchange rate effects, mainly from the translation from U.S. dollars into euros, also increased the carrying amount. Reduced inventories of high-priced terminal equipment in the United States operating segment due to marketing campaigns as well as to the now largely completed migration of Sprint customers to the T-Mobile US network had an offsetting effect.

On the liabilities and shareholders' equity side, current and non-current **financial liabilities** increased by EUR 10.9 billion compared with the end of 2021 to a total of EUR 122.4 billion. The carrying amount of bonds and other securitized liabilities increased by EUR 7.3 billion. Exchange rate effects, especially from the translation of U.S. dollars into euros, increased the carrying amount of bonds and other securitized liabilities by EUR 11.0 billion. The carrying amount was also increased by the senior notes issued in the reporting period by T-Mobile US with a total value of USD 3.0 billion (EUR 3.0 billion). Repayments by T-Mobile US of a bond with a volume of USD 0.5 billion (EUR 0.5 billion) and in the Group of EUR bonds with a volume of EUR 1.7 billion and a GBP bond with a volume of GBP 0.7 billion (EUR 0.8 billion) reduced the carrying amount. In addition, the carrying amount of bonds and other securitized liabilities decreased by EUR 3.4 billion in connection with measurement effects from derivatives with a hedging relationship, the offsetting entry for which is posted under bonds and other securitized liabilities. The carrying amount of other interest-bearing liabilities increased by EUR 0.9 billion compared with December 31, 2021 to EUR 8.7 billion. The modification of the arrangements between T-Mobile US and Crown Castle regarding cell sites increased the carrying amount by EUR 0.8 billion. In addition, liabilities recognized by T-Mobile US for future payments for IP transit services in connection with the agreement on the sale of the wireline business increased the carrying amount by EUR 0.6 billion. In connection with cash collateral received for derivative financial instruments, the carrying amount of other interest-bearing liabilities decreased by EUR 0.6 billion. Negative measurement effects of derivatives with a hedging relationship increased the carrying amount, mainly due to the increase in negative fair values from interest rate swaps in fair value hedges, which is primarily the result of a significant increase in the interest rate level. The carrying amount was reduced by positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future.

Current and non-current **lease liabilities** increased by EUR 9.7 billion to EUR 42.8 billion compared with December 31, 2021. This increase primarily relates to the modification of the arrangements between T-Mobile US and Crown Castle, which resulted in an increase in the carrying amounts of lease liabilities of EUR 6.6 billion. In addition, the agreement on the sale of 51.0 % of the shares in the GD tower companies triggered a remeasurement of the lease liabilities, which increased by EUR 0.5 billion accordingly. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised lease liabilities by EUR 5.6 billion. The reclassification of lease liabilities to liabilities directly associated with non-current assets and disposal groups held for sale reduced the carrying amount by EUR 2.3 billion. These relate to the agreements on the sale of the GD tower companies and of the wireline business in the United States. The carrying amount was further reduced, in part in connection with the decommissioning of former Sprint cell sites and the closure of some former Sprint shops in the United States operating segment.

Trade and other payables increased by EUR 1.1 billion to EUR 11.5 billion, due in particular to higher liabilities in the United States, Systems Solutions, and Germany operating segments. In the United States operating segment, the increase was mainly attributable to exchange rate effects. Liabilities in the segment also increased in connection with the acquisition of property, plant and equipment and tangible assets. In the Europe operating segment, liabilities declined slightly. The reclassification to liabilities directly associated with non-current assets and disposal groups held for sale also reduced the carrying amount. These relate to the agreements on the sale of the GD tower companies and of the wireline business in the United States.

Provisions for pensions and other employee benefits decreased by EUR 1.9 billion compared with December 31, 2021 to EUR 4.3 billion, mainly due to interest rate adjustments. The development of the fair values of plan assets had an offsetting effect. Overall, the remeasurement of defined benefit plans resulted in an actuarial gain of EUR 1.8 billion.

Current and non-current **other provisions** decreased by EUR 1.6 billion compared with the end of 2021 to EUR 7.9 billion. Other provisions for personnel costs decreased by EUR 0.9 billion, mainly in connection with the performance-based remuneration components for the prior year paid out to employees in the reporting year and a decline in the provision recognized for the Civil Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK). This is due to a significant increase in the interest rate level. The provisions for restoration obligations decreased by EUR 1.0 billion in connection with reclassifications to liabilities directly associated with non-current assets and disposal groups held for sale, in particular in connection with the agreement on the sale of the GD tower companies. Furthermore, this resulted from the increase in the interest rate level. By contrast, the provisions for litigation risks increased by a net amount of EUR 0.2 billion, mainly in connection with the proceedings pending in consequence of the cyberattack on T-Mobile US. Exchange rate effects, in particular from the translation of U.S. dollars into euros, also contributed to the increase.

Liabilities directly associated with non-current assets and disposal groups held for sale increased by EUR 2.0 billion against December 31, 2021 to EUR 3.4 billion. The sale of T-Mobile Netherlands as of March 31, 2022 reduced the carrying amount by EUR 1.4 billion. The reclassification of the liabilities of the GD tower companies (EUR 3.0 billion) and of the wireline business in the United States operating segment (EUR 0.4 billion) had an increasing effect on the carrying amount.

Other liabilities increased by EUR 1.5 billion compared to December 31, 2021 to EUR 9.8 billion, mainly due to an increase in other liabilities of EUR 0.8 billion, driven by an increase in liabilities from other taxes of EUR 0.7 billion. In addition, income tax liabilities and contract liabilities each increased by EUR 0.3 billion.

Shareholders' equity increased from EUR 81.5 billion as of December 31, 2021 to EUR 94.5 billion. Profit of EUR 7.7 billion, other comprehensive income of EUR 12.4 billion, and capital increases from share-based payments of EUR 0.5 billion contributed to this increase. Shareholders' equity was reduced in connection with dividend payments for the 2021 financial year to Deutsche Telekom AG shareholders in the amount of EUR 3.2 billion and to other shareholders of subsidiaries in the amount of EUR 0.2 billion. Transactions with owners also reduced the carrying amount by EUR 3.6 billion, mainly due to the acquisition of additional T-Mobile US shares to increase the stake and due to the share buy-back program underway at T-Mobile US. Changes in the composition of the Group resulting from the sale of T-Mobile Netherlands in the Group Development operating segment reduced the carrying amount of shareholders' equity by EUR 0.6 billion.

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

Calculation of net debt

millions of €

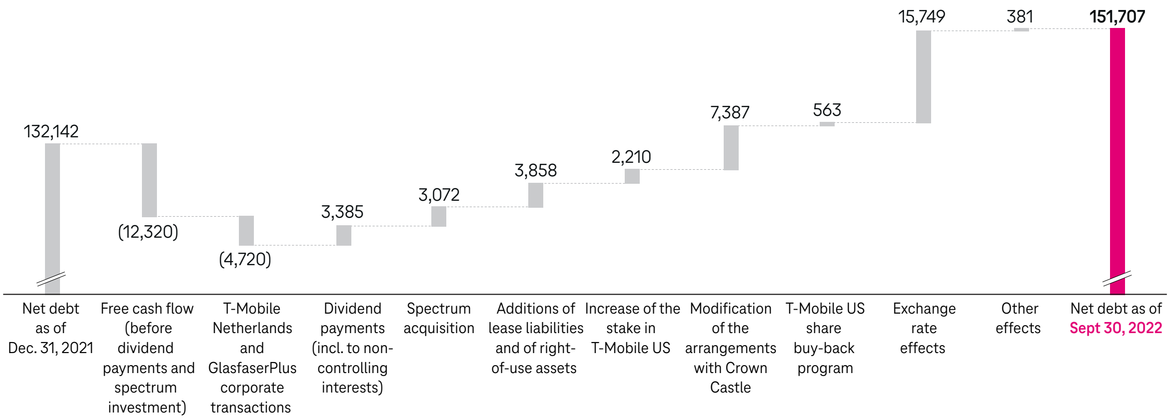
	Sept. 30, 2022[a]	Dec. 31, 2021[b]	Change	Change %	Sept. 30, 2021[b]
Bonds and other securitized liabilities	101,181	93,857	7,324	7.8	91,645
Liabilities to banks	3,989	4,003	(14)	(0.3)	3,896
Other financial liabilities	17,216	13,730	3,486	25.4	13,380
Lease liabilities	45,111	33,767	11,344	33.6	33,458
Financial liabilities and lease liabilities	**167,497**	**145,357**	**22,140**	**15.2**	**142,379**
Accrued interest	(1,250)	(1,012)	(238)	(23.5)	(1,159)
Other	(972)	(855)	(117)	(13.7)	(798)
Gross debt	**165,275**	**143,490**	**21,785**	**15.2**	**140,422**
Cash and cash equivalents	8,497	7,617	880	11.6	6,337
Derivative financial assets	3,460	2,762	698	25.3	2,823
Other financial assets	1,611	969	642	66.3	887
Net debt	**151,707**	**132,142**	**19,565**	**14.8**	**130,375**

[a] Including the net debt of the discontinued operation GD Towers and of the wireline business at T-Mobile US included under liabilities directly associated with non-current assets and disposal groups held for sale as of September 30, 2022.

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

Changes in net debt

millions of €



The modification of the arrangements between T-Mobile US and Crown Castle resulted in an overall increase in net debt of EUR 7.4 billion, due to an increase in right-of-use assets and in lease liabilities of EUR 6.6 billion each and an increase in property, plant and equipment and in other financial liabilities of EUR 0.8 billion each. Additions to lease liabilities and to right-of-use assets increased by EUR 0.5 billion in each case in connection with the agreement on the sale of 51.0 % of the shares in the GD tower companies and an associated remeasurement of the lease liabilities.

Calculation of free cash flow AL

millions of €

	Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Net cash from operating activities	**27,302**	**25,620**	**6.6**	**9,358**	**8,621**	**9,323**	**9,233**	**1.0**	**32,171**
Cash outflows for investments in intangible assets	(6,204)	(11,519)	46.1	(3,551)	(1,128)	(1,525)	(1,431)	(6.6)	(12,749)
Cash outflows for investments in property, plant and equipment	(12,004)	(9,740)	(23.2)	(3,621)	(3,958)	(4,425)	(3,236)	(36.7)	(13,616)
Cash capex	(18,208)	(21,260)	14.4	(7,173)	(5,086)	(5,949)	(4,666)	(27.5)	(26,366)
Spectrum investment	2,984	8,328	(64.2)	2,514	102	367	304	20.7	8,388
Cash capex (before spectrum investment)	**(15,224)**	**(12,932)**	**(17.7)**	**(4,658)**	**(4,984)**	**(5,582)**	**(4,362)**	**(28.0)**	**(17,978)**
Proceeds from the disposal of intangible assets (excluding goodwill) and property, plant and equipment	243	130	86.9	50	34	158	25	n.a.	139
Free cash flow (before dividend payments and spectrum investment)	**12,320**	**12,818**	**(3.9)**	**4,750**	**3,671**	**3,899**	**4,895**	**(20.3)**	**14,332**
Principal portion of repayment of lease liabilities[a]	(2,876)	(4,528)	36.5	(969)	(912)	(995)	(1,955)	49.1	(5,521)
Free cash flow AL (before dividend payments and spectrum investment)	**9,444**	**8,290**	**13.9**	**3,781**	**2,759**	**2,904**	**2,940**	**(1.2)**	**8,810**

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

Free cash flow AL (before dividend payments and spectrum investment) increased from EUR 8.3 billion in the prior-year period to EUR 9.4 billion. The following effects impacted on this development:

Net cash from operating activities increased by EUR 1.7 billion to EUR 27.3 billion on the back of the good business performance. Higher cash outflows in connection with the integration of Sprint in the United States and an increase of EUR 0.2 billion in net interest payments in particular had a decreasing effect.

Cash capex (before spectrum investment) increased from EUR 12.9 billion to EUR 15.2 billion. Cash capex in the United States operating segment increased by EUR 2.2 billion to EUR 10.0 billion, mainly as a result of the ongoing build-out of the 5G network and exchange rate effects. In the Germany operating segment, capital expenditure totaled around EUR 2.9 billion in the first nine months of 2022, EUR 0.2 billion more than in the prior-year period, with much of this figure going towards the build-out of our fiber-optic and 5G networks. In the Europe operating segment, our investments remained stable at EUR 1.2 billion. Here, we also continue to invest in the provision of broadband and fiber-optic technology and in 5G as part of our integrated network strategy. Cash capex in the Group Development operating segment totaled EUR 0.2 billion and was down EUR 0.2 billion year-on-year. The reduction is mainly due to the sale of T-Mobile Netherlands and lower build-out investments made by GD Towers compared with the prior-year period. Capital expenditure in the Systems Solutions operating segment increased from EUR 0.1 billion to EUR 0.2 billion. This increase was driven by the backlog of investments from the prior year owing to hardware supply shortages in 2021 and by investments to expand our sovereign cloud landscape.

Lower cash outflows for the decrease in the principal portion of repayment of lease liabilities were due in particular to leases in the United States operating segment.

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

Development of business in the operating segments

Gross vs. net recognition of revenues – change in the principal/agent consideration. In light of the IFRS Interpretations Committee’s agenda decision published in May 2022 on transactions involving the commercial resale of software, Deutsche Telekom has implemented comprehensive changes to its accounting practices with respect to the recognition of gross vs. net revenues, effective the start of the third quarter of 2022. As of the third quarter of 2022, the prior-year comparatives on revenue and order entry were adjusted retrospectively.

For further information on the change in policy, please refer to the section “Development of business in the Group.”

Reassignment of the security business. Effective July 1, 2022, Deutsche Telekom reassigned its subsidiary Deutsche Telekom Security GmbH and the security business in Germany, Austria, Switzerland, Hungary, and Slovakia from the Systems Solutions operating segment to the Germany operating segment in order to maintain a consistent focus on implementing our Group strategy pillar “Lead in business productivity.” As of the third quarter of 2022, the prior-year comparatives on the development of operations, headcount development, and order entry were adjusted retrospectively in both of the segments affected.

Germany

Customer development

thousands

	Sept. 30, 2022	June 30, 2022	Change Sept. 30, 2022/ June 30, 2022 %	Dec. 31, 2021	Change Sept. 30, 2022/ Dec. 31, 2021 %	Sept. 30, 2021	Change Sept. 30, 2022/ Sept. 30, 2021 %
Mobile customers	52,991	54,551	(2.9)	53,211	(0.4)	52,184	1.5
Contract customers[a]	23,544	23,402	0.6	23,129	1.8	22,914	2.7
Prepaid customers[a, b]	29,447	31,149	(5.5)	30,081	(2.1)	29,270	0.6
Fixed-network lines	17,396	17,437	(0.2)	17,525	(0.7)	17,543	(0.8)
Retail broadband lines	14,641	14,578	0.4	14,478	1.1	14,394	1.7
Of which: optical fiber[c]	11,740	10,836	8.3	10,379	13.1	10,175	15.4
Television (IPTV, satellite)	4,071	4,039	0.8	4,001	1.7	3,966	2.6
Unbundled local loop lines (ULLs)	3,231	3,351	(3.6)	3,622	(10.8)	3,744	(13.7)
Wholesale broadband lines	8,033	8,001	0.4	7,948	1.1	7,900	1.7
Of which: optical fiber	6,929	6,883	0.7	6,778	2.2	6,708	3.3

[a] As of January 1, 2022, around 178 thousand consumers previously recorded under contract customers were reclassified as prepaid customers. Prior-year comparatives were not adjusted.

[b] Due to a network switchover, a portion of our prepaid customers were migrated to another provider as of the end of the third quarter of 2022.

[c] Since June 1, 2022, we have migrated customers to fiber-optic lines under our “Turn customers into fans” (Kunden zu Fans machen) initiative. In the third quarter of 2022, around 700 thousand lines were upgraded as part of this campaign.

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. This success is attributable to our high-performance networks. We offer the best customer experience with award-winning network quality – in the fixed network as in mobile communications – and with a broad product portfolio and good service. We want to offer our customers a seamless and technology-neutral telecommunications experience. We regularly adapt our product portfolio to address the needs of our customers. As of July 1, 2022, we successfully launched the new MagentaMobil rate plans.

Demand remained high for our fiber-optic-based lines. The total number of these customer lines increased to around 18.7 million by the end of September 2022, which means a further 1.5 million customers in Germany received a fiber-optic-based line from us in the first nine months of 2022. Two key factors are driving this strong growth: demand for higher bandwidths, and the technical migrations of customer lines to optical fiber under our “Turn customers into fans” (Kunden zu Fans machen) initiative launched as of June 1, 2022.

Mobile communications

The number of high-value mobile contract customers under the Telekom and congstar brands grew by 754 thousand customers overall. Sustained demand for mobile rate plans with included data volumes continues to drive this trend. A portion of prepaid customers were migrated to another network provider at the end of the third quarter of 2022. Furthermore, as of January 1, 2022, a portion of consumers previously reported under contract customers were reclassified as prepaid customers. Allowing for this change in disclosure, the number of prepaid customers decreased by 812 thousand.

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 around 160 thousand to 14.6 million in the first nine months of 2022, with growth accelerating again in the third quarter of 2022. Almost 40 % of the customers subscribed to a rate plan with speeds of 100 Mbit/s or higher. We recorded an increase of 70 thousand in the number of TV customers compared with year-end 2021. In the traditional fixed network, the number of lines decreased by 129 thousand, bringing the number of fixed-network lines to 17.4 million as of September 30, 2022.

Wholesale

As of September 30, 2022, fiber-optic-based lines accounted for 61.5 % of all lines – 2.9 percentage points more than at the end of 2021. This growth is a result of the demand for our commitment agreements. Rising demand among retail customers for higher-bandwidth lines also contributed to the increase. The number of unbundled local loop lines decreased by 391 thousand compared with the end of the prior year, partly as a result of the shift to higher-value fiber-optic-based lines and partly from consumers switching to other providers. In addition, our wholesale customers are migrating their retail customers to their own fiber-optic-based lines. The total number of wholesale lines at the end of September 2022 was around 11.3 million.

Development of operations

millions of €

		Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Total revenue		**18,145**	**17,763**	**2.2**	**5,963**	**6,038**	**6,144**	**5,974**	**2.8**	**24,050**
Consumers		9,217	8,975	2.7	3,034	3,063	3,120	3,052	2.2	12,122
Business Customers		6,640	6,548	1.4	2,186	2,213	2,241	2,178	2.9	8,922
Wholesale		2,017	2,032	(0.7)	679	674	664	675	(1.6)	2,709
Other		271	208	30.3	63	89	119	70	70.0	297
Service revenue		**16,020**	**15,801**	**1.4**	**5,289**	**5,356**	**5,375**	**5,301**	**1.4**	**21,212**
Profit (loss) from operations (EBIT)		**5,662**	**3,748**	**51.1**	**3,024**	**1,226**	**1,412**	**1,350**	**4.6**	**4,956**
EBIT margin	%	31.2	21.1		50.7	20.3	23.0	22.6		20.6
Depreciation, amortization and impairment losses		(2,993)	(3,012)	0.6	(998)	(995)	(1,001)	(1,001)	0.0	(4,020)
EBITDA		8,655	6,760	28.0	4,021	2,221	2,413	2,350	2.7	8,976
Special factors affecting EBITDA		1,276	(395)	n.a.	1,621	(215)	(130)	(120)	(8.3)	(595)
EBITDA (adjusted for special factors)		7,379	7,155	3.1	2,400	2,436	2,543	2,470	3.0	9,572
EBITDA AL		8,634	6,733	28.2	4,015	2,214	2,405	2,342	2.7	8,941
Special factors affecting EBITDA AL		1,276	(395)	n.a.	1,621	(215)	(130)	(120)	(8.3)	(595)
EBITDA AL (adjusted for special factors)		**7,358**	**7,128**	**3.2**	**2,393**	**2,429**	**2,535**	**2,462**	**3.0**	**9,536**
EBITDA AL margin (adjusted for special factors)	%	40.6	40.1		40.1	40.2	41.3	41.2		39.7
Cash capex		**(2,906)**	**(2,693)**	**(7.9)**	**(902)**	**(876)**	**(1,128)**	**(993)**	**(13.6)**	**(4,119)**

Total revenue, service revenue

In the first nine months of 2022, we generated total revenue of EUR 18.1 billion, which was up by 2.2 % year-on-year. The growth in service revenues of 1.4 % was attributable to increased revenue in the fixed-network core business, largely broadband-driven, and in mobile business.

Revenue from **Consumers** increased by 2.7 % compared with the prior-year period. Revenue from broadband business grew by 5.9 %, due in part to the positive effects from customer appreciation for stable data lines and high bandwidths. Fixed-network terminal equipment business posted growth of 2.3 % on the back of demand on the customer side for terminal equipment lease models. Volume-driven declines in revenue from voice components continued to impact on traditional fixed-network business. Mobile business increased by 3.2 % thanks to higher service revenues, mainly due to positive customer development in our second brand congstar and general trends of recovery, including a return to travel and other recreational activities.

Revenue from **Business Customers** was up by 1.4 % year-on-year. If the one-time effect from the public sector in the prior year is taken into account, operating revenue would have increased by 2.6 %. The mobile business grew by 7.8 % due to positive revenue from terminal equipment business and ongoing customer additions.

Wholesale revenue was down at the end of September 2022 by 0.7 % year-on-year. The positive trend in the number of fiber-optic-based lines continued, with an increase of 3.3 % compared with the prior-year period. However, this was not enough to offset the decrease in revenues of 13.7 % from declining volumes of unbundled local loop lines.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased by EUR 230 million or 3.2 % year-on-year to EUR 7.4 billion. Our adjusted EBITDA AL margin increased to 40.6 %, up from 40.1 % in the prior year. The main reasons for this increase are sound operational development, driven by high-value revenue growth, and enhanced cost efficiency. Lower personnel costs resulting, among other factors, from the smaller headcount and the ongoing implementation of efficiency enhancement and digitalization measures reduced costs.

The special factors affecting adjusted EBITDA AL mainly included the gain on deconsolidation of GlasfaserPlus (EUR 1.7 billion) and initial payments on account received from insurance companies in connection with damage sustained in the catastrophic flooding in July 2021 (EUR 0.1 billion). Expenses for socially responsible instruments in connection with staff restructuring also had an effect. EBITDA AL increased by EUR 1.9 billion to EUR 8.6 billion.

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

Profit/loss from operations (EBIT)

Profit from operations (EBIT) amounted to EUR 5.7 billion, an increase of 51.1 % year-on-year. The positive trend in adjusted EBITDA AL together with the gain on deconsolidation of GlasfaserPlus contributed to this increase. Depreciation, amortization and impairment losses were at the same level as a year earlier.

Cash capex

Cash capex increased by EUR 213 million or 7.9 % compared with the prior-year period. Capital expenditure totaled around EUR 2.9 billion in the first nine months of 2022, in particular for the build-out of the fiber-optic and 5G networks. A total of around 4.5 million households in Germany thus had the option of a direct connection to our fiber-optic network as of September 30, 2021. In mobile communications, our customers benefit from greater LTE and 5G network coverage. Over 93.5 % of German households can already use 5G.

United States

Customer development

thousands

	Sept. 30, 2022	June 30, 2022	Change Sept. 30, 2022/ June 30, 2022 %	Dec. 31, 2021	Change Sept. 30, 2022/ Dec. 31, 2021 %	Sept. 30, 2021	Change Sept. 30, 2022/ Sept. 30, 2021 %
Customers	111,755	110,023	1.6	108,719	2.8	106,920	4.5
Postpaid customers	90,414	88,787	1.8	87,663	3.1	85,913	5.2
Postpaid phone customers[a, b]	71,907	71,053	1.2	70,262	2.3	69,418	3.6
Other postpaid customers[a, b]	18,507	17,734	4.4	17,401	6.4	16,495	12.2
Prepaid customers	21,341	21,236	0.5	21,056	1.4	21,007	1.6

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

[b] In the first quarter of 2021, we acquired 11 thousand postpaid phone customers and 1 thousand postpaid other customers through our acquisition of an affiliate. In the third quarter of 2021, we acquired 716 thousand postpaid phone customers and 90 postpaid other customers through the acquisition of wireless assets from Shentel.

Customers

At September 30, 2022, the United States operating segment (T-Mobile US) had 111.8 million customers, compared to 108.7 million customers at December 31, 2021. Net customer additions were 4.9 million in the nine months ended September 30, 2022, compared to 4.0 million in the nine months ended September 30, 2021 due to the factors described below.

Postpaid net customer additions were 4.6 million in the nine months ended September 30, 2022, compared to 3.7 million in the nine months ended September 30, 2021. This increase resulted from higher postpaid other net customer additions, primarily due to an increase in High Speed Internet net customer additions and wearables, partially offset by lower net additions from mobile internet devices. In addition, the increase resulted from higher postpaid phone net customer additions, primarily due to lower churn and higher gross additions driven by growth in new customer account relationships. High Speed Internet net customer additions included in postpaid other net customer additions were 1.3 million and 322 thousand for the nine months ended September 30, 2022 and 2021, respectively.

Prepaid net customer additions were 313 thousand in the nine months ended September 30, 2022, compared to 293 thousand in the nine months ended September 30, 2021. This increase was primarily due to the introduction of our High Speed Internet offering, partially offset by the continued industry shift to postpaid plans. High Speed Internet net customer additions included in prepaid net customer additions were 162 thousand for the nine months ended September 30, 2022. Our prepaid High Speed Internet launch was in the first quarter of 2022. Therefore, there were no prepaid High Speed Internet net customer additions for the nine months ended September 30, 2021.

Development of operations

millions of €

		Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Total revenue		**55,636**	**49,516**	**12.4**	**17,880**	**18,440**	**19,316**	**16,664**	**15.9**	**67,791**
Service revenue		**43,035**	**35,553**	**21.0**	**13,456**	**14,353**	**15,226**	**12,223**	**24.6**	**48,361**
Profit (loss) from operations (EBIT)		**4,480**	**5,971**	**(25.0)**	**2,044**	**918**	**1,518**	**1,680**	**(9.6)**	**7,217**
EBIT margin	%	8.1	12.1		11.4	5.0	7.9	10.1		10.6
Depreciation, amortization and impairment losses		(15,008)	(13,801)	(8.7)	(4,604)	(5,443)	(4,962)	(4,740)	(4.7)	(18,338)
EBITDA		19,488	19,772	(1.4)	6,647	6,361	6,479	6,419	0.9	25,555
Special factors affecting EBITDA		(3,642)	(962)	n.a.	(820)	(1,304)	(1,518)	(539)	n.a.	(1,836)
EBITDA (adjusted for special factors)		23,130	20,735	11.6	7,467	7,665	7,998	6,958	14.9	27,392
EBITDA AL		13,872	15,660	(11.4)	4,914	4,141	4,817	4,966	(3.0)	20,060
Special factors affecting EBITDA AL		(5,327)	(1,555)	n.a.	(1,258)	(2,196)	(1,873)	(805)	n.a.	(2,637)
EBITDA AL (adjusted for special factors)		**19,198**	**17,215**	**11.5**	**6,172**	**6,337**	**6,690**	**5,771**	**15.9**	**22,697**
Core EBITDA AL (adjusted for special factors)[a]		18,101	14,976	20.9	5,741	5,976	6,384	5,180	23.2	19,912
EBITDA AL margin (adjusted for special factors)	%	34.5	34.8		34.5	34.4	34.6	34.6		33.5
Cash capex		**(13,008)**	**(16,041)**	**18.9**	**(5,535)**	**(3,468)**	**(4,005)**	**(2,804)**	**(42.8)**	**(18,594)**

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

Total revenue, service revenue

Total revenue for the United States operating segment of EUR 55.6 billion in the nine months ended September 30, 2022 increased by 12.4 %, compared to EUR 49.5 billion in the nine months ended September 30, 2021. In U.S. dollars, T-Mobile US' total revenues remained relatively flat during the same period. Total revenues decreased primarily due to lower equipment revenues, offset by higher service revenues. The components of these changes are described below.

Service revenues increased in the nine months ended September 30, 2022 by 21.0 % to EUR 43.0 billion. In organic terms, service revenues increased by 5.4 % year-on-year. The increase resulted from higher postpaid revenues primarily from higher average postpaid accounts and higher postpaid ARPA (Average Revenue per Account). In addition, service revenues increased due to higher prepaid revenues primarily from higher average prepaid customers and higher prepaid ARPU (Average Revenue per User). This increase was partially offset by lower wholesale and other service revenues primarily from lower advertising, wireline and MVNO revenues, partially offset by higher Lifeline revenues.

Equipment revenues decreased in the nine months ended September 30, 2022 primarily from a decrease in lease revenues and customer purchases of leased devices primarily due to a lower number of customer devices under lease as a result of the continued strategic shift from device financing from leasing to EIP. In addition, equipment revenues decreased due to lower average revenue per device sold, primarily driven by higher promotions, which included promotions for Sprint customers to facilitate their migration to the T-Mobile US network and an increase in contra-revenue primarily driven by higher imputed interest rates on equipment installment plans. These decreases were partially offset by an increase in the number of devices sold, including higher upgrade volume for Sprint customers to facilitate their migration to the T-Mobile US network, partially offset by lower prepaid upgrades.

Adjusted EBITDA AL, EBITDA AL

In euros, adjusted EBITDA AL increased by 11.5 % to EUR 19.2 billion in the nine months ended September 30, 2022, compared to EUR 17.2 billion in the nine months ended September 30, 2021. The adjusted EBITDA AL margin slightly decreased to 34.5 % in the nine months ended September 30, 2022, compared to 34.8 % in the nine months ended September 30, 2021. In U.S. dollars, adjusted EBITDA AL decreased slightly during the same period. Adjusted EBITDA AL decreased primarily due to higher bad debt expense driven by higher receivable balances, as well as normalization relative to muted pandemic levels and estimated potential future macroeconomic impacts. This decrease was offset by higher service revenue as discussed above, lower cost of equipment sales and cost of services excluding Merger-related costs, and higher realized Merger synergies. In U.S. dollars, lease revenues decreased as a result of the continued strategic shift from device financing from leasing to EIP by 56.2 % in the nine months ended September 30, 2022.

Adjusted core EBITDA AL increased by 20.9 % to EUR 18.1 billion in the nine months ended September 30, 2022, compared to EUR 15.0 billion in the nine months ended September 30, 2021. In U.S. dollars, adjusted core EBITDA AL increased by 7.4 % during the same period. The change was primarily due to the fluctuation in adjusted EBITDA AL, discussed above, excluding the change in lease revenues.

EBITDA AL in the nine months ended September 30, 2022, included special factors of EUR -5.3 billion compared to EUR -1.6 billion in the nine months ended September 30, 2021. The change in special factors was primarily due to higher Merger-related costs, expenses related to the agreed sale of the wireline business, higher legal-related expenses, net of recoveries, including the settlement of certain litigation associated with the cyberattack, and higher impairment expense due to the non-cash impairment of certain wireline business-related right-of use assets during the nine months ended 2022. The change in special factors is also impacted by other special items including certain severance, restructuring and other expenses and income, including gains from the sale of IP addresses, not directly attributable to the Sprint Merger. Special factors include Merger-related costs predominantly associated with the integration of Sprint and are comprised of integration costs to achieve efficiencies in network, retail, information technology and back-office operations, migrate customers to the T-Mobile US network and mitigate the impact of legal matters assumed as part of the Sprint Merger. In addition, Merger-related special factors include restructuring costs, including severance, store rationalization and network decommissioning as well as transaction costs, including legal and professional services related to the completion of transactions. Overall, EBITDA AL decreased by 11.4 % to EUR 13.9 billion in the nine months ended September 30, 2022, compared to EUR 15.7 billion in the nine months ended September 30, 2021, primarily due to the factors described above, including special factors.

Profit/loss from operations (EBIT)

EBIT decreased by 25.0 % to EUR 4.5 billion in the nine months ended September 30, 2022, compared to EUR 6.0 billion in the nine months ended September 30, 2021. In U.S. dollars, EBIT decreased by 32.5 % during the same period primarily due to lower EBITDA AL, partially offset by lower depreciation, amortization and impairment losses. In U.S. dollars, depreciation, amortization and impairment losses decreased 3.4 % primarily due to lower depreciation expense on leased devices, resulting from a lower number of total customer devices under lease and certain 4G-related network assets becoming fully depreciated, including assets impacted by the decommissioning of the legacy Sprint CDMA and LTE networks. These decreases were partially offset by the non-cash impairments of certain wireline network assets during the nine months ended September 30, 2022 and higher depreciation expense (excluding leased devices) from the continued build-out of our nationwide 5G network.

Cash capex

Cash capex decreased by 18.9 % to EUR 13.0 billion in the nine months ended September 30, 2022, compared to EUR 16.0 billion in the nine months ended September 30, 2021. In U.S. dollars, cash capex decreased by 27.1 % primarily from a decrease in spectrum purchases, primarily due to USD 8.9 billion paid for spectrum licenses won at the conclusion of the C-band auction in March 2021, compared to USD 2.8 billion paid for spectrum licenses won at the conclusion of Auction 110 in February 2022 and USD 0.3 billion paid in total for spectrum licenses won at the conclusion of Auction 108 in September 2022. This decrease was partially offset by an increase in purchases of property and equipment from the accelerated build-out of our nationwide 5G network, including from network integration related to the Sprint Merger.

Europe
Customer development

thousands		Sept. 30, 2022	June 30, 2022	Change Sept. 30, 2022/ June 30, 2022 %	Dec. 31, 2021	Change Sept. 30, 2022/ Dec. 31, 2021 %	Sept. 30, 2021	Change Sept. 30, 2022/ Sept. 30, 2021 %
Europe, total[a, b]	Mobile customers	47,301	46,459	1.8	45,816	3.2	46,391	2.0
	Contract customers	26,297	26,046	1.0	26,575	(1.0)	27,430	(4.1)
	Prepaid customers	21,003	20,413	2.9	19,241	9.2	18,962	10.8
	Fixed-network lines	7,866	7,839	0.3	7,802	0.8	9,123	(13.8)
	Broadband customers	6,597	6,521	1.2	6,381	3.4	7,108	(7.2)
	Television (IPTV, satellite, cable)	4,099	4,067	0.8	4,019	2.0	5,132	(20.1)
	Unbundled local loop lines (ULLs)/ wholesale PSTN	1,808	1,849	(2.2)	1,932	(6.4)	1,960	(7.8)
	Wholesale broadband lines	963	937	2.8	865	11.3	810	18.9
Greece	Mobile customers	7,367	7,275	1.3	7,045	4.6	6,985	5.5
	Fixed-network lines	2,616	2,621	(0.2)	2,624	(0.3)	2,607	0.3
	Broadband customers	2,339	2,329	0.4	2,306	1.4	2,274	2.9
Romania[a]	Mobile customers	4,082	3,941	3.6	3,691	10.6	4,628	(11.8)
	Fixed-network lines	0	0	n.a.	0	n.a.	1,387	(100.0)
	Broadband customers	0	0	n.a.	0	n.a.	822	(100.0)
Hungary	Mobile customers	5,914	5,811	1.8	5,634	5.0	5,582	5.9
	Fixed-network lines	1,865	1,848	0.9	1,821	2.4	1,796	3.8
	Broadband customers	1,487	1,461	1.8	1,417	4.9	1,387	7.2
Poland	Mobile customers	12,321	12,107	1.8	11,542	6.7	11,425	7.8
	Fixed-network lines	30	29	3.4	29	3.4	29	3.4
	Broadband customers	129	107	20.6	77	67.5	64	n.a.
Czech Republic	Mobile customers	6,409	6,373	0.6	6,297	1.8	6,259	2.4
	Fixed-network lines	690	673	2.5	645	7.0	633	9.0
	Broadband customers	421	411	2.4	391	7.7	383	9.9
Croatia	Mobile customers	2,384	2,318	2.8	2,276	4.7	2,326	2.5
	Fixed-network lines	870	872	(0.2)	875	(0.6)	879	(1.0)
	Broadband customers	646	642	0.6	633	2.1	633	2.1
Slovakia	Mobile customers	2,449	2,460	(0.4)	2,502	(2.1)	2,493	(1.8)
	Fixed-network lines	857	858	(0.1)	880	(2.6)	870	(1.5)
	Broadband customers	639	636	0.5	633	0.9	626	2.1
Austria[b]	Mobile customers	4,656	4,557	2.2	5,258	(11.4)	5,126	(9.2)
	Fixed-network lines	599	601	(0.3)	593	1.0	586	2.2
	Broadband customers	658	661	(0.5)	656	0.3	655	0.5
Other[c]	Mobile customers	1,721	1,617	6.4	1,572	9.5	1,568	9.8
	Fixed-network lines	339	337	0.6	336	0.9	336	0.9
	Broadband customers	276	273	1.1	268	3.0	266	3.8

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

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

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

Total
In the Europe operating segment, almost all key performance indicators for customer development improved compared with the end of 2021. Our convergent product portfolio, in particular, generated growth compared with year-end 2021 of 8.9 % in FMC customers thanks to ongoing demand. We are working flat out to build out our fixed-network infrastructure with state-of-the-art optical fiber. The number of broadband customers has increased by 3.4 %. The mobile business also recorded an increase of 3.2 % in customer numbers. Our build-out of the 5G network is making good progress. Almost all of our national companies have already launched the commercial sale of 5G products and services.

Mobile communications
We had a total of 47.3 million mobile customers at the end of the first nine months of 2022; an increase of 3.2 % compared with the end of 2021. The number of contract customers decreased slightly by 1.0 %, largely as a result of the fact that we no longer include the SIM cards of a service provider in Austria in our customer base since January 1, 2022 but instead count them as wholesale customers. Without this effect, the number of contract customers increased by 2.5 %. By contrast, the contract customer base grew at our other national companies, especially in Poland, Hungary, the Czech Republic, and Greece – with the exception of Slovakia. Overall, contract customers accounted for 55.6 % of the total customer base. In parallel with pure customer development, we have successfully continued the “more-for-more” offering in our product portfolio, so as to sustainably increase value per customer. In addition, thanks to our integrated network strategy our customers benefited from greater coverage with fast mobile broadband. The footprint countries of our operating segment are also making excellent headway with 5G. As of the end of the first nine months of 2022, our national companies covered 40.7 % of the population (in particular in Greece, Montenegro, North Macedonia, Austria, and Croatia) with 5G.

The prepaid customer base recorded growth of 9.2 % compared with the end of 2021. Poland recorded a particularly strong increase, largely as a result of the prepaid SIM cards issued to many refugees from the war in Ukraine as part of a package of support. As part of our ordinary business activities, we offer our prepaid customers high-value contract plans with the resulting number of contract conversions also contributing positively to contract customer business.

Fixed network
The broadband business increased by 3.4 % compared with the end of 2021 to total 6.6 million customers. This growth is mainly driven by the national companies in Hungary, Poland, Greece, and the Czech Republic. By continuing to invest in fiber-optic technologies, we are systematically building out our fixed-network infrastructure. At the end of the first nine months of 2022, a total of around 7.7 million households (coverage of 30.2 %) were provided with the option by our national companies to subscribe to a direct connection to our fiber-optic network with speeds reaching up to 1 Gbit/s. The utilization rate remained stable at around 32 %. The number of fixed-network lines increased further, reaching 7.9 million at the end of the first nine months of the year.

The TV and entertainment business had a total of 4.1 million customers as of September 30, 2022, up by 2.0 % compared with the end of the prior year. This was attributable among other things to the acquisition of exclusive rights to broadcast sports events. With both telecommunications providers and OTT players offering TV services, the TV market is already saturated in many countries of our segment.

FMC – fixed-mobile convergence and digitalization
Our portfolio of convergent products, MagentaOne, was highly popular with consumers across all of our national companies. At the end of the first nine months of 2022, we had 6.8 million FMC customers; this corresponds to growth of 8.9 % compared with the end of the prior year. Our national companies in Greece, Hungary, Austria, Poland, and the Czech Republic in particular contributed to this growth. As of September 30, 2022, FMC customers accounted for 60.1 % of the broadband customer base. We have also seen accelerated growth in the marketing of our MagentaOne Business product to business customers.

We continue to expand our digital interaction with customers, which means we can meet customer needs in a more personalized and efficient way, and position products and innovative services on the market more quickly. 65 % of our customers already use our service app.

Development of operations

millions of €

		Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Total revenue		**8,259**	**8,403**	**(1.7)**	**2,682**	**2,729**	**2,848**	**2,880**	**(1.1)**	**11,294**
Greece		2,341	2,250	4.0	743	768	830	783	6.0	3,046
Romania		233	627	(62.8)	78	78	77	200	(61.5)	709
Hungary		1,279	1,269	0.8	433	423	423	446	(5.2)	1,750
Poland		1,036	1,040	(0.4)	337	348	351	352	(0.3)	1,421
Czech Republic		898	817	9.9	290	300	308	276	11.6	1,121
Croatia		676	678	(0.3)	209	216	251	235	6.8	908
Slovakia		588	579	1.6	191	197	200	196	2.0	787
Austria		1,025	993	3.2	341	334	349	343	1.7	1,346
Other[a]		241	224	7.6	75	83	82	78	5.1	301
Service revenue		**6,920**	**7,200**	**(3.9)**	**2,248**	**2,297**	**2,376**	**2,486**	**(4.4)**	**9,578**
Profit (loss) from operations (EBIT)		**1,450**	**1,463**	**(0.9)**	**446**	**443**	**561**	**654**	**(14.2)**	**1,814**
EBIT margin	%	17.6	17.4		16.6	16.2	19.7	22.7		16.1
Depreciation, amortization and impairment losses		(1,837)	(1,916)	4.1	(619)	(617)	(602)	(624)	3.5	(2,576)
EBITDA		3,287	3,380	(2.8)	1,065	1,059	1,163	1,278	(9.0)	4,390
Special factors affecting EBITDA		8	55	(85.5)	(1)	(16)	26	80	(67.5)	11
EBITDA (adjusted for special factors)		3,279	3,325	(1.4)	1,066	1,075	1,137	1,198	(5.1)	4,380
EBITDA AL		3,016	3,101	(2.7)	975	969	1,072	1,185	(9.5)	4,018
Special factors affecting EBITDA AL		8	55	(85.5)	(1)	(16)	26	80	(67.5)	11
EBITDA AL (adjusted for special factors)		**3,007**	**3,046**	**(1.3)**	**976**	**986**	**1,046**	**1,105**	**(5.3)**	**4,007**
Greece		978	944	3.6	314	319	346	342	1.2	1,265
Romania		38	137	(72.3)	12	14	13	56	(76.8)	147
Hungary		370	392	(5.6)	127	116	127	154	(17.5)	536
Poland		294	295	(0.3)	98	100	96	100	(4.0)	385
Czech Republic		375	348	7.8	125	127	123	117	5.1	471
Croatia		263	269	(2.2)	79	81	103	106	(2.8)	355
Slovakia		257	251	2.4	86	89	83	89	(6.7)	327
Austria		393	378	4.0	124	128	141	129	9.3	487
Other[a]		39	31	25.8	11	12	14	13	7.7	34
EBITDA AL margin (adjusted for special factors)	%	36.4	36.2		36.4	36.1	36.7	38.4		35.5
Cash capex		**(1,190)**	**(1,324)**	**10.1**	**(362)**	**(404)**	**(423)**	**(453)**	**6.6**	**(1,905)**

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

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

Total revenue, service revenue

Our Europe operating segment generated total revenue of EUR 8.3 billion in the first nine months of 2022, a slight year-on-year decrease of 1.7 %. In organic terms – i.e., adjusted for the sale of the Romanian fixed-network business on September 30, 2021, and assuming constant exchange rate effects – revenue increased by 4.5 % year-on-year. Service revenue declined year-on-year, but grew by 3.4 % in organic terms. Regulatory interventions such as the reduction in termination rates had a negative impact on our organic development of revenue in the first nine months of 2022.

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

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

Revenue from **Consumers** increased in organic terms by 3.7 % year-on-year, due to the mobile business, where both service revenues and sales of mobile terminal equipment increased. In the fixed network, revenue from broadband and TV business increased thanks to our 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.

Compared with the prior-year period, revenue from **Business Customers** was up by 4.4 %, with a significant contribution from Greece, the Czech Republic, as well as from Hungary and Austria, with growth recorded across all product areas. Mobile contract business grew by 3.1 %, with almost all national companies contributing to growth. The number of mobile customers increased above all in Poland, followed by Hungary, Greece, Austria and Romania. Hungary, Greece, and the Czech Republic also recorded higher net mobile contract customer additions compared with the previous year. In the fixed-network business, broadband customer additions were recorded in particular in the segment of smaller business customers. Net customer additions were also up again year-on-year in the segment of medium-sized and larger corporate customers. ICT revenue edged into double-digit growth on the back of growth in both revenue from systems solutions as well as in data communications. Digital Infrastructure developed positively as a result of the expansion of capacities and strong growth in the security business.

Adjusted EBITDA AL, EBITDA AL

Our Europe operating segment generated adjusted EBITDA AL of EUR 3.0 billion in the first nine months of 2022, down slightly by 1.3 % against the prior-year level. In organic terms, i.e., adjusted for the sale of the Romanian fixed-network business, and assuming constant exchange rates, adjusted EBITDA AL increased by 3.9 %, again making a significant positive contribution to earnings, with a positive net margin more than sufficient to offset the rise in indirect costs. The latter is in part a result of the supplementary telecommunication tax imposed by the Hungarian regulatory authorities in June 2022, which had an effect of EUR 47 million in the first nine months of 2022. Higher energy costs also had a negative impact on earnings.

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

EBITDA AL decreased by 2.7 % year-on-year to EUR 3.0 billion. Special factors were lower than in the prior year. In organic terms, EBITDA AL recorded modest growth of 1.3 %.

Development of operations in selected countries

Greece. As of September 30, 2022, revenue in Greece increased by 4.0 % year-on-year to EUR 2.3 billion. The continued encouraging development in mobile business is mainly attributable to the addition of new contract customers. Visitor and roaming revenues increased substantially thanks to travel returning to more normal levels. Our convergence products also performed well, with further customer additions and corresponding revenue. The intensive fiber-optic and vectoring build-out, together with the resulting higher numbers of customers, continued to have a positive impact on the fixed-network business. Fixed-network revenues increased, mainly driven by strong growth in the broadband and TV business. Wholesale revenues also increased as a result of an increase in the volume of international calls on our networks. Systems solutions business recorded a substantial rise in revenue.

Adjusted EBITDA AL stood at EUR 978 million, up 3.6 % year-on-year. In addition to a higher net margin, this positive trend was also supported by lower indirect costs.

Hungary. Revenue in Hungary totaled EUR 1.3 billion in the first nine months of 2022, an increase of 0.8 % despite substantial negative exchange rate effects. In organic terms, revenue was up 9.3 % against the prior-year period. The biggest driver of this increase was mobile business, mainly on account of significantly higher service revenues. In addition, contract customer additions had positive effects on terminal equipment business. Fixed-network revenue also increased year-on-year. We recorded increased service revenues in the broadband and TV business, both driven again by larger customer bases. Thanks to our increased investments in the build-out of fiber-optic lines, our offers have won over large numbers of customers. Our convergence products also continued to perform well, with further customer additions and corresponding revenue. Systems solutions business also contributed to revenue growth.

Adjusted EBITDA AL stood at EUR 370 million, down 5.6 % year-on-year. In organic terms, adjusted EBITDA AL grew by 3.0 %. This growth was due in particular to significantly higher revenues, which more than offset the strong rise in costs driven mainly by the supplementary telecommunication tax imposed in June 2022.

Poland. Our revenue in Poland remained more or less stable at EUR 1.0 billion as of September 30, 2022. In organic terms, revenue increased slightly by 2.4 %. Mobile revenue was up slightly, with contract customer additions also having a positive effect on terminal equipment business. In addition, higher roaming and visitor revenues offset the regulatory-induced reduction in termination rates. The number of FTTH customers in the fixed-network business also increased significantly, creating the basis for further broadband growth. This is reflected in higher broadband service revenues, and is also thanks to our successful partnership agreements on network infrastructure. Wholesale revenues were also negatively impacted by the regulatory-induced reduction in fixed-network termination rates. The number of customers using our convergence products increased again substantially in the first nine months of 2022. This had a corresponding positive impact on revenues. Revenue also grew in the systems solutions business.

At EUR 294 million, adjusted EBITDA AL remained at the level of the prior-year period. In organic terms, adjusted EBITDA AL increased by 2.6 %, mainly on the back of a revenue-related increase in the net margin.

Czech Republic. Revenue in the Czech Republic stood at EUR 898 million, an increase of 9.9 % against the first nine months of 2021. Excluding positive exchange rate effects, organic growth was 5.1 %. The realignment of our systems solutions business paid off: we recorded a substantial increase in revenue in this business area. The mobile business also grew compared with the prior-year period, driven by higher service revenues and terminal equipment sales. However, mobile revenues were subject to a regulatory-induced reduction in termination rates. The fixed-network business also contributed to revenue growth. Thanks to our investments in the build-out of fiber-optic lines, our offers have won over large numbers of customers. Our convergence products recorded further customer additions and corresponding revenue growth.

Adjusted EBITDA AL increased by 7.8 % year-on-year to EUR 375 million in the first nine months of 2021. In organic terms, earnings grew by 2.9 % year-on-year, due to a revenue-related increase in the net margin.

Austria. Revenue generated in Austria totaled EUR 1.0 billion in the first nine months of 2022. This increase of 3.2 % was mainly attributable to growth in mobile revenues, with roaming and visitor revenues having a clearly positive impact. The regulatory-induced reduction in termination rates had a dampening effect on our mobile revenues. Service revenues in the fixed-network business also developed encouragingly. The broadband business generated marked growth rates, due among other factors to a larger customer base and higher-value rate plans. Acceptance of our convergence products increased substantially again, also impacting positively on revenues.

Adjusted EBITDA AL increased by 4.0 % year-on-year to EUR 393 million. The higher revenues more than offset the rise in costs.

Profit/loss from operations (EBIT)

Our Europe operating segment recorded a decline in EBIT of EUR 13 million as of September 30, 2022. The EUR 79 million decrease in depreciation, amortization and impairment losses, especially in Croatia and Hungary, could not fully offset the decline in EBITDA, due mainly to the sale of the Romanian fixed-network business in 2021.

Cash capex

In the first nine months of 2022, the Europe operating segment reported cash capex of EUR 1.2 billion, down 10.1 % year-on-year. This decrease is mainly due to lower cash outflows for the acquisition of spectrum licenses, primarily in the Czech Republic. The sale of the Romanian fixed-network business in 2021 also resulted in lower cash capex. We continue to invest in the provision of broadband and fiber-optic technology and in 5G as part of our integrated network strategy.

Systems Solutions
Order entry

millions of €	Q1-Q3 2022	H1 2022	FY 2021	Q1-Q3 2021	Change Q1-Q3 2022/ Q1-Q3 2021 %
Order entry	2,769	1,902	3,876	2,601	6.5

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

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

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

Order entry in our Systems Solutions operating segment was up by 6.5 % year-on-year in the first nine months of 2022. Our focus industries, healthcare and the public sector, and the Germany region performed particularly well.

Development of operations

millions of €		Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Total revenue		**2,796**	**2,803**	**(0.2)**	**927**	**942**	**927**	**910**	**1.9**	**3,759**
Of which: external revenue		2,284	2,262	1.0	764	764	757	734	3.1	3,032
Service revenue[a]		**2,736**	**2,629**	**4.1**	**904**	**923**	**909**	**875**	**3.9**	**3,632**
Profit (loss) from operations (EBIT)		**(18)**	**(135)**	**86.7**	**(5)**	**7**	**(20)**	**(39)**	**48.7**	**(247)**
Special factors affecting EBIT		(156)	(233)	33.0	(43)	(42)	(71)	(77)	7.8	(384)
EBIT (adjusted for special factors)		138	98	40.8	39	48	51	39	30.8	138
EBIT margin (adjusted for special factors)	%	4.9	3.5		4.2	5.1	5.5	4.3		3.7
Depreciation, amortization and impairment losses		(220)	(254)	13.4	(70)	(61)	(90)	(101)	10.9	(421)
EBITDA		202	119	69.7	65	67	70	62	12.9	174
Special factors affecting EBITDA		(106)	(163)	35.0	(29)	(37)	(40)	(39)	(2.6)	(206)
EBITDA (adjusted for special factors)		309	282	9.6	94	105	110	101	8.9	380
EBITDA AL		123	39	n.a.	39	42	43	35	22.9	65
Special factors affecting EBITDA AL		(106)	(163)	35.0	(30)	(37)	(40)	(39)	(2.6)	(206)
EBITDA AL (adjusted for special factors)		**230**	**202**	**13.9**	**68**	**79**	**83**	**74**	**12.2**	**271**
EBITDA AL margin (adjusted for special factors)	%	8.2	7.2		7.3	8.4	9.0	8.1		7.2
Cash capex		**(161)**	**(145)**	**(11.0)**	**(43)**	**(53)**	**(65)**	**(46)**	**(41.3)**	**(235)**

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

Total revenue, service revenue
Total revenue in our Systems Solutions operating segment in the first nine months of 2022 amounted to EUR 2.8 billion, which was more or less on the prior-year level, down just 0.2 %. The development of total revenue was mainly attributable to the expected decline in traditional IT infrastructure business, due in part to deliberate business decisions such as the reduction in end-user services, offset by positive developments, especially in the portfolio units Digital Solutions (up 8.7 %), Advisory (up 11.3 %) and Road Charging (up 12.6 %). In organic terms, revenue was down 0.4 % year-on-year. External revenue increased by 1.0 %, mainly driven by the Digital Solutions portfolio unit. Service revenue increased by 4.1 % due to an extension of the definition.

Adjusted EBITDA AL, EBITDA AL
In the first nine months of 2022, adjusted EBITDA AL at our Systems Solutions operating segment increased by 13.9 % year-on-year to EUR 230 million. Efficiency effects from our transformation program and effects from increased revenue in our growth areas exceeded the decline in earnings in the traditional IT infrastructure business. In organic terms, adjusted EBITDA AL grew by 10.2 % year-on-year. EBITDA AL increased by EUR 84 million compared with the prior year to EUR 123 million. Special factors were down EUR 57 million on the prior year at EUR -106 million, mainly due to lower restructuring costs and to a loss on deconsolidation in connection with the sale of a business operation in the prior year.

Adjusted EBIT, EBIT
Adjusted EBIT in our Systems Solutions operating segment improved by EUR 40 million year-on-year in the first nine months of 2022, coming in at EUR 138 million, due to the reasons described under adjusted EBITDA AL and as a result of declines in depreciation, amortization and impairment losses. EBIT increased by EUR 117 million compared with the prior year to EUR -18 million. The expense arising from special factors decreased by EUR 77 million year-on-year, to EUR -156 million, due to the reasons described under EBITDA AL.

Cash capex
Cash capex in the Systems Solutions operating segment stood at EUR 161 million in the first nine months of 2022, up EUR 16 million against the prior-year period. This increase was driven by the backlog of investments from the prior year owing to hardware supply shortages in 2021 and by investments to expand our sovereign cloud landscape.

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

For further information on the closing of the transaction, please refer to the sections “Group organization, strategy, and management” and “Changes in the composition of the Group and other transactions” in the interim consolidated financial statements.

On July 13, 2022, Deutsche Telekom reached an agreement with DigitalBridge and Brookfield on the sale of a 51.0 % stake in GD Towers, comprising its tower assets in Germany and Austria, currently assigned to the Group Development operating segment. This transaction has not yet been consummated. The GD Towers entity has been recognized in the interim consolidated financial statements as a discontinued operation since the third quarter of 2022. According to the management approach, however, we continue to include the contributions by GD Towers in the management-relevant financial performance indicators explained here.

For further information on the agreement with DigitalBridge and Brookfield on GD Towers, and the presentation of GD Towers according to the management approach, please refer to the section “Group organization, strategy, and management.”

Customer development

thousands

		Sept. 30, 2022	June 30, 2022	Change Sept. 30, 2022/ June 30, 2022 %	Dec. 31, 2021	Change Sept. 30, 2022/ Dec. 31, 2021 %	Sept. 30, 2021	Change Sept. 30, 2022/ Sept. 30, 2021 %
T-Mobile Netherlands	Mobile customers	0	0	n.a.	6,939	(100.0)	6,894	(100.0)
	Fixed-network lines	0	0	n.a.	739	(100.0)	721	(100.0)
	Broadband customers	0	0	n.a.	728	(100.0)	709	(100.0)

Development of operations

millions of €

	Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Total revenue	**1,409**	**2,349**	**(40.0)**	**825**	**291**	**293**	**787**	**(62.8)**	**3,165**
Of which: T-Mobile Netherlands	536	1,534	(65.1)	536	0	0	515	(100.0)	2,071
Of which: GD Towers[a]	858	835	2.8	284	285	289	270	7.0	1,112
Service revenue	**411**	**1,207**	**(65.9)**	**411**	**0**	**0**	**419**	**(100.0)**	**1,621**
Profit (loss) from operations (EBIT)	**1,688**	**766**	**n.a.**	**1,194**	**162**	**332**	**219**	**51.6**	**1,084**
Depreciation, amortization and impairment losses	(194)	(613)	68.4	(97)	(97)	(1)	(183)	99.5	(706)
EBITDA	1,883	1,379	36.5	1,291	259	333	402	(17.2)	1,790
Special factors affecting EBITDA	1,007	161	n.a.	869	38	101	(21)	n.a.	173
EBITDA (adjusted for special factors)	875	1,218	(28.2)	422	222	232	423	(45.2)	1,618
Of which: T-Mobile Netherlands	201	563	(64.3)	201	0	0	208	(100.0)	757
Of which: GD Towers[a]	702	670	4.8	229	232	240	220	9.1	894
EBITDA AL	1,747	1,135	53.9	1,224	201	322	319	0.9	1,479
Special factors affecting EBITDA AL	1,007	161	n.a.	869	38	101	(21)	n.a.	173
EBITDA AL (adjusted for special factors)	**740**	**975**	**(24.1)**	**356**	**164**	**221**	**340**	**(35.0)**	**1,307**
Of which: T-Mobile Netherlands	190	484	(60.7)	190	0	0	179	(100.0)	668
Of which: GD Towers[a]	577	503	14.7	173	174	230	164	40.2	669
EBITDA AL margin (adjusted for special factors) %	52.5	41.5		43.2	56.4	75.4	43.2		41.3
Cash capex	**(230)**	**(393)**	**41.5**	**(99)**	**(59)**	**(72)**	**(144)**	**50.0**	**(572)**

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

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

Total revenue, service revenue

Total revenue in our Group Development operating segment decreased in the first nine months of 2022 by 40.0 % year-on-year to EUR 1.4 billion. In organic terms, revenue changed in the prior-year period due to the sale of T-Mobile Netherlands as of March 31, 2022 and increased 6.3 % year-on-year. This revenue increase resulted from the operational and structural growth of our GD Towers entity, which includes the German and Austrian cell tower business. The positive trend is down to an increase in the number of sites we have in Germany and was further strengthened by the Austrian cell tower business. Service revenue also decreased substantially due to the sale of T-Mobile Netherlands. The GD Towers business does not generate any service revenues.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL decreased by 24.1 % to EUR 740 million. Here too, the decline was attributable to the sale of T-Mobile Netherlands. In organic terms, adjusted EBITDA AL grew by 21.1 %. The GD Towers business posted consistent growth on the back of a rising number of cell tower sites and was further strengthened by the Austrian cell tower business. An operational increase in adjusted EBITDA AL was also achieved through revenue growth and cost transformation. Adjusted EBITDA AL was positively impacted by the suspension of the amortization of right-of-use assets due to the fact that the GD Towers entity has been held for sale since July 13, 2022. EBITDA AL was positively influenced by net special factors of EUR 1.0 billion, which mainly related to the gains on deconsolidation due to the sale of T-Mobile Netherlands and the deconsolidation of DIV II. EBITDA AL increased by EUR 612 million compared with the prior-year period to EUR 1.7 billion.

Profit/loss from operations (EBIT)

EBIT increased by EUR 0.9 billion year-on-year to EUR 1.7 billion, mainly as a result of the development described under EBITDA AL. Depreciation, amortization and impairment losses were down year-on-year, primarily in connection with the fact that T-Mobile Netherlands had been held for sale until it was sold, and, accordingly, the related depreciation and amortization had been suspended, and its subsequent sale. In addition, depreciation and amortization were suspended for the GD Towers entity, which has been held for sale since July 13, 2022.

Cash capex

Cash capex stood at EUR 230 million and thus well below the prior-year level. The reduction is mainly due to the sale of T-Mobile Netherlands and lower build-out investments made by GD Towers compared with the prior-year period.

Group Headquarters & Group Services

Development of operations

millions of €

	Q1-Q3 2022	Q1-Q3 2021	Change %	Q1 2022	Q2 2022	Q3 2022	Q3 2021	Change %	FY 2021
Total revenue	**1,802**	**1,913**	**(5.8)**	**604**	**616**	**582**	**617**	**(5.7)**	**2,515**
Service revenue	**730**	**747**	**(2.3)**	**245**	**242**	**243**	**246**	**(1.2)**	**984**
Profit (loss) from operations (EBIT)	**(1,163)**	**(1,127)**	**(3.2)**	**(369)**	**(397)**	**(397)**	**(392)**	**(1.3)**	**(1,764)**
Depreciation, amortization and impairment losses	(1,105)	(1,066)	(3.7)	(379)	(359)	(367)	(354)	(3.7)	(1,463)
EBITDA	(58)	(62)	6.5	10	(37)	(30)	(38)	21.1	(300)
Special factors affecting EBITDA	(17)	(113)	85.0	16	(14)	(18)	(32)	43.8	(182)
EBITDA (adjusted for special factors)	(41)	51	n.a.	(6)	(23)	(12)	(6)	(100.0)	(118)
EBITDA AL	(291)	(304)	4.3	(72)	(112)	(107)	(119)	10.1	(622)
Special factors affecting EBITDA AL	(17)	(113)	85.0	13	(12)	(18)	(32)	43.8	(182)
EBITDA AL (adjusted for special factors)	**(274)**	**(191)**	**(43.5)**	**(85)**	**(100)**	**(89)**	**(86)**	**(3.5)**	**(440)**
Cash capex	**(731)**	**(702)**	**(4.1)**	**(235)**	**(238)**	**(258)**	**(230)**	**(12.2)**	**(1,007)**

Total revenue, service revenue

Total revenue in our Group Headquarters & Group Services segment decreased in the reporting period by 5.8 %, mainly as a result of lower intragroup revenues from land and buildings due to the ongoing optimized use of space as well as to lower intragroup service revenues at Deutsche Telekom IT from the licensing of the One.ERP system. The relocation of units previously assigned to the Germany operating segment in connection with the bundling of financial functions had an offsetting effect. Against this background, organic revenue decreased by 7.7 % compared with the prior-year period.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL in the Group Headquarters & Group Services segment declined by EUR 83 million year-on-year in the reporting period to EUR -274 million, largely as a result of lower revenue from land and buildings and at Deutsche Telekom IT.

Overall, negative net special factors of EUR 17 million affected EBITDA AL in the reporting period. Expenses in connection with staff-related measures were offset by the positive effect from the reduction in other provisions. This was due in particular to a measurement effect in connection with the obligation to make additional capital contributions for defined benefit obligations vis-à-vis former employees as a result of the increase in interest rates, and from the termination of legal proceedings. In the prior-year period, EBITDA AL had been negatively impacted by special factors amounting to EUR 113 million, especially for staff-related measures. Against this background, EBITDA AL increased by EUR 13.0 million to EUR -291 million.

Profit/loss from operations (EBIT)

The year-on-year decline in EBIT of EUR 36 million to EUR -1,163 million was largely a result of two offsetting 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 shorter project runtimes at Deutsche Telekom IT. 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 grew by EUR 29 million year-on-year. Higher investments in the Technology and Innovation unit were offset by lower cash capex for vehicles.

Events after the reporting period

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

Forecast

The statements in this section reflect the current views of our management. Contrary to the forecasts published in the 2021 combined management report (2021 Annual Report, page 120 et seq.) and in the Interim Group Reports as of March 31, 2022 (page 34) and June 30, 2022 (page 36), we now expect to post higher adjusted EBITDA AL. Adjusted EBITDA AL for full-year 2022 was originally expected to come in at around EUR 37 billion. We now expect adjusted EBITDA AL for the Group to grow to more than EUR 37 billion in the 2022 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 26.9 billion, up from around USD 26.8 billion. We still expect the Group’s free cash flow AL (before dividend payments and spectrum investment) to come in at the raised guidance of over EUR 10 billion. Given the better-than-expected development in adjusted net profit, we are also raising our guidance for adjusted earnings per share. Instead of the slight growth anticipated previously, we now expect adjusted earnings per share to reach more than EUR 1.50 for 2022, up from a base value of EUR 1.22 for 2021. Against the background of the results of the first nine months of 2022 and subject to the approval of the Supervisory Board, the Board of Management plans to propose to the shareholders’ meeting, which will resolve on the appropriation of net income for the 2022 financial year, to pay out a dividend of EUR 0.70 per share for the 2022 financial year. For the 2021 financial year, Deutsche Telekom had paid out a dividend of EUR 0.64 per share.

The reassignment of the security business did not result in any changes in the forecasts published in the 2021 Annual Report in the affected operating segments apart from retrospectively adjusted original values. Likewise, apart from the adjustment of the original values, the changes to accounting practices with respect to the recognition of gross and net revenues in connection with the new principal/agent consideration do not affect the forecasts published.

Notwithstanding the current macroeconomic environment, all other published statements remain valid. Our planning assumes an unchanged U.S. dollar exchange rate of USD 1.18; financial results for T-Mobile Netherlands were not included.

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

Risks and opportunities

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

Risk and opportunity management system

Risk analysis. For the aggregate disclosure of an overall risk position, Group Risk Governance performs an “EBITDA AL at risk” calculation for Deutsche Telekom. This states that, with a particular probability of occurrence, the risk extent ascertained using the simulation will not be exceeded. In a change to the 2021 combined management report, the methodology has been extended to add “Cash flow at risk,” a new calculation that aggregates the risks affecting cash flow. The risk aggregations are carried out using a Monte Carlo simulation, in which a large number of risk-related potential future scenarios are considered. The overall risk positions are set in relation to the assets for covering possible losses.

Corporate risks

Macroeconomic environment. Uncertainty over the global economic outlook remains high. The war in Ukraine has had a significant negative impact on the economic outlook. One repercussion is the sharp rise in energy prices, which in turn are driving up energy, transportation, and manufacturing costs. The general scarcity of energy sources could push up global energy prices further and lead to supply shortages, especially for our Germany and Europe operating segments. The coronavirus pandemic also continues to have implications for the global economy and for society. Although the pandemic has only had a limited negative impact on the telecommunications sector so far, if the pandemic were to re-escalate, it could lead to prolonged and increased supply-side shortages. In this context, China's central role for global supply and value chains, combined with the zero-tolerance strategy adopted there, poses a particular risk. It is highly likely that the combination of rising prices and prolonged supply bottlenecks will cause a decline in economic output in the latter part of 2022/early part of 2023 while inflation remains high. Moreover, inflation could accelerate if the weak euro against the U.S. dollar sparks further increases in the prices for energy and raw materials. A migration to lower-cost rate plans among customers, as well as larger numbers of customers defaulting on payments, could ensue. Similar developments could also arise in the United States, where pandemic-related government aid programs have come to an end. Interest rate hikes in the United States and Europe and the likelihood of yet further increases could drive down overall investment activity and consumption. Additional risks could potentially result from other geopolitical conflicts and the uncertainty from international trade conflicts. We therefore expect the macroeconomic situation in Germany, the United States, and Europe to deteriorate and are raising the risk significance from low to medium.

Market environment, United States. Following a number of improvements to T-Mobile US' market environment over the course of the year, we have reduced the risk significance from very high to high. This is partly due to the successful acquisition of 2.5 GHz spectrum at the FCC Auction 108. T-Mobile US closed out the bidding phase with a strong portfolio of spectrum for the coming years. Furthermore, high-speed internet not only allows our U.S. subsidiary to offer its own access product, but also provides a solid basis on which to continue the extremely successful business with bundled offerings. T-Mobile US has also signed a new wholesale agreement with DISH that will generate additional revenues.

Strategic implementation and integration. We have reduced the risk significance of the risk category "Strategic implementation and integration" from high to medium, mainly on the back of developments in the United States. T-Mobile US is making progress with leveraging synergies from the business combination with Sprint. By combining and optimizing the mobile networks, T-Mobile US has already been able to migrate the vast majority of customers to its own network. A large number of sites have been shut down and cell tower decommissioning is progressing at a faster rate than planned.

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

Other operational risks. Deutsche Telekom's success and service provision are dependent on the ability to acquire, retain, and develop specialist staff and talents. Growing competition for experts and the war for talents, coupled with the need to offer increasingly flexible working conditions (e.g., remote working), could lead to key employees (in particular those in technical and IT-related roles) leaving the company, while demand continues to grow unabated. Sharply rising entry-level salaries could exacerbate the situation and increase costs further. The availability of staff with an appropriate skill set at nearshore and offshore sites is crucial when it comes to rendering services on budget, in line with requirements, and on time. The demands of the talents with regard to potential employers have also increased. Alongside remuneration, they also demand other factors such as flexible working, environmental social governance, culture, diversity, and innovations. Due to the intensifying war for talents and potential salary-driven cost increases, we are raising the significance of the risk category "Other operational risks" from low to medium. We systematically work to address these challenges head on, for example, by strengthening Deutsche Telekom and T-Mobile US as an attractive employer brand and by proactively seeking out new specialist staff and talents worldwide.

Financial risks. Our net debt and new debt are subject to interest rate changes. Over time, higher interest rates will raise the interest expense. Soaring inflation in Europe and the United States has prompted the central banks to roll out a series of interest rate hikes. Further increases with negative effects on our future interest expenses cannot be ruled out. The war in Ukraine and the current situation on the world market are driving sharp rises in energy costs. Energy prices are extremely volatile and expected to rise further or at least remain at a high level. This is having a knock-on effect of amplifying costs for transportation and the procurement of goods. In view of the interest rate hikes and spiking energy costs, we are raising the risk category for “Financial risks” from high to very high.

Litigation

Claims relating to charges for the shared use of cable ducts. In the claims filed by Vodafone Deutschland GmbH and Vodafone Hessen et al. (now Vodafone West GmbH) against Telekom Deutschland GmbH alleging excessive charges for the use of cable ducts, which were referred by the Federal Court of Justice back to the responsible Higher Regional Courts, the plaintiff Vodafone Deutschland GmbH has since updated its demand for relief, which it now puts at approximately EUR 749 million plus interest for the period from January 2012 to December 2021. The plaintiff Vodafone West GmbH has also updated its demand for relief, which it now puts at around EUR 418 million plus interest for the period from January 2016 to August 2022. It is currently not possible to estimate the financial impact with sufficient certainty.

Proceedings against T-Mobile US in consequence of the cyberattack on T-Mobile US. As a result of the August 2021 cyberattack, numerous consumer class actions, including mass arbitration claims, were filed against T-Mobile US and a derivative action was filed against the members of the Board of Directors of T-Mobile US and against T-Mobile US as nominal defendant. The derivative action filed in November 2021 has since been withdrawn.

In September 2022, a further purported shareholder filed a new derivative action against the members of the Board of Directors of T-Mobile US and against T-Mobile US as nominal defendant alleging claims for breach of fiduciary duties relating to the company’s cybersecurity practices. It is currently not possible to estimate the resultant financial risk with sufficient certainty.

On July 22, 2022, T-Mobile US entered into an agreement to settle the consumer class action in the Federal Court for USD 350 million (EUR 331 million). In addition, T-Mobile US has committed to spending a total of USD 150 million (EUR 142 million) in 2022 and 2023 on data security and related technologies. The settlement is subject to final court approval. T-Mobile US expects that the settlement of the consumer class action, if approved by the court, together with further settlements already or still to be concluded with consumers, will satisfy essentially all claims asserted to date by current, former, and potential customers affected by the cyberattack in 2021. T-Mobile US has recognized corresponding provisions for risks in the statement of financial position of around USD 0.3 billion (around EUR 0.3 billion).

With regard to inquiries by various government agencies, law enforcement and other state authorities, T-Mobile US continues to give its full cooperation. At present the financial impact of these proceedings cannot be assessed with sufficient certainty.

Anti-trust proceedings

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

Claims for damages against Deutsche Telekom AG, including due to insolvency of Phones4U. In connection with the case brought by the independent British mobile phone retailer Phones4U, which has been insolvent since 2014, the High Court of Justice in London heard testimony from several witnesses and experts in the period between mid-May and the end of July 2022 with a view to establishing the legal basis for a claim. Phones4U is still seeking damages in an as-yet undisclosed amount. It is still not possible to estimate the financial impact with sufficient certainty.

Assessment of the aggregate risk position

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

Interim consolidated financial statements

Consolidated statement of financial position

millions of €

	Sept. 30, 2022	Dec. 31, 2021	Change	Change %	Sept. 30, 2021
Assets					
Current assets	**42,540**	**38,799**	**3,741**	**9.6**	**34,586**
Cash and cash equivalents	8,497	7,617	880	11.6	6,337
Trade receivables	17,087	15,299	1,788	11.7	14,110
Contract assets	2,134	2,034	100	4.9	1,976
Current recoverable income taxes	225	321	(96)	(29.9)	270
Other financial assets	4,985	4,051	934	23.1	3,304
Inventories	3,154	2,855	299	10.5	2,138
Other assets	1,875	1,766	109	6.2	1,890
Non-current assets and disposal groups held for sale	4,584	4,856	(272)	(5.6)	4,559
Non-current assets	**278,817**	**242,828**	**35,989**	**14.8**	**238,769**
Intangible assets	151,944	132,647	19,297	14.5	130,709
Property, plant and equipment	66,902	61,770	5,132	8.3	60,072
Right-of-use assets	37,767	30,777	6,990	22.7	30,807
Capitalized contract costs	3,202	2,585	617	23.9	2,335
Investments accounted for using the equity method	1,841	938	903	96.3	980
Other financial assets	6,220	4,836	1,384	28.6	5,053
Deferred tax assets	9,300	7,906	1,394	17.6	7,514
Other assets	1,640	1,369	271	19.8	1,298
Total assets	**321,357**	**281,627**	**39,730**	**14.1**	**273,355**
Liabilities and shareholders' equity					
Current liabilities	**48,649**	**38,803**	**9,846**	**25.4**	**35,035**
Financial liabilities	17,122	12,243	4,879	39.9	10,811
Lease liabilities	5,450	5,040	410	8.1	4,663
Trade and other payables	11,545	10,452	1,093	10.5	8,235
Income tax liabilities	882	549	333	60.7	916
Other provisions	4,169	3,903	266	6.8	3,494
Other liabilities	4,245	3,584	661	18.4	3,977
Contract liabilities	1,826	1,668	158	9.5	1,665
Liabilities directly associated with non-current assets and disposal groups held for sale	3,409	1,365	2,044	n.a.	1,274
Non-current liabilities	**178,232**	**161,355**	**16,877**	**10.5**	**159,460**
Financial liabilities	105,265	99,223	6,042	6.1	98,110
Lease liabilities	37,383	28,094	9,289	33.1	28,143
Provisions for pensions and other employee benefits	4,250	6,134	(1,884)	(30.7)	6,445
Other provisions	3,725	5,560	(1,835)	(33.0)	5,283
Deferred tax liabilities	24,751	19,809	4,942	24.9	18,908
Other liabilities	2,122	1,959	163	8.3	2,011
Contract liabilities	736	577	159	27.6	560
Liabilities	**226,881**	**200,159**	**26,722**	**13.4**	**194,495**
Shareholders' equity	**94,475**	**81,469**	**13,006**	**16.0**	**78,861**
Issued capital	12,765	12,765	0	0.0	12,765
Treasury shares	(36)	(37)	1	2.7	(45)
	12,730	**12,728**	**2**	**0.0**	**12,720**
Capital reserves	62,161	63,773	(1,612)	(2.5)	63,705
Retained earnings including carryforwards	(34,441)	(36,358)	1,917	5.3	(36,720)
Total other comprehensive income	3,998	(1,641)	5,639	n.a.	(2,318)
Net profit (loss)	6,987	4,176	2,811	67.3	3,705
Issued capital and reserves attributable to owners of the parent	**51,435**	**42,679**	**8,756**	**20.5**	**41,092**
Non-controlling interests	43,040	38,790	4,250	11.0	37,769
Total liabilities and shareholders' equity	**321,357**	**281,627**	**39,730**	**14.1**	**273,355**

Consolidated income statement

millions of €

	Q1-Q3 2022	Q1-Q3 2021	Change %	Q3 2022	Q3 2021	Change %	FY 2021
Net revenue	**84,453**	**79,014**	**6.9**	**28,925**	**26,594**	**8.8**	**107,610**
Of which: interest income calculated using the effective interest method	419	206	n.a.	154	65	n.a.	276
Other operating income	3,956	1,093	n.a.	501	252	98.8	1,300
Changes in inventories	44	10	n.a.	15	15	0.0	(8)
Own capitalized costs	2,140	2,085	2.6	745	717	3.9	2,841
Goods and services purchased	(38,525)	(34,855)	(10.5)	(13,091)	(11,813)	(10.8)	(49,418)
Personnel costs	(14,585)	(13,647)	(6.9)	(4,900)	(4,323)	(13.3)	(18,394)
Other operating expenses	(4,741)	(3,047)	(55.6)	(2,012)	(1,194)	(68.5)	(4,261)
Impairment losses on financial assets	(908)	(400)	n.a.	(306)	(131)	n.a.	(637)
Gains (losses) from the write-off of financial assets measured at amortized cost	(20)	(84)	76.2	(2)	(31)	93.5	(122)
Other	(3,813)	(2,564)	(48.7)	(1,703)	(1,032)	(65.0)	(3,502)
EBITDA	**32,741**	**30,653**	**6.8**	**10,182**	**10,248**	**(0.6)**	**39,671**
Depreciation, amortization and impairment losses	(21,165)	(20,345)	(4.0)	(7,021)	(6,905)	(1.7)	(27,091)
Profit (loss) from operations (EBIT)	**11,576**	**10,308**	**12.3**	**3,161**	**3,343**	**(5.4)**	**12,580**
Finance costs	(3,881)	(3,313)	(17.1)	(1,354)	(1,108)	(22.2)	(4,416)
Interest income	328	453	(27.6)	100	152	(34.2)	611
Interest expense	(4,209)	(3,767)	(11.7)	(1,454)	(1,260)	(15.4)	(5,027)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(12)	(40)	70.0	(13)	4	n.a.	(102)
Other financial income (expense)	1,316	(159)	n.a.	329	(333)	n.a.	(435)
Profit (loss) from financial activities	**(2,577)**	**(3,512)**	**26.6**	**(1,039)**	**(1,437)**	**27.7**	**(4,953)**
Profit (loss) before income taxes	**8,998**	**6,796**	**32.4**	**2,122**	**1,906**	**11.3**	**7,628**
Income taxes	(1,608)	(1,659)	3.1	(287)	(445)	35.5	(1,732)
Profit (loss) after taxes from continuing operations	**7,391**	**5,137**	**43.9**	**1,835**	**1,461**	**25.6**	**5,896**
Profit (loss) after taxes from discontinued operation	**302**	**146**	**n.a.**	**108**	**46**	**n.a.**	**207**
Profit (loss)	**7,692**	**5,283**	**45.6**	**1,944**	**1,508**	**28.9**	**6,103**
Profit (loss) attributable to							
Owners of the parent (net profit (loss))	6,987	3,705	88.6	1,578	889	77.5	4,176
Non-controlling interests	706	1,578	(55.3)	366	618	(40.8)	1,927

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

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

Earnings per share

		Q1-Q3 2022	Q1-Q3 2021	Change %	Q3 2022	Q3 2021	Change %	FY 2021
Profit (loss) from continuing operations attributable to the owners of the parent (net profit (loss))	millions of €	6,685	3,559	87.8	1,470	843	74.4	3,969
Profit (loss) from discontinued operation attributable to the owners of the parent (net profit (loss))	millions of €	302	146	n.a.	108	46	n.a.	207
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	6,987	3,705	88.6	1,578	889	77.5	4,176
Adjusted weighted average number of ordinary shares outstanding (basic/diluted)	millions	4,972	4,766	4.3	4,972	4,800	3.6	4,813
Earnings per share from continuing operations (basic/diluted)	€	**1.34**	**0.75**	**78.7**	**0.30**	**0.18**	**66.7**	**0.82**
Earnings per share from discontinued operation (basic/diluted)	€	**0.06**	**0.03**	**100.0**	**0.02**	**0.01**	**100.0**	**0.04**
Earnings per share (basic/diluted)	€	**1.41**	**0.78**	**80.8**	**0.32**	**0.19**	**68.4**	**0.87**

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

Consolidated statement of comprehensive income

millions of €	Q1-Q3 2022	Q1-Q3 2021	Change	Q3 2022	Q3 2021	Change	FY 2021
Profit (loss)	**7,692**	**5,283**	**2,409**	**1,944**	**1,508**	**436**	**6,103**
Items not subsequently reclassified to profit or loss (not recycled)							
Gains (losses) from the remeasurement of equity instruments	63	133	(70)	12	46	(34)	112
Gains (losses) from the remeasurement of defined benefit plans	1,825	1,088	737	(317)	(522)	205	1,426
Income taxes relating to components of other comprehensive income	(785)	(213)	(572)	(166)	11	(177)	(261)
	1,103	**1,008**	**95**	**(472)**	**(466)**	**(6)**	**1,278**
Items subsequently reclassified to profit or loss (recycled), if certain reasons are given							
Exchange differences on translating foreign operations							
Recognition of other comprehensive income in income statement	0	61	(61)	0	20	(20)	61
Change in other comprehensive income (not recognized in income statement)	10,781	3,689	7,092	4,806	1,641	3,165	5,142
Gains (losses) from the remeasurement of debt instruments							
Recognition of other comprehensive income in income statement	778	253	525	266	74	192	417
Change in other comprehensive income (not recognized in income statement)	(858)	(253)	(605)	(266)	(74)	(192)	(497)
Gains (losses) from hedging instruments (designated risk components)							
Recognition of other comprehensive income in income statement	(126)	26	(152)	(76)	12	(88)	17
Change in other comprehensive income (not recognized in income statement)	924	160	764	377	13	364	296
Gains (losses) from hedging instruments (hedging costs)							
Recognition of other comprehensive income in income statement	1	2	(1)	0	1	(1)	2
Change in other comprehensive income (not recognized in income statement)	(46)	55	(101)	(24)	35	(59)	60
Income taxes relating to components of other comprehensive income	(193)	(64)	(129)	(88)	(18)	(70)	(81)
	11,262	**3,929**	**7,333**	**4,996**	**1,703**	**3,293**	**5,417**
Other comprehensive income	**12,365**	**4,937**	**7,428**	**4,525**	**1,238**	**3,287**	**6,694**
Total comprehensive income	**20,057**	**10,220**	**9,837**	**6,468**	**2,745**	**3,723**	**12,798**
Total comprehensive income attributable to							
Owners of the parent	13,565	6,498	7,067	3,546	1,165	2,381	8,010
Non-controlling interests	6,492	3,722	2,770	2,922	1,580	1,342	4,788

Consolidated statement of changes in equity

millions of €

	Issued capital and reserves attributable to owners of the parent						
	Equity contributed			Consolidated shareholders' equity generated			
	Issued capital	Treasury shares	Capital reserves	Retained earnings including carryforwards	Net profit (loss)	Translation of foreign operations	Revaluation surplus
Balance at January 1, 2021	**12,189**	**(46)**	**62,640**	**(38,905)**	**4,158**	**(4,092)**	**(14)**
Transfer resulting from changes in accounting standards							
Changes in the composition of the Group							
Transactions with owners			(152)				
Unappropriated profit (loss) carried forward				4,158	(4,158)		
Dividends				(2,846)			
Capital increase at Deutsche Telekom AG	576		1,063			(83)	
Capital increase from share-based payment			154				
Share buy-back/ shares held in a trust deposit		1					
Profit (loss)					3,705		
Other comprehensive income				821		1,720	
Total comprehensive income							
Transfer to retained earnings				52			5
Balance at September 30, 2021	**12,765**	**(45)**	**63,705**	**(36,720)**	**3,705**	**(2,454)**	**(9)**
Balance at January 1, 2022	**12,765**	**(37)**	**63,773**	**(36,358)**	**4,176**	**(1,747)**	**(7)**
Transfer resulting from changes in accounting standards							
Changes in the composition of the Group							
Transactions with owners			(1,871)			17	(12)
Unappropriated profit (loss) carried forward				4,176	(4,176)		
Dividends				(3,182)			
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			259				
Share buy-back/ shares held in a trust deposit		2					
Profit (loss)					6,987		
Other comprehensive income				938		5,125	
Total comprehensive income							
Transfer to retained earnings				(14)			5
Balance at September 30, 2022	**12,765**	**(36)**	**62,161**	**(34,441)**	**6,987**	**3,395**	**(15)**

Issued capital and reserves attributable to owners of the parent								
Total other comprehensive income						Total	Non-controlling interests	Total shareholders' equity
Equity instruments measured at fair value through other comprehensive income (IFRS 9)	Debt instruments measured at fair value through other comprehensive income (IFRS 9)	Hedging instruments: designated risk components (IFRS 9)	Hedging instruments: hedging costs (IFRS 9)	Investments accounted for using the equity method	Taxes			
156	**0**	**(223)**	**24**	**0**	**34**	**35,922**	**36,628**	**72,550**
						0	0	0
						0	(181)	(181)
		5			(1)	(149)	3	(145)
						0	0	0
						(2,846)	(234)	(3,080)
		(64)			19	1,511	(2,358)	(847)
						154	188	342
						1	0	1
						3,705	1,578	5,283
127	0	122	57		(53)	2,794	2,142	4,937
						6,498	**3,722**	**10,220**
(60)	0				3	0	0	0
223	**0**	**(160)**	**81**	**0**	**1**	**41,092**	**37,769**	**78,861**
143	**(37)**	**(56)**	**86**	**0**	**(22)**	**42,679**	**38,790**	**81,469**
						0	0	0
						0	(583)	(583)
	(2)	(27)			8	(1,887)	(1,734)	(3,621)
						0	0	0
						(3,182)	(197)	(3,379)
						0	0	0
						259	273	531
						2	0	2
						6,987	706	7,692
64	(38)	726	(45)		(191)	6,578	5,786	12,365
						13,565	**6,492**	**20,057**
12					(2)	0	0	0
218	**(77)**	**643**	**40**	**0**	**(207)**	**51,435**	**43,040**	**94,475**

Consolidated statement of cash flows

millions of €

	Q1-Q3 2022	Q1-Q3 2021	Change	Q3 2022	Q3 2021	Change	FY 2021
Profit (loss) before income taxes	**9,510**	**7,011**	**2,499**	**2,350**	**1,974**	**376**	**7,918**
Depreciation, amortization and impairment losses	21,357	20,625	732	7,021	7,002	19	27,482
(Profit) loss from financial activities	2,574	3,661	(1,087)	1,051	1,491	(440)	5,139
(Profit) loss on the disposal of fully consolidated subsidiaries	(2,655)	(130)	(2,525)	(102)	32	(134)	(130)
(Income) loss from the sale of stakes accounted for using the equity method	(71)	(13)	(58)	(4)	(13)	9	(13)
Other non-cash transactions	1,261	90	1,171	946	85	861	226
(Gains) losses from the disposal of intangible assets and property, plant and equipment	29	62	(33)	(27)	64	(91)	161
Change in assets carried as operating working capital	(167)	249	(416)	267	(187)	454	(1,475)
Change in other operating assets	(431)	(164)	(267)	(358)	378	(736)	(1,059)
Change in provisions	(250)	(368)	118	104	131	(27)	(152)
Change in liabilities carried as operating working capital	61	(1,173)	1,234	(311)	(43)	(268)	241
Change in other operating liabilities	661	147	514	18	(250)	268	(260)
Income taxes received (paid)	(590)	(618)	28	(333)	(262)	(71)	(893)
Dividends received	7	6	1	4	4	0	8
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	0	(1)	1	0	(1)	1	(1)
Cash generated from operations	**31,296**	**29,384**	**1,912**	**10,625**	**10,406**	**219**	**37,191**
Interest paid	(4,884)	(4,549)	(335)	(1,524)	(1,344)	(180)	(6,158)
Interest received	890	786	104	222	170	52	1,138
Net cash from operating activities	**27,302**	**25,620**	**1,682**	**9,323**	**9,233**	**90**	**32,171**
Of which: from discontinued operation	**536**	**624**	**(88)**	**79**	**163**	**(84)**	**808**
Cash outflows for investments in							
Intangible assets	(6,204)	(11,519)	5,315	(1,525)	(1,431)	(94)	(12,749)
Property, plant and equipment	(12,004)	(9,740)	(2,264)	(4,425)	(3,236)	(1,189)	(13,616)
Non-current financial assets	(635)	(259)	(376)	(134)	(83)	(51)	(336)
Payments for publicly funded investments in the broadband build-out	(267)	(294)	27	(105)	(114)	9	(436)
Proceeds from public funds for investments in the broadband build-out	249	202	47	121	99	22	420
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(52)	(1,613)	1,561	0	(1,588)	1,588	(1,617)
Proceeds from disposal of							
Intangible assets	2	1	1	0	0	0	2
Property, plant and equipment	241	129	112	158	24	134	137
Non-current financial assets	210	244	(34)	54	54	0	352
Changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	4,189	347	3,842	100	202	(102)	352
Net change in short-term investments and marketable securities and receivables	(1,241)	(185)	(1,056)	392	(307)	699	89
Other	1	0	1	0	0	0	0
Net cash used in investing activities	**(15,511)**	**(22,687)**	**7,176**	**(5,364)**	**(6,380)**	**1,016**	**(27,403)**
Of which: from discontinued operation	**(168)**	**(194)**	**26**	**(70)**	**(79)**	**9**	**(296)**
Proceeds from issue of current financial liabilities	2,933	4,287	(1,354)	1,721	(11)	1,732	4,431
Repayment of current financial liabilities	(7,250)	(15,960)	8,710	(3,812)	(4,856)	1,044	(18,040)
Proceeds from issue of non-current financial liabilities	3,172	10,278	(7,106)	3,171	1,703	1,468	12,925
Repayment of non-current financial liabilities	0	0	0	0	0	0	0
Dividend payments (including to other shareholders of subsidiaries)	(3,385)	(3,087)	(298)	(138)	(178)	40	(3,145)
Principal portion of repayment of lease liabilities	(3,715)	(5,215)	1,500	(1,300)	(2,180)	880	(6,458)
Cash inflows from transactions with non-controlling entities	27	12	15	2	1	1	14
Cash outflows from transactions with non-controlling entities	(3,287)	(409)	(2,878)	(658)	(62)	(596)	(506)
Other	0	0	0	0	0	0	0
Net cash used in financing activities	**(11,505)**	**(10,094)**	**(1,411)**	**(1,014)**	**(5,582)**	**4,568**	**(10,779)**
Of which: from discontinued operation	**(177)**	**(171)**	**(6)**	**(36)**	**(25)**	**(11)**	**(193)**
Effect of exchange rate changes on cash and cash equivalents	616	492	124	300	136	164	620
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	(21)	68	(89)	(28)	69	(97)	68
Net increase (decrease) in cash and cash equivalents	**880**	**(6,602)**	**7,482**	**3,216**	**(2,524)**	**5,740**	**(5,323)**
Cash and cash equivalents, at the beginning of the period	**7,617**	**12,939**	**(5,322)**	**5,281**	**8,861**	**(3,580)**	**12,939**
Cash and cash equivalents, at the end of the period	**8,497**	**6,337**	**2,160**	**8,497**	**6,337**	**2,160**	**7,617**

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

Significant events and transactions

Accounting policies
In accordance with § 53 (6) of the Exchange Rules for the Frankfurter Wertpapierbörse (FWB), Deutsche Telekom AG voluntarily publishes a quarterly financial report that comprises interim consolidated financial statements and an interim Group management report. The interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial reporting as adopted by the EU as of the reporting date. The interim management report for the Group was prepared in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

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

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

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

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

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

Changes in accounting policies and changes in the reporting structure
Deutsche Telekom made the following changes to its accounting policies or reporting structure in the reporting period:

Gross vs. net recognition of revenues – change in the principal/agent consideration. In cases where Deutsche Telekom is in an intermediary position between a supplier and a customer, it must be assessed whether Deutsche Telekom itself supplies the relevant product or provides the service requested by the customer as a principal or merely acts as an agent for the supplier. The outcome determines whether Deutsche Telekom can recognize revenue on a gross basis (as a principal) or net of the costs incurred to the supplier, i.e., only in the amount of the remaining margin (as an agent). The determining factor is control over the specified good or service. Depending on the facts and circumstances, the specified good that a company controls as principal may also be a right to the third party's good or service. For Deutsche Telekom, the question arises particularly in the case of branded digital products (e.g., streaming services, software licenses, cloud-based software as a service) provided by and purchased from third parties and sold to customers as part of Deutsche Telekom's product portfolio.

Under Deutsche Telekom's previous interpretation, for considering itself to be principal it was sufficient that Deutsche Telekom obtains from the supplier a contractual, enforceable right to purchase the supplier's predefined products "on demand" at any time at predefined prices and to resell them to customers in its own name and for its own account at a price determined at its own discretion. In light of the IFRS Interpretations Committee's agenda decision published in May 2022 on transactions involving the commercial resale of software, Deutsche Telekom has implemented comprehensive changes to its accounting practices with respect to distinguishing between gross and net revenues, effective the start of the third quarter of 2022. In considering the change in policy, Deutsche Telekom determines that it only acts as a principal and thus recognizes revenues on a gross basis in the aforementioned cases if the customer does not enter into any contractual relationship with the third-party supplier, Deutsche Telekom bears primary responsibility for product acceptance and customer support, and is in a position to set the price for the customer. In contrast to its previous accounting practice, the application of the new policy results in a decline both in revenues and in goods and services purchased of in each case EUR 0.3 billion for the first quarter of 2022, of EUR 0.6 billion cumulatively for the first half of 2022, and of EUR 0.9 billion cumulatively for the first three quarters of 2022, and EUR 0.7 billion cumulatively for the first three quarters of 2021.

Reassignment of the security business. Effective July 1, 2022, Deutsche Telekom reassigned its subsidiary Deutsche Telekom Security GmbH and the security business in Germany, Austria, Switzerland, Hungary, and Slovakia from the Systems Solutions operating segment to the Germany operating segment in order to maintain a consistent focus on implementing our Group strategy pillar "Lead in business productivity." Prior-year comparatives in both of the segments affected have accordingly been adjusted with retrospective effect in segment reporting.

Development of the economic environment and impact on financial reports

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

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

The **coronavirus pandemic** continues to have implications for the global economy and for society. Due to higher demand for certain telecommunications services, the impact of the crisis is being felt less severely by the telecommunications industry and Deutsche Telekom than by other industries. Business activities and thus the results of operations and financial position of Deutsche Telekom were impacted by the coronavirus pandemic in various business areas, affecting revenue and earnings, although not to any significant extent. Although the pandemic has only had a limited negative impact on the telecommunications sector so far, if the global pandemic were to re-escalate, it could lead to prolonged and increased supply-side shortages. Possible future effects on the measurement of individual assets and liabilities are being analyzed on an ongoing basis. Based on experience so far, the coronavirus pandemic is expected to continue to have only a limited impact on Deutsche Telekom's business going forward.

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

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

€	Rate at the reporting date			Annual average rate	
	Sept. 30, 2022	Dec. 31, 2021	Sept. 30, 2021	Q1-Q3 2022	Q1-Q3 2021
100 Czech korunas (CZK)	4.07258	4.02124	3.92034	4.06132	3.88501
100 Croatian kuna (HRK)	13.28700	13.30760	13.35510	13.27410	13.27550
1,000 Hungarian forints (HUF)	2.36779	2.70845	2.77354	2.59927	2.80433
100 Macedonian denars (MKD)	1.62260	1.62339	1.62312	1.62326	1.62335
100 Polish zlotys (PLN)	20.63050	21.75600	21.58690	21.39670	21.98500
1 U.S. dollar (USD)	1.02617	0.88285	0.86401	0.94005	0.83628

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

%	Sept. 30, 2022	Dec. 31, 2021
Germany	4.02	1.18
United States	5.64	3.05
Switzerland	2.43	0.33

Changes in the composition of the Group and other transactions

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

Sale of T-Mobile Netherlands

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

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

Joint venture GlasfaserPlus with IFM

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

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

New limited partners admitted to infrastructure fund (DIV II)

In August and September 2022, Digital Transformation Capital Partners (DTCP Infra) admitted new investors to the investment company Digital Infrastructure Vehicle II SCSp SICAV-RAIF (DIV II). As a result, Deutsche Telekom's share in DIV II decreased from 66.67 % to 41.25 %. At the same time, an advisory committee has been set up, which will comprise up to ten of the most important investors. By admitting new limited partners, Deutsche Telekom lost control over DIV II. As a result, the entity was deconsolidated on August 2, 2022. Until the transaction was closed, the entity had been assigned to the Group Development operating segment. The resulting gain on deconsolidation of EUR 0.1 billion is included in other operating income. Since then, the stake retained by the Group of 41.25 % has been included in the consolidated financial statements as an associate using the equity method in the Group Development operating segment. The carrying amount of the investment amounted to EUR 0.3 billion as of September 30, 2022. There are plans to admit further investors. In the future, Deutsche Telekom's stake is expected to fall to around 25 %, in line with the target structure.

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

Agreement with DigitalBridge and Brookfield on the Group's cell tower business in Germany and Austria and recognition of the GD tower companies as a discontinued operation

On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 % stake in companies comprising the tower assets in Germany and Austria, currently assigned to the Group Development operating segment (GD tower companies), to DigitalBridge and Brookfield. The preliminary sale price is based on an enterprise value of EUR 17.5 billion. The estimated cash proceeds from the transaction are expected to be EUR 10.9 billion. Once the transaction is complete, Deutsche Telekom will lose control over the GD tower companies. The stake retained by Deutsche Telekom of 49.0 % will then be included in the consolidated financial statements using the equity method. The transaction is subject to approval by the regulatory authorities and is expected to be completed at the start of 2023. Once the transaction is complete, Deutsche Telekom will lease back most of the sold passive network infrastructure in Germany and Austria under a sale and leaseback arrangement.

As a result of the agreement, from the third quarter of 2022, the GD tower companies are recognized in the interim consolidated financial statements as a discontinued operation. The consolidated income statement has been adjusted accordingly with retrospective effect. Thus the contributions by the GD tower companies are no longer included in the individual items of the consolidated income statement. Instead, profit or loss after taxes is recognized in the item "Profit/loss after taxes from discontinued operation". Assets and the directly associated liabilities are shown as held for sale in the consolidated statement of financial position. In the consolidated statement of cash flows, the contributions by the GD tower companies are each stated in a separate "of which" line item.

Agreement with Cogent to sell the U.S. wireline business

On September 6, 2022, T-Mobile US reached an agreement with Cogent Infrastructure (Cogent) on the sale of T-Mobile US' fiber-optic-based wireline business. Under the agreement, Cogent will take over all shares in the entity that holds all of the assets and liabilities related to the former Sprint's fiber-optic-based wireline network. The sale price is USD 1 and is subject to customary adjustments laid down in the purchase agreement. In addition, upon completion of the transaction, T-Mobile US undertakes to enter into a separate agreement on IP transit services, according to which T-Mobile US will pay a total of USD 700 million to Cogent, comprising USD 350 million in equal monthly installments in the first year following completion of the transaction and USD 350 million in equal monthly installments over the following 42 months. The transaction is subject to approval by the authorities as well as other closing conditions. The assets and liabilities of the wireline business as of September 30, 2022 are reported in the consolidated statement of financial position as "held for sale." The transaction is expected to be completed in the second half of 2023. In connection with the agreement concluded, T-Mobile US recognized an impairment loss of EUR 375 million on the underlying assets in the third quarter of 2022. Furthermore, liabilities totaling EUR 706 million were recognized in connection with payment obligations entered into as part of the transaction. These liabilities included, under financial liabilities, the present value of the future payments for IP transit services. Since a specific use for these services has not yet been identified, the corresponding expense has already been recognized in full in the reporting period under other operating expenses.

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

OTE share buy-back

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

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

Increase of the stake in T-Mobile US

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

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

Share buy-back program at T-Mobile US

On September 8, 2022, T-Mobile US announced that its Board of Directors has authorized a share buy-back program for up to USD 14.0 billion of the company's common stock through September 30, 2023. Repurchases are expected to be made from available cash on hand and proceeds of one or more debt issuances or other borrowings, based on the company's evaluation of market conditions and other factors. The specific timing, price, and size of repurchases will depend on prevailing stock prices, general economic and market conditions, and other considerations. The repurchases may comprise a volume of up to USD 3.0 billion through the remainder of 2022. By September 30, 2022, T-Mobile US had bought back around 4.9 million shares with a total volume of USD 0.7 billion (EUR 0.7 billion) under this program.

As of September 30, 2022, Deutsche Telekom's stake in T-Mobile US amounted to 48.2 %. Taking the treasury shares held by T-Mobile US into account, Deutsche Telekom had a 48.4 % stake in T-Mobile US as of September 30, 2022. The percentage of T-Mobile US shares for which Deutsche Telekom can exercise voting rights, based on an agreement concluded with SoftBank in connection with the acquisition of Sprint, amounted to 52.0 % as of September 30, 2022.

In the period from October 1, 2022 to October 20, 2022, T-Mobile US bought back around 6.0 million additional shares with a total volume of USD 0.8 billion (EUR 0.8 billion) under the share buy-back program.

Selected notes to the consolidated statement of financial position

Trade receivables

At EUR 17.1 billion, trade receivables increased by EUR 1.8 billion against the 2021 year-end level. In the United States operating segment, the increase in receivables was mainly due to exchange rate effects. The increase in receivables there was also attributable to the Equipment Installment Plan and to customer additions. By contrast, wholesale receivables in the United States declined.

Contract assets

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

Inventories

The carrying amount of inventories increased by EUR 0.3 billion compared to December 31, 2021 to EUR 3.2 billion, mainly due to higher inventories of high-priced mobile terminal equipment in the Germany operating segment, partly as a preventive measure in connection with the prevailing supply chain uncertainty. Exchange rate effects, mainly from the translation from U.S. dollars into euros, also increased the carrying amount. Reduced inventories of high-priced terminal equipment in the United States operating segment due to marketing campaigns as well as to the now largely completed migration of Sprint customers to the T-Mobile US network had an offsetting effect.

Intangible assets
The carrying amount of intangible assets increased by EUR 19.3 billion to EUR 151.9 billion, due in particular to exchange rate effects of EUR 18.1 billion, primarily from the translation of U.S. dollars into euros. The carrying amount was further increased by additions of EUR 6.9 billion, EUR 3.1 billion of which related to the acquisition of mobile spectrum and resulted almost entirely from the licenses acquired at the FCC Auctions 110 and 108 in the United States. Positive effects from changes in the composition of the Group also contributed EUR 0.1 billion to the increase in the carrying amount, while amortization and impairment losses of EUR 5.1 billion reduced it. This includes impairment losses of EUR 0.1 billion. The reclassification of assets worth EUR 0.6 billion to non-current assets and disposal groups held for sale also reduced the carrying amount. These relate to the agreements on the sale of the Group's cell tower business in Germany and Austria (GD tower companies) and of the wireline business in the United States. Disposals decreased the carrying amount by EUR 0.1 billion.

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

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

Property, plant and equipment
The carrying amount of property, plant and equipment increased by EUR 5.1 billion compared to December 31, 2021 to EUR 66.9 billion. Additions of EUR 13.3 billion for the upgrade and build-out of the network and in connection with the broadband/fiber-optic build-out and mobile infrastructure build-out increased the carrying amount. The modification of the arrangements between T-Mobile US and Crown Castle for existing cell sites increased the carrying amount by EUR 0.8 billion. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 4.5 billion. Reclassifications of lease assets upon expiry of the contractual lease term to property, plant and equipment, in the United States operating segment in particular, increased the carrying amount by EUR 0.3 billion, while depreciation and impairment losses of EUR 10.4 billion had an offsetting effect. This includes impairment losses of EUR 0.5 billion, mainly relating to the impairment test described below of the former Sprint's fiber-optic-based wireline assets, which was carried out in the second quarter of 2022, and the corresponding sale agreed in the third quarter of 2022. The reclassification of assets worth EUR 1.6 billion to non-current assets and disposal groups held for sale reduced the carrying amount. These relate to the agreements on the sale of the GD tower companies and of the wireline business in the United States. Disposals of EUR 0.9 billion also reduced the carrying amount.

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

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

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

On September 6, 2022, T-Mobile US reached an agreement with Cogent on the sale of the fiber-optic-based wireline business of the former Sprint. The sale price is USD 1 and is subject to customary adjustments laid down in the purchase agreement. As a result of the purchase agreement concluded, the assets of the wireline business were reclassified as of September 30, 2022 to non-current assets and disposal groups held for sale. This required a remeasurement of these assets at the lower of carrying amount and fair value based on the purchase price less costs of disposal, which resulted in an impairment loss of EUR 375 million as of the date of the reclassification. EUR 300 million of the impairment loss related to property, plant and equipment, EUR 71 million to right-of-use assets, and EUR 4 million to intangible assets.

Right-of-use assets

The carrying amount of the right-of-use assets increased by EUR 7.0 billion compared to December 31, 2021 to EUR 37.8 billion. This increase was driven by additions of EUR 9.9 billion, primarily as a result of the modification to existing leases agreed between T-Mobile US and Crown Castle in January 2022, mainly concerning the lease of Crown Castle's cell sites. This agreement includes a modification of the monthly lease payments for existing cell sites and an extension of the non-cancelable lease term until December 31, 2033 (with additional extension options). The modification of the arrangements resulted in an increase of USD 7.3 billion (EUR 6.6 billion) each in the right-of-use assets and in lease liabilities, and an increase of USD 0.9 billion (EUR 0.8 billion) each in property, plant and equipment and in other financial liabilities for contract components that, due to their financing character, do not fall under the scope of IFRS 16. In addition, the agreement on the sale of 51.0 % of the shares in the GD tower companies triggered a remeasurement of the lease liabilities, which resulted in an increase in the right-of-use assets and the lease liabilities of EUR 0.5 billion in each case. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 5.0 billion. Depreciation and impairment losses of EUR 5.8 billion reduced the carrying amount. This included a EUR 1.4 billion increase in depreciation due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint. This also includes impairment losses of EUR 0.3 billion, mainly relating to the impairment test of the former Sprint's fiber-optic-based wireline assets, which was carried out in the second quarter of 2022, and the corresponding sale agreed in the third quarter of 2022. The reclassification of assets worth EUR 1.5 billion to non-current assets and disposal groups held for sale reduced the carrying amount. These relate to the agreements on the sale of the GD tower companies and of the wireline business in the United States. Reclassifications of lease assets upon expiry of the contractual lease term to property, plant and equipment, in the United States operating segment in particular, also reduced the carrying amount by EUR 0.3 billion. Disposals of EUR 0.2 billion also reduced the carrying amount.

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

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

Capitalized contract costs

As of September 30, 2022, the carrying amount of capitalized contract costs was up by EUR 0.6 billion against the level of December 31, 2021 to EUR 3.2 billion. The capitalized contract costs primarily relate to the United States, Germany, and Europe operating segments. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.2 billion.

Investments accounted for using the equity method

Compared to December 31, 2021, the carrying amount of investments accounted for using the equity method increased by EUR 0.9 billion to EUR 1.8 billion, mainly in connection with the completed sale of a 50 % stake in GlasfaserPlus. Following the loss of control as a result of the transaction, the GlasfaserPlus entities were deconsolidated as of February 28, 2022. Since this date, the remaining 50 % of the shares in the joint venture have been included in the consolidated financial statements as an investment accounted for using the equity method. After the transaction was consummated, EUR 0.1 billion was paid into the reserves of GlasfaserPlus as per agreement. The carrying amount of the investment amounted to EUR 1.0 billion as of September 30, 2022. In addition, DIV II was deconsolidated on August 2, 2022 as a result of the admission of new investors and the associated loss of control over the entity. Since then, the stake retained by the Group of 41.25 % has been included in the consolidated financial statements as an associate using the equity method. The carrying amount of the investment amounted to EUR 0.3 billion as of September 30, 2022. It was reduced by the disposal of 37.65 % of the shares in Cellnex Netherlands B.V. in the amount of EUR 0.4 billion as a result of the deconsolidation of DIV II. Since June 1, 2021, the shares in Cellnex Netherlands B.V. had been indirectly included in the consolidated financial statements through the investment in DIV II using the equity method and related to the transaction consummated in the prior year concerning the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund.

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

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

Other financial assets

millions of €

	Sept. 30, 2022	Dec. 31, 2021
	Total	Total
Originated loans and receivables	4,292	3,426
Other receivables – publicly funded projects	2,023	1,794
Debt instruments – measured at fair value through profit or loss	661	233
Derivative financial assets	3,460	2,762
Of which: derivatives with a hedging relationship	1,566	1,560
Of which: derivatives without a hedging relationship	1,894	1,202
Equity instruments – measured at fair value through profit or loss	3	3
Equity instruments – measured at fair value through other comprehensive income	556	437
Lease assets	207	228
Other	4	4
	11,205	**8,888**

The carrying amount of current and non-current other financial assets increased by EUR 2.3 billion compared to December 31, 2021 to EUR 11.2 billion. The net total of originated loans and receivables increased by EUR 0.9 billion to EUR 4.3 billion, with the carrying amount of cash collateral deposited increasing by EUR 0.6 billion. In connection with receivables from grants still to be received from funding projects for the broadband build-out in Germany, the carrying amount of other receivables increased by EUR 0.2 billion. The carrying amount of debt instruments measured at fair value through profit or loss increased by EUR 0.4 billion. A contingent consideration receivable was recorded in connection with the sale of a 50 % stake in GlasfaserPlus. As the remainder of the purchase price, this receivable will fall due in stages upon achieving certain build-out milestones and, as of September 30, 2022, amounted to EUR 0.4 billion. The carrying amount of derivatives with a hedging relationship remained unchanged against the level at December 31, 2021, due on the one hand to the decrease in positive fair values from interest rate swaps in fair value hedges, which is primarily the result of a significant increase in the interest rate level. On the other hand, the fair values of interest rate and currency derivatives in cash flow hedges decreased as a result of the significant rise in the interest rate level and due to exchange rate effects (primarily from the strengthening of the U.S. dollar against the euro). The carrying amount of derivatives without a hedging relationship increased by EUR 0.7 billion to EUR 1.9 billion, due to an increase of EUR 0.8 billion in the carrying amount of interest rate and currency derivatives mainly as a result of exchange rate effects (primarily from the strengthening of the U.S. dollar against the euro). In connection with the stock options received from SoftBank to purchase shares in T-Mobile US, the carrying amount of the stock options recorded a net increase of EUR 0.2 billion against December 31, 2021, due on the one hand to the positive development of the T-Mobile US share price and the amortization in full of the initial measurement of the stock options at fair value, and on the other, to the derecognition of the exercised options in April 2022. At the time of exercising the stock options, they had a fair value of EUR 0.5 billion. In connection with negative measurement effects from derivatives embedded in bonds issued by T-Mobile US, the carrying amount of derivatives without a hedging relationship decreased by EUR 0.4 billion. The carrying amount of energy forward agreements embedded in contracts remained stable against December 31, 2021.

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

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

Other assets

The carrying amount of current and non-current other assets increased by EUR 0.4 billion to EUR 3.5 billion. As of September 30, 2022, the carrying amount included various advance payments, totaling EUR 2.8 billion (December 31, 2021: EUR 2.6 billion), mainly including advance payments in connection with agreements on services for certain mobile communications equipment that do not fall under the scope of IFRS 16. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.3 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 0.3 billion compared with December 31, 2021 to EUR 4.6 billion. The sale of T-Mobile Netherlands as of March 31, 2022 reduced the carrying amount by EUR 4.7 billion, and the sale of the 50 % stake in GlasfaserPlus as of February 28, 2022 by EUR 0.1 billion. By contrast, the reclassification of the assets of the GD tower companies increased the carrying amount by EUR 4.1 billion, and those of the wireline business in the United States operating segment by EUR 0.4 billion. The assets were classified as held for sale as of September 30, 2022 on account of the sales agreements concluded.

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

Financial liabilities and lease liabilities

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

millions of €	Sept. 30, 2022	Due within 1 year	Due >1 ≤ 5 years	Due > 5 years	Dec. 31, 2021
Bonds and other securitized liabilities	101,181	10,490	27,873	62,818	93,857
Liabilities to banks	3,989	1,855	1,240	894	4,003
Liabilities with the right of creditors to priority repayment in the event of default	3,347	727	2,337	283	3,248
Other interest-bearing liabilities	8,747	1,912	3,186	3,649	7,826
Other non-interest-bearing liabilities	2,185	2,007	172	6	1,829
Derivative financial liabilities	2,938	131	912	1,895	703
Financial liabilities	**122,387**	**17,122**	**35,719**	**69,545**	**111,466**

The carrying amount of current and non-current financial liabilities increased by EUR 10.9 billion compared with year-end 2021 to EUR 122.4 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 12.3 billion.

The carrying amount of bonds and other securitized liabilities increased by EUR 7.3 billion. Exchange rate effects increased the carrying amount of bonds and other securitized liabilities by EUR 11.0 billion. The carrying amount was also increased by senior notes issued in the reporting period by T-Mobile US with a total volume of USD 3.0 billion (EUR 3.0 billion) with terms ending between 2033 and 2062 and bearing interest of between 5.2 % and 5.8 %. Repayments by T-Mobile US of a bond with a volume of USD 0.5 billion (EUR 0.5 billion) and in the Group of EUR bonds with a volume of EUR 1.7 billion and a GBP bond with a volume of GBP 0.7 billion (EUR 0.8 billion) reduced the carrying amount in the reporting period. In addition, the carrying amount decreased by EUR 3.4 billion in connection with measurement effects from derivatives with a hedging relationship, the offsetting entry for which is posted under bonds and other securitized liabilities. This is mainly due to the decline in fair values from interest rate swaps in fair value hedges, which is primarily the result of a significant increase in the interest rate level. The subsequent measurement under the effective interest method reduced the carrying amount by EUR 0.3 billion.

The carrying amount of liabilities to banks remained unchanged against December 31, 2021 at EUR 4.0 billion. The carrying amount was increased by new borrowings of EUR 0.2 billion and the net increase of EUR 0.5 billion in the balance of short-term borrowings. It was reduced by repayments of EUR 0.5 billion and a decrease of EUR 0.2 billion in connection with measurement effects from derivatives with a hedging relationship.

The liabilities with the right of creditors to priority repayment in the event of default of EUR 3.3 billion (December 31, 2021: EUR 3.2 billion) relate primarily to bonds issued by Sprint. Collateral was provided for these bonds, hence they constitute a separate class of financial instruments. Repayments in the reporting period in the amount of EUR 0.4 billion when translated into euros reduced the carrying amount. Exchange rate effects from the translation of U.S. dollars into euros raised the carrying amount by EUR 0.5 billion.

The carrying amount of other interest-bearing liabilities increased by EUR 0.9 billion compared with December 31, 2021 to EUR 8.7 billion. The modification of the arrangements between T-Mobile US and Crown Castle regarding cell sites increased the carrying amount by EUR 0.8 billion. In addition, liabilities recognized by T-Mobile US for future payments for IP transit services in connection with the agreement on the sale of the wireline business increased the carrying amount by EUR 0.6 billion. Exchange rate effects, especially from the translation of U.S. dollars into euros, increased the carrying amount of other interest-bearing liabilities by EUR 0.5 billion. In connection with cash collateral received for derivative financial instruments, the carrying amount of other interest-bearing liabilities decreased by EUR 0.6 billion.

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

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

For further information on the agreement on the sale of the wireline business, please refer to the section "Changes in the composition of the Group and other transactions."

The carrying amount of derivative financial liabilities increased by EUR 2.2 billion to EUR 2.9 billion, driven by negative measurement effects of derivatives with a hedging relationship. This is mainly due to the increase in negative fair values from interest rate swaps in fair value hedges, which is primarily the result of a significant increase in the interest rate level. The carrying amount was reduced by positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future.

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

The carrying amount of current and non-current **lease liabilities** increased by EUR 9.7 billion to EUR 42.8 billion compared with December 31, 2021. This increase primarily relates to the modification of the arrangements between T-Mobile US and Crown Castle, which resulted in an increase in the carrying amounts of lease liabilities of EUR 6.6 billion. In addition, the agreement on the sale of 51.0 % of the shares in the GD tower companies triggered a remeasurement of the lease liabilities, which increased by EUR 0.5 billion accordingly. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 5.6 billion. The reclassification of lease liabilities to liabilities directly associated with non-current assets and disposal groups held for sale reduced the carrying amount by EUR 2.3 billion. These relate to the agreements on the sale of the GD tower companies and of the wireline business in the United States. Furthermore, the carrying amount was reduced, in part in connection with the decommissioning of former Sprint cell sites and the closure of some former Sprint shops in the United States operating segment, and also in part due to the decline in the Europe operating segment and in the Group Headquarters & Group Services segment.

For more information on the modification of the arrangements between T-Mobile US and Crown Castle, and on the remeasurement of the lease liabilities of the GD tower companies, please refer to the section "Right-of-use assets."

Trade and other payables

The carrying amount of trade and other payables increased by EUR 1.1 billion to EUR 11.5 billion, due in particular to higher liabilities in the United States, Systems Solutions, and Germany operating segments. In the United States operating segment, the increase was mainly attributable to exchange rate effects. Liabilities in the segment also increased in connection with the acquisition of property, plant and equipment and intangible assets. In the Europe operating segment, liabilities declined. The reclassification to liabilities directly associated with non-current assets and disposal groups held for sale also reduced the carrying amount. These relate to the agreements on the sale of the GD tower companies and of the wireline business in the United States.

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

Provisions for pensions and other employee benefits

The carrying amount of provisions for pensions and other employee benefits decreased by EUR 1.9 billion as of December 31, 2021 to EUR 4.3 billion, mainly due to interest rate adjustments. The development of the fair values of plan assets had an offsetting effect. Overall, the remeasurement of defined benefit plans resulted in an actuarial gain of EUR 1.8 billion.

Current and non-current other provisions

The carrying amount of current and non-current other provisions decreased by EUR 1.6 billion compared with the end of 2021 to EUR 7.9 billion. Other provisions for personnel costs decreased by EUR 0.9 billion, mainly in connection with the performance-based remuneration components for the prior year paid out to employees in the first half of 2022 and a reduction in the carrying amount of the provision recognized for the Civil Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK), due to a significant increase in the interest rate level. The provisions for restoration obligations decreased by EUR 1.0 billion in connection with reclassifications to liabilities directly associated with non-current assets and disposal groups held for sale, in particular in connection with the agreement on the sale of the GD tower companies. In addition, this resulted from the increase in the interest rate level. By contrast, the provisions for litigation risks increased by a net amount of EUR 0.2 billion, mainly in connection with the proceedings pending in consequence of the cyberattack on T-Mobile US. Exchange rate effects, in particular from the translation of U.S. dollars into euros, also contributed to the increase.

Other liabilities

The carrying amount of current and non-current other liabilities increased by EUR 0.8 billion to EUR 6.4 billion, EUR 0.7 billion of which was attributable to an increase in liabilities from other taxes. Liabilities due to existing build-out obligations in connection with grants still to be received from funding projects for the broadband build-out in Germany increased by EUR 0.1 billion. Exchange rate effects, in particular from the translation of U.S. dollars into euros, also contributed to the increase.

Contract liabilities

The carrying amount of current and non-current contract liabilities increased by EUR 0.3 billion compared with December 31, 2021 to EUR 2.6 billion. These mainly comprise deferred revenues. The increase resulted from higher contract liabilities in the United States and Germany operating segments.

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

The carrying amount of liabilities directly associated with non-current assets and disposal groups held for sale increased by EUR 2.0 billion against December 31, 2021 to EUR 3.4 billion. The sale of T-Mobile Netherlands as of March 31, 2022 reduced the carrying amount by EUR 1.4 billion. The reclassification of the liabilities of the GD tower companies (EUR 3.0 billion) and of the wireline business in the United States operating segment (EUR 0.4 billion) had an increasing effect on the carrying amount. The liabilities were classified as held for sale as of September 30, 2022 on account of the sales agreements concluded.

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

Shareholders' equity

The carrying amount of shareholders' equity increased from EUR 81.5 billion as of December 31, 2021 to EUR 94.5 billion, with profit of EUR 7.7 billion and other comprehensive income of EUR 12.4 billion having an increasing effect. Other comprehensive income increased mainly as a result of currency translation effects of EUR 10.8 billion recognized directly in equity and the remeasurement of defined benefit plans accounting for EUR 1.8 billion, as well as gains from hedging instruments of EUR 0.8 billion. By contrast, income taxes relating to components of other comprehensive income of EUR 1.0 billion in particular had a negative impact on other comprehensive income. Capital increases from share-based payments increased shareholders' equity by EUR 0.5 billion. Shareholders' equity was reduced in connection with dividend payments for the 2021 financial year to Deutsche Telekom AG shareholders in the amount of EUR 3.2 billion and to other shareholders of subsidiaries in the amount of EUR 0.2 billion. Transactions with owners also reduced the carrying amount by EUR 3.6 billion, mainly due to the acquisition of additional T-Mobile US shares to increase the stake and due to the share buy-back program underway at T-Mobile US. Changes in the composition of the Group resulting from the sale of T-Mobile Netherlands in the Group Development operating segment reduced the carrying amount of shareholders' equity by EUR 0.6 billion.

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

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

millions of €

	Sept. 30, 2022			Dec. 31, 2021		
	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Changes in the composition of the Group	**0**	**(583)**	**(583)**	**0**	**(181)**	**(181)**
Sale of T-Mobile Netherlands	0	(583)	(583)	0	0	0
Sale of Telekom Romania Communications	0	0	0	0	(170)	(170)
Other effects	0	0	0	0	(11)	(11)
Transactions with owners	**(1,887)**	**(1,734)**	**(3,621)**	**(179)**	**(48)**	**(227)**
OTE share buy-back	(75)	(142)	(217)	(62)	(131)	(193)
Hrvatski Telekom share buy-back	(2)	(22)	(24)	(1)	(12)	(13)
Increase of the stake in T-Mobile US	(1,493)	(1,178)	(2,672)	0	0	0
T-Mobile US share buy-back/ share-based payment	(331)	(339)	(670)	(157)	165	9
Magyar Telekom share buy-back	15	(53)	(38)	9	(38)	(29)
T-Mobile Netherlands sale and leaseback	0	0	0	33	(33)	0
Other effects	0	0	0	0	0	0
Capital increase of Deutsche Telekom AG	**0**	**0**	**0**	**1,511**	**(2,358)**	**(847)**

Selected notes to the consolidated income statement

As a result of the agreement concluded on July 13, 2022, from the third quarter of 2022, the GD tower companies are recognized in the interim consolidated financial statements as a discontinued operation. The consolidated income statement has been adjusted accordingly with retrospective effect. Thus the contributions by the GD tower companies are no longer included in the individual items of the consolidated income statement. Instead, profit or loss after taxes is disclosed in aggregate form in the item “Profit/loss after taxes from discontinued operation.”

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

Net revenue

Net revenue breaks down into the following revenue categories:

millions of €	Q1-Q3 2022	Q1-Q3 2021
Revenue from the rendering of services	**68,262**	**62,190**
Germany	15,419	15,117
United States	43,295	36,576
Europe	6,811	7,013
Systems Solutions	2,249	2,206
Group Development	418	1,213
Group Headquarters & Group Services	69	64
Revenue from the sale of goods and merchandise	**14,410**	**13,781**
Germany	1,866	1,659
United States	11,238	10,699
Europe	1,153	1,071
Systems Solutions	34	47
Group Development	118	304
Group Headquarters & Group Services	1	1
Revenue from the use of entity assets by others	**1,782**	**3,043**
Germany	445	522
United States	1,097	2,239
Europe	136	153
Systems Solutions	11	20
Group Development	0	5
Group Headquarters & Group Services	93	104
Net revenue	**84,453**	**79,014**

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

Other operating income

millions of €	Q1-Q3 2022	Q1-Q3 2021
Income from the reversal of impairment losses on non-current assets	2	3
Income from the disposal of non-current assets	211	95
Income from reimbursements	101	102
Income from insurance compensation	202	65
Income from ancillary services	18	16
Miscellaneous other operating income	3,422	812
Of which: gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method	2,725	214
	3,956	**1,093**

Income from the disposal of non-current assets of EUR 0.1 billion resulted from the sale of IP addresses related to the former Sprint's fiber-optic-based wireline network in the United States. Income from insurance compensation mainly resulted from payments on account from insurance companies in connection with damage sustained in the catastrophic flooding in North Rhine-Westphalia and Rhineland-Palatinate in July 2021. Gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method of EUR 1.7 billion were attributable to the loss of control over the GlasfaserPlus entities. The sale of T-Mobile Netherlands resulted in a gain on deconsolidation of EUR 0.9 billion, which was determined taking the repayment of internal shareholder loans and the net assets on the date of deconsolidation into account. The loss of control over DIV II gave rise to a gain on deconsolidation of EUR 0.1 billion. Other operating income also includes a payment of EUR 0.2 billion in connection with the settlement of a series of patent disputes between T-Mobile US and a competitor as well as a large number of individual items at marginal amounts.

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

Other operating expenses

millions of €	Q1-Q3 2022	Q1-Q3 2021
Impairment losses on financial assets	(908)	(400)
Gains (losses) from the write-off of financial assets measured at amortized cost	(20)	(84)
Other	(3,813)	(2,564)
Legal and audit fees	(649)	(559)
Losses from asset disposals	(224)	(151)
Income (losses) from the measurement of factoring receivables	(2)	(3)
Other taxes	(469)	(382)
Cash and guarantee transaction costs	(458)	(404)
Insurance expenses	(122)	(103)
Miscellaneous other operating expenses	(1,889)	(962)
Of which: losses resulting from deconsolidations and from the sale of stakes accounted for using the equity method	0	70
	(4,741)	**(3,047)**

The year-on-year increase in impairment losses on financial assets was mainly attributable to allowances of customer receivables primarily in the United States operating segment. These resulted from higher receivables and potential future macroeconomic effects. Expenses for legal and audit fees included, among other factors, expenses in connection with the proceedings brought in consequence of the cyberattack on T-Mobile US. Miscellaneous other operating expenses included expenses of EUR 0.7 billion in connection with the payment obligations entered into under the agreement to sell the wireline business in the United States. This item also includes expenses of EUR 0.4 billion for data storage in data centers, in cloud applications or other IT services, and of EUR 0.2 billion for regulatory duties in the United States.

For further information on the agreement on the sale of the wireline business in the United States, please refer to the section "Changes in the composition of the Group and other transactions."

Depreciation, amortization and impairment losses

At EUR 21.2 billion, depreciation, amortization and impairment losses on intangible assets; property, plant and equipment; and right-of-use assets were EUR 0.8 billion higher overall in the first three quarters of 2022 than in the prior-year period, with depreciation and amortization unchanged year-on-year. In the Group Development operating segment, depreciation and amortization were down on the prior-year level in connection with the fact that T-Mobile Netherlands had been held for sale until it was sold and accordingly the related depreciation and amortization had been suspended, and in connection with its subsequent sale. Depreciation on property, plant and equipment in the United States operating segment declined due to the ongoing strategic withdrawal from the terminal equipment lease business. By contrast, in the United States operating segment, a reduction in the useful life of leased network technology for cell sites following the business combination of T-Mobile US and Sprint increased depreciation of the corresponding right-of-use assets by EUR 1.4 billion. Impairment losses increased year-on-year by EUR 0.8 billion to EUR 0.9 billion. The impairment losses recorded in the reporting period were mainly attributable to the former Sprint's fiber-optic-based wireline assets and related in part to the sale of the business to Cogent agreed in September 2022.

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

Profit/loss from financial activities

The loss from financial activities decreased from EUR 3.5 billion in the first three quarters of 2021 to EUR 2.6 billion, with other financial income/expense improving from EUR -0.2 billion to EUR 1.3 billion. This was attributable in particular to positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future and positive measurement effects from the amortization and subsequent measurement of the stock options received from SoftBank in June 2020 to buy shares in T-Mobile US. Measurement effects from currency hedges and less pronounced negative measurement effects from derivatives of T-Mobile US embedded in bonds compared with the prior-year period also contributed to this. The interest component from the measurement of provisions and liabilities increased by EUR 0.4 billion. This increase was mainly attributable to the subsequent measurement using actuarial principles of the present value of the provision recognized for the Civil Service Health Insurance Fund. However, finance costs also increased from EUR 3.3 billion to EUR 3.9 billion. Overall, the share of profit/loss of associates and joint ventures accounted for using the equity method was on a par with the prior-year period.

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

Income taxes

In the first three quarters of 2022, a tax expense of EUR 1.6 billion was recorded. The tax amount reflects the shares of the different countries in profit before income taxes and their respective national tax rates. However, the effective tax rate was reduced by the realization of tax-free income from the sale of T-Mobile Netherlands and the shares in GlasfaserPlus. Taxes were furthermore reduced by deferred tax effects in the United States operating segment. In the prior-year period, a tax expense of EUR 1.7 billion had been recorded despite lower profit/loss before income taxes.

Profit/loss after taxes from discontinued operation

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

millions of €	Q1-Q3 2022	Q1-Q3 2021
Net revenue	**160**	**150**
Other operating income	15	(2)
Changes in inventories	5	2
Own capitalized costs	18	19
Goods and services purchased	570	530
Personnel costs	(52)	(51)
Other operating expenses	(15)	(3)
EBITDA	**700**	**645**
Depreciation, amortization and impairment losses	(192)	(280)
Profit (loss) from operations (EBIT)	**509**	**364**
Finance costs	(23)	(149)
Other financial income (expense)	26	0
Profit (loss) from financial activities	**3**	**(149)**
Profit (loss) before income taxes	**512**	**215**
Income taxes	(210)	(69)
Profit (loss) after taxes from discontinued operation	**302**	**146**

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

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

Other disclosures

Notes to the consolidated statement of cash flows

Net cash from operating activities

Net cash from operating activities increased by EUR 1.7 billion year-on-year to EUR 27.3 billion. The strong business performance both in the United States and outside of the United States provided the basis for the positive trend. By contrast, higher cash outflows in connection with the integration of Sprint in the United States and an increase of EUR 0.2 billion in net interest payments had a decreasing effect. Factoring agreements of EUR 0.1 billion had a positive impact on net cash from operating activities in the reporting period. In the prior-year period, factoring agreements had had a positive effect of EUR 0.2 billion.

Net cash used in/from investing activities

millions of €	Q1-Q3 2022	Q1-Q3 2021
Cash outflows for investments in intangible assets	(6,204)	(11,519)
Cash outflows for investments in property, plant and equipment	(12,004)	(9,740)
Payments for publicly funded investments in the broadband build-out	(267)	(294)
Proceeds from public funds for investments in the broadband build-out	249	202
Net cash flows for collateral deposited and hedging transactions	(1,224)	(138)
Changes in cash and cash equivalents in connection with the acquisition of Shentel at T-Mobile US	0	(1,588)
Other changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(52)	(25)
Changes in cash and cash equivalents in connection with the contribution of the stake in T-Mobile Infra into Cellnex Netherlands[a]	0	135
Changes in cash and cash equivalents in connection with the sale of the 75 % stake in T-Mobile Netherlands[b]	3,642	0
Changes in cash and cash equivalents in connection with the sale of the 50 % stake in GlasfaserPlus[c]	432	0
Changes in cash and cash equivalents in connection with the loss of control over DIV II[d]	108	0
Other changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	7	33
Changes in cash and cash equivalents in connection with the sale of the stake in Telekom Romania Communications[d]	0	202
Proceeds from the disposal of property, plant and equipment, and intangible assets	243	107
Other	(441)	(62)
Net cash used in investing activities	**(15,511)**	**(22,687)**
Of which: from discontinued operation	(168)	(194)

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

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

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

[d] Includes, in addition to the cash inflow of EUR 111 million in connection with the loss of control, outflows of cash and cash equivalents in the amount of EUR 3 million.

At EUR 18.2 billion, cash outflows for investments in intangible assets and property, plant and equipment were EUR 3.1 billion lower than in the prior-year period. In the reporting period, the United States operating segment acquired spectrum licenses for a total amount of EUR 3.0 billion. Another EUR 0.1 billion was paid in this connection in the 2021 financial year as an advance payment and included in prior-year cash outflows for investments in intangible assets and property, plant and equipment. In the prior-year period, this item had included cash outflows for the acquisition of mobile spectrum licenses of EUR 8.2 billion in the United States operating segment and of EUR 0.1 billion in the Europe operating segment. Excluding investments in mobile spectrum licenses, cash outflows for investments in intangible assets and property, plant and equipment were up EUR 2.3 billion year-on-year. This change was primarily attributable to an increase in the United States operating segment as a result of the further build-out of the 5G network and to exchange rate effects. In the Germany operating segment, cash capex increased by EUR 0.2 billion in connection with the fiber-optic and 5G build-out. A decline in the Group Development operating segment had an offsetting effect of EUR 0.2 billion, mainly due to the sale of T-Mobile Netherlands and lower build-out investments made by GD Towers.

Net cash used in/from financing activities

millions of €

	Q1-Q3 2022	Q1-Q3 2021
Repayment of bonds	(2,997)	(8,677)
Dividend payments (including to other shareholders of subsidiaries)	(3,385)	(3,087)
Repayment of financial liabilities from financed capex and opex	0	(97)
Repayment of EIB loans	(523)	(1,093)
Net cash flows for hedging transactions	122	0
Principal portion of repayment of lease liabilities	(3,715)	(5,215)
Repayment of financial liabilities for media broadcasting rights	(279)	(253)
Cash flows from continuing involvement factoring, net	17	(71)
Loans taken out with the EIB	150	0
Issuance of bonds	3,020	10,035
Overnight borrowings from banks, net	509	0
Repayment of liabilities from 5G spectrum acquired in Germany	(195)	(195)
Repayment of liabilities from 5G spectrum acquired in the Netherlands	0	(204)
Repayment of liabilities with the right of creditors to priority repayment in the event of default	(376)	(771)
Changes in cash and cash equivalents in connection with the sale and leaseback of the passive mobile infrastructure of T-Mobile Infra	0	242
Cash inflows from transactions with non-controlling entities		
T-Mobile US stock options	5	8
Cellnex Netherlands capital contributions	17	3
Other cash inflows	6	0
	27	**12**
Cash outflows from transactions with non-controlling entities		
Increase of the stake in T-Mobile US	(2,210)	0
T-Mobile US share buy-back/share-based payment	(764)	(254)
OTE share buy-back	(215)	(112)
Other payments	(97)	(43)
	(3,287)	**(409)**
Other	(592)	(311)
Net cash used in financing activities	**(11,505)**	**(10,094)**
Of which: from discontinued operation	(177)	(171)

Non-cash transactions

In the reporting period, Deutsche Telekom leased assets totaling EUR 10.4 billion, mainly network equipment, cell sites, and land and buildings. These assets will subsequently be recognized in the statement of financial position under right-of-use assets as well as non-current assets and disposal groups held for sale, and the related liabilities under lease liabilities and liabilities directly associated with non-current assets and disposal groups held for sale. Future repayments of the liabilities will be recognized in net cash used in/from financing activities. In the reporting period, EUR 6.6 billion related to the modification of the arrangements with Crown Castle, resulting in an increase in the same amount in the carrying amount of the right-of-use assets and the lease liabilities. Excluding this effect, asset leases declined by EUR 0.6 billion against the prior-year period, primarily in the United States operating segment, due to the sale of T-Mobile Netherlands, and due to the offsetting effect of the remeasurement of the lease liabilities of the GD tower companies. The modification of the arrangement also increased property, plant and equipment and other financial liabilities by EUR 0.8 billion each for contractual components that, due to their financing character, do not fall under the scope of IFRS 16.

For more information on the modification of the arrangements between T-Mobile US and Crown Castle, and on the remeasurement of the lease liabilities of the GD tower companies, please refer to the section "Right-of-use assets."

Consideration for the acquisition of broadcasting rights is paid by Deutsche Telekom in accordance with the terms of the contract on the date of its conclusion or spread over the term of the contract. Financial liabilities of EUR 0.3 billion were recognized in the reporting period for future consideration for acquired broadcasting rights (prior-year period: EUR 0.4 billion). The payment of the consideration will be recognized in net cash used in/from financing activities.

In the United States operating segment, EUR 0.3 billion was recognized for mobile terminal equipment under property, plant and equipment in the reporting period (prior-year period: EUR 0.9 billion). This relates to the terminal equipment lease model at T-Mobile US, under which customers do not purchase the devices but lease them. The cash outflows are presented under net cash from operating activities. The decline was primarily due to the withdrawal from the terminal equipment lease model.

Segment reporting

The following table gives an overall summary of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first three quarters of 2022 and 2021.

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

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

As a result of the agreement concluded on July 13, 2022, the **GD tower companies**, which operate the cell tower business in Germany and Austria in the Group Development operating segment, are recognized in the interim consolidated financial statements as a discontinued operation. As of the third quarter of 2022, the prior-year comparatives were adjusted retrospectively.

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

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 three quarters

millions of €

		Comparative period						Reporting date		
		Net revenue	Inter-segment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets[a]	Segment liabilities[a]	Investments accounted for using the equity method[a]
Germany	Q1-Q3 2022	17,702	443	18,145	5,662	(2,990)	(3)	50,701	34,484	990
	Q1-Q3 2021	17,270	493	17,763	3,748	(3,000)	(12)	46,535	33,188	33
United States	Q1-Q3 2022	55,630	6	55,636	4,480	(14,158)	(850)	238,615	159,492	396
	Q1-Q3 2021	49,514	2	49,516	5,971	(13,761)	(40)	196,781	129,522	323
Europe	Q1-Q3 2022	8,100	159	8,259	1,450	(1,829)	(8)	22,869	7,887	55
	Q1-Q3 2021	8,237	166	8,403	1,463	(1,913)	(3)	24,135	8,284	54
Systems Solutions	Q1-Q3 2022	2,284	512	2,796	(18)	(171)	(49)	4,144	3,492	25
	Q1-Q3 2021	2,262	541	2,803	(135)	(183)	(71)	3,993	3,503	23
Group Development	Q1-Q3 2022	753	656	1,409	1,688	(194)	0	6,636	4,293	361
	Q1-Q3 2021	1,731	618	2,349	766	(613)	0	10,700	6,587	491
Group Headquarters & Group Services	Q1-Q3 2022	144	1,658	1,802	(1,163)	(1,075)	(30)	39,440	57,996	15
	Q1-Q3 2021	150	1,763	1,913	(1,127)	(1,051)	(15)	38,851	58,470	14
Total from continuing operations and the discontinued operation	**Q1-Q3 2022**	**84,613**	**3,434**	**88,047**	**12,099**	**(20,417)**	**(940)**	**362,405**	**267,644**	**1,842**
	Q1-Q3 2021	**79,164**	**3,584**	**82,747**	**10,686**	**(20,521)**	**(141)**	**320,995**	**239,554**	**938**
Reconciliation	Q1-Q3 2022	0	(3,434)	(3,434)	(14)	1	(1)	(41,048)	(40,763)	(1)
	Q1-Q3 2021	0	(3,584)	(3,584)	(14)	36	1	(39,368)	(39,395)	0
Consolidated total from continuing operations and the discontinued operation	**Q1-Q3 2022**	**84,613**	**0**	**84,613**	**12,085**	**(20,416)**	**(941)**	**321,357**	**226,881**	**1,841**
	Q1-Q3 2021	**79,164**	**0**	**79,164**	**10,672**	**(20,485)**	**(140)**	**281,627**	**200,159**	**938**
Discontinued operation	Q1-Q3 2022	(160)	(698)	(858)	(509)	192	0	n.a.	n.a.	n.a.
	Q1-Q3 2021	(150)	(660)	(810)	(364)	280	0	n.a.	n.a.	n.a.
Reconciliation	Q1-Q3 2022	0	698	698	0	0	0	n.a.	n.a.	n.a.
	Q1-Q3 2021	0	660	660	0	0	0	n.a.	n.a.	n.a.
Group total	**Q1-Q3 2022**	**84,453**	**0**	**84,453**	**11,576**	**(20,225)**	**(941)**	**321,357**	**226,881**	**1,841**
	Q1-Q3 2021	**79,014**	**0**	**79,014**	**10,308**	**(20,204)**	**(140)**	**281,627**	**200,159**	**938**

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

Contingencies

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

Claims relating to charges for the shared use of cable ducts. In the claims filed by Vodafone Deutschland GmbH and Vodafone Hessen et al. (now Vodafone West GmbH) against Telekom Deutschland GmbH alleging excessive charges for the use of cable ducts, which were referred by the Federal Court of Justice back to the responsible Higher Regional Courts, the plaintiff Vodafone Deutschland GmbH has since updated its demand for relief, which it now puts at approximately EUR 749 million plus interest for the period from January 2012 to December 2021. The plaintiff Vodafone West GmbH has also updated its demand for relief, which it now puts at around EUR 418 million plus interest for the period from January 2016 to August 2022. It is currently not possible to estimate the financial impact with sufficient certainty.

Proceedings against T-Mobile US in consequence of the cyberattack on T-Mobile US. As a result of the August 2021 cyberattack, numerous consumer class actions, including mass arbitration claims, were filed against T-Mobile US and a derivative action was filed against the members of the Board of Directors of T-Mobile US and against T-Mobile US as nominal defendant. The derivative action filed in November 2021 has since been withdrawn.

In September 2022, a further purported shareholder filed a new derivative action against the members of the Board of Directors of T-Mobile US and against T-Mobile US as nominal defendant alleging claims for breach of fiduciary duties relating to the company's cybersecurity practices. It is currently not possible to estimate the resultant financial risk with sufficient certainty.

On July 22, 2022, T-Mobile US entered into an agreement to settle the consumer class action in the Federal Court for USD 350 million (EUR 331 million). In addition, T-Mobile US has committed to spending a total of USD 150 million (EUR 142 million) in 2022 and 2023 on data security and related technologies. The settlement is subject to final court approval. T-Mobile US expects that the settlement of the consumer class action, if approved by the court, together with further settlements already or still to be concluded with consumers, will satisfy essentially all claims asserted to date by current, former, and potential customers affected by the cyberattack in 2021. T-Mobile US has recognized corresponding provisions for risks in the statement of financial position of around USD 0.3 billion (around EUR 0.3 billion).

With regard to inquiries by various government agencies, law enforcement and other state authorities, T-Mobile US continues to give its full cooperation. At present the financial impact of these proceedings cannot be assessed with sufficient certainty.

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

Claims for damages against Deutsche Telekom AG, including due to insolvency of Phones4U. In connection with the case brought by the independent British mobile phone retailer Phones4U, which has been insolvent since 2014, the High Court of Justice in London heard testimony from several witnesses and experts in the period between mid-May and the end of July 2022 with a view to establishing the legal basis for a claim. Phones4U is still seeking damages in an as-yet undisclosed amount. It is still not possible to estimate the financial impact with sufficient certainty.

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

Other financial obligations

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

millions of €	Sept. 30, 2022
Purchase commitments regarding property, plant and equipment	8,085
Purchase commitments regarding intangible assets	5,062
Firm purchase commitments for inventories	8,034
Other purchase commitments and similar obligations	26,777
Payment obligations to the Civil Service Pension Fund	841
Obligations arising in connection with business combinations	188
Miscellaneous other obligations	54
	49,041

Other financial obligations include the figures for the discontinued operation GD Towers.

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 Sept. 30, 2022	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Sept. 30, 2022[b]
Assets								
Cash and cash equivalents	AC	8,497	8,497					
Trade receivables								
At amortized cost	AC	6,448	6,448					
At fair value through other comprehensive income	FVOCI	10,639			10,639			10,639
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	6,319	6,319					6,329
Of which: collateral paid	AC	1,220	1,220					
Of which: publicly funded projects	AC	2,023	2,023					
At fair value through other comprehensive income	FVOCI	0			0			0
At fair value through profit or loss	FVTPL	661				661		661
Equity instruments								
At fair value through other comprehensive income	FVOCI	556		556				556
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,894				1,894		1,894
Of which: termination rights embedded in bonds issued	FVTPL	82				82		82
Of which: energy forward agreements embedded in contracts	FVTPL	238				238		238
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	400				400		400
Derivatives with a hedging relationship	n.a.	1,566			1,389	177		1,566
Lease assets	n.a.	207					207	

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

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

millions of €

	Measurement category in accordance with IFRS 9	Carrying amount Sept. 30, 2022	Amounts recognized in the statement of financial position in accordance with IFRS 9				Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Sept. 30, 2022[b]
			Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]		
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	81	81					
Equity instruments within non-current assets and disposal groups held for sale	FVOCI	0		0				0
Liabilities								
Trade payables	AC	11,545	11,545					
Bonds and other securitized liabilities	AC	101,181	101,181					92,370
Liabilities to banks	AC	3,989	3,989					3,819
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,347	3,347					3,181
Other interest-bearing liabilities	AC	8,747	8,747					8,548
Of which: collateral received	AC	982	982					
Other non-interest-bearing liabilities	AC	2,185	2,185					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	6	6					
Lease liabilities	n.a.	42,833					42,833	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	442				442		442
Of which: energy forward agreements embedded in contracts	FVTPL	8				8		8
Derivatives with a hedging relationship	n.a.	2,495			128	2,367		2,495
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	2,457	2,457					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	21,345	21,345					6,329
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	10,639			10,639			10,639
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	556		556				556
Financial assets at fair value through profit or loss	FVTPL	2,558				2,558		2,558
Liabilities								
Financial liabilities at amortized cost	AC	133,451	133,451					107,918
Financial liabilities at fair value through profit or loss	FVTPL	442				442		442

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

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

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

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount Dec. 31, 2021	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2021[b]
Assets								
Cash and cash equivalents	AC	7,617	7,617					
Trade receivables								
At amortized cost	AC	5,814	5,814					
At fair value through other comprehensive income	FVOCI	9,486			9,486			9,486
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	5,224	5,224					5,252
Of which: collateral paid	AC	589	589					
Of which: publicly funded projects	AC	1,794	1,794					
At fair value through other comprehensive income	FVOCI	0			0			0
At fair value through profit or loss	FVTPL	233				233		233
Equity instruments								
At fair value through other comprehensive income	FVOCI	437		437				437
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,202				1,202		1,202
Of which: termination rights embedded in bonds issued	FVTPL	464				464		464
Of which: energy forward agreements embedded in contracts	FVTPL	191				191		191
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	264				264		264
Derivatives with a hedging relationship	n.a.	1,560			364	1,196		1,560
Lease assets	n.a.	228					228	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	428	428					
Equity instruments within non-current assets and disposal groups held for sale	FVOCI	29		29				29
Liabilities								
Trade payables	AC	10,452	10,452					
Bonds and other securitized liabilities	AC	93,857	93,857					103,397
Liabilities to banks	AC	4,003	4,003					4,090
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,248	3,248					3,389
Other interest-bearing liabilities	AC	7,826	7,826					7,886
Of which: collateral received	AC	1,616	1,616					
Other non-interest-bearing liabilities	AC	1,829	1,829					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	185	185					
Lease liabilities	n.a.	33,133					33,133	

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

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

millions of €

	Measurement category in accordance with IFRS 9	Carrying amount Dec. 31, 2021	Amounts recognized in the statement of financial position in accordance with IFRS 9				Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2021[b]
			Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]		
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	586				586		586
Of which: energy forward agreements embedded in contracts	FVTPL	7				7		7
Derivatives with a hedging relationship	n.a.	118			107	11		118
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	1,086	1,086					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	19,083	19,083					5,252
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	9,486			9,486			9,486
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	466		466				466
Financial assets at fair value through profit or loss	FVTPL	1,438				1,438		1,438
Liabilities								
Financial liabilities at amortized cost	AC	122,300	122,300					118,762
Financial liabilities at fair value through profit or loss	FVTPL	586				586		586

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

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

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

Disclosures on fair value

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

Financial instruments measured at fair value

millions of €

	Sept. 30, 2022				Dec. 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Trade receivables								
At fair value through other comprehensive income			10,639	**10,639**			9,486	**9,486**
At fair value through profit or loss			0	**0**			0	**0**
Other financial assets – Originated loans and other receivables								
At fair value through other comprehensive income			0	**0**			0	**0**
At fair value through profit or loss	220		441	**661**	145	77	10	**232**
Equity instruments								
At fair value through other comprehensive income	9		547	**556**	29		437	**466**
At fair value through profit or loss			3	**3**			3	**3**
Derivative financial assets								
Derivatives without a hedging relationship		1,551	343	**1,894**		286	916	**1,202**
Derivatives with a hedging relationship		1,566		**1,566**		1,560		**1,560**
Liabilities								
Derivative financial liabilities								
Derivatives without a hedging relationship		434	8	**442**		579	7	**586**
Derivatives with a hedging relationship		2,495		**2,495**		118		**118**

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

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

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

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

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

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

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets at fair value through profit or loss: stock options[a]	Derivative financial assets: energy forward agreements	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial assets at fair value through profit or loss: put option for shares[b]	Originated loans and other receivables at fair value through profit or loss: contingent consideration receivable
Carrying amount as of January 1, 2022	**437**	**464**	**222**	**191**	**(7)**	**22**	**0**
Additions (including first-time classification as Level 3)	58	10	0	0	0	0	455
Decreases in fair value recognized in profit/loss (including losses on disposal)	0	(438)	0	(152)	(7)	(12)	(41)
Increases in fair value recognized in profit/loss (including gains on disposal)	0	19	548	192	7	102	0
Decreases in fair value recognized directly in equity	(34)	0	0	0	0	0	0
Increases in fair value recognized directly in equity	108	0	0	0	0	0	0
Disposals (including last classification as Level 3)[c]	(29)	0	(770)	(37)	(1)	(112)	0
Currency translation effects recognized directly in equity	8	28	0	44	0	0	0
Carrying amount as of September 30, 2022	**548**	**82**	**0**	**238**	**(8)**	**0**	**414**

a The stock options were reclassified to Level 2 in the reporting period. For more details, please refer to the explanations below.

b The put option was derecognized in the reporting period. For more details, please refer to the explanations below.

c The disposals of stock options include the carrying amount of the options transferred from Level 3 (EUR 308 million).

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 522 million measured using the best information available at the reporting date. As a rule, Deutsche Telekom considers transactions involving shares in those companies to have the greatest relevance. Transactions involving shares in comparable companies are also considered. The proximity of the relevant transaction to the reporting date, and the question of whether it was conducted at arm's length, are relevant for deciding which information is used for the measurement. Furthermore, the degree of similarity between the object being measured and comparable companies must be taken into consideration. Based on Deutsche Telekom's own assessment, the fair values of the equity investments at the reporting date could be determined with sufficient reliability. For the development of the carrying amounts in the reporting period, please refer to the table above. At the reporting date, no investments were held for sale. In the case of investments with a carrying amount of EUR 246 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 September 30, 2022. In the case of investments with a carrying amount of EUR 9 million, an analysis of operational indicators (especially revenue, EBIT, and liquidity) revealed that the carrying amounts were equivalent to current fair values. Due to better comparability, previous arm's length transactions involving shares in these companies are preferable to more recent transactions involving shares in similar companies. In the case of investments with a carrying amount of EUR 267 million, for which the last arm's length transactions relating to shares in these companies took place further in the past, a measurement performed more recently relating to shares in similar companies provides the most reliable representation of the fair values. Here, multiples to the reference variable of expected revenue (ranging between 2.5 and 13.5) were taken. The 25 % quantile, the median, or the 75 % quantile was used for the multiples depending on the specific circumstances. If other values had been used for the multiples and for the expected revenue amounts, the calculated fair values would have been different. These hypothetical deviations (sensitivities) are shown in the table below. In addition, non-material individual items with a carrying amount of EUR 26 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 82 million when translated into euros. The options, which can be exercised by T-Mobile US at any time, allow early redemption of the bonds at fixed exercise prices. Observable market prices are available regularly and also at the reporting date for the bonds as entire instruments, but not for the options embedded therein. The termination rights are measured using an option pricing model. Historical interest rate volatilities of bonds issued by T-Mobile US and comparable issuers are used for the measurement because these provide a more reliable estimate at the reporting date than current market interest rate volatilities. The spread curve, which is also unobservable, was derived on the basis of current market prices of bonds issued by T-Mobile US and debt instruments of comparable issuers. Risk-free interest rates and spreads were simulated separately from each other. At the current reporting date, the following interest rate volatility and spreads were used for the various rating levels of the bonds:

Interest rate volatilities and spreads used by rating levels

%	Interest volatility (absolute figure)	Spread
BBB+	0.1 % – 0.2 %	0.4 % – 1.6 %
BBB-	0.2 % – 0.4 %	0.8 % – 2.8 %
BB+/BB	0.3 % – 0.6 %	1.5 % – 4.7 %

For the mean reversion input, which is unobservable, 3 % was used. In our opinion, the values used constitute the best estimate in each case. If other values had been used for interest rate volatility, spread curve, or mean reversion, the calculated fair values would have been different. These hypothetical deviations (sensitivities) are shown in the table below. If the risk-free interest rate had been 50 basis points higher (lower) at the reporting date, the fair value of the options would have been EUR 26 million lower (EUR 37 million higher). In the reporting period, a net expense of EUR 420 million when translated into euros was recognized under the Level 3 measurement in other financial income/expense for unrealized losses for the options in the portfolio at the reporting date. In the reporting period, no option was exercised. Please refer to the table above for the development of the carrying amounts in the reporting period. The changes in value recognized in profit or loss in the reporting period were mainly attributable to fluctuations in the interest rates and historical interest rate volatilities in absolute terms that are relevant for measurement. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

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

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets: energy forward agreements	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts	Originated loans and other receivables at fair value through profit or loss: contingent consideration receivable
Multiple next-level-up quantile	147				
Multiple next-level-down quantile	(115)				
Expected revenues +10 %	23				
Expected revenues -10 %	(29)				
Interest rate volatility[b] +10 %		2			
Interest rate volatility[b] -10 %		(1)			
Spread curve[c] +50 basis points		(30)			(9)
Spread curve[c] -50 basis points		48			9
Mean reversion[d] +100 basis points		(1)			
Mean reversion[d] -100 basis points		1			
Future energy prices +10 %			52	24	
Future energy prices -10 %			(52)	(24)	
Future energy output +5 %			42	9	
Future energy output -5 %			(42)	(9)	
Future prices for renewable energy credits[e] +100 %			10	5	
Future prices for renewable energy credits[e] from zero			(9)	(5)	
Planned fiber-optic build-out is completed one year earlier than expected					18
Planned fiber-optic build-out is completed one year later than expected					(19)
Actual fiber-optic build-out is 5 % higher than planned each year					41
Actual fiber-optic build-out is 5 % lower than planned each year					(41)

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

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

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

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

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

With a carrying amount of EUR 238 million when translated into euros, the derivatives without a hedging relationship assigned to Level 3 and carried under derivative financial assets relate to energy forward agreements embedded in contracts entered into by T-Mobile US. The same applies to derivative financial liabilities with a carrying amount of EUR 8 million when translated into euros. These agreements consist of two components: the energy forward agreement and the acquisition of renewable energy credits by T-Mobile US. In the case of one energy forward agreement, commercial operation is set to begin in 2024; with the others, it has already begun. Under the energy forward agreements, which are accounted for separately as derivatives, T-Mobile US receives variable amounts based on the actual energy output and the then current energy prices, and pays fixed amounts per unit of energy generated from the start of commercial operations throughout the term of the contract. The energy forward agreements are measured using valuation models because no observable market prices are available. The value of the derivatives is significantly influenced by the future energy output, the future energy prices on the relevant markets, and the future prices of renewable energy credits. The main contract parameters, including the assumptions made for unobservable parameters and periods, are set out in the following table. In our opinion, these assumptions made constitute the best estimate in each case. In the view of T-Mobile US, the contracts were entered into at current market conditions, and the most appropriate parameters for the unobservable inputs were used for measurement purposes. The transaction price at inception was zero in each case. Since the unobservable inputs have a significant influence on the measurement of the derivatives, the respective amount resulting from initial measurement (day 1 gain) – with the exception of the agreements concluded by Sprint that are explained below – was deferred on initial recognition. Instead, these day 1 gains are amortized in profit or loss on a straight-line basis over the period of commercial energy production. This amortization adjusts the effects from measuring the derivatives in each accounting period using the respective valuation models and updated parameters. All amounts from the measurement of the derivatives are presented in net terms per contract in the statement of financial position (derivative financial assets/liabilities) and in the income statement (other operating income/expenses). Sprint also has agreements of this kind in its portfolio. These were concluded before the business combination with T-Mobile US and, for these agreements too, unobservable inputs have a material influence on the measurement of the derivatives. However, under the requirements for business combinations, the respective amounts resulting from the measurement are recognized as derivative financial assets, as a result of which there are no amounts yet to be amortized for these agreements. On the following reporting dates, the effects from the periodic measurement of the derivatives will be recorded in full in the income statement (other operating expenses or other operating income). In addition, on June 28, 2022, agreements were concluded in Europe from which, however, no notable fluctuations in value are expected. As was already the case as of June 30, 2022, their total carrying amount as of September 30, 2022 amounted to less than EUR 1 million in total when translated into euros. Following a preliminary assessment as of June 30, 2022, it was expected that these agreements would result in a total day 1 gain of EUR 141 million. Meanwhile, however, the final assessment of the agreements found that the initial fair value corresponded to the transaction price of zero and consequently there was no day 1 gain. At the reporting date, the calculated fair value from Deutsche Telekom's perspective for all energy forward agreements concluded by Group companies and described above is positive and amounts to EUR 390 million when translated into euros. If other values had been used for future energy prices, future energy output, or future prices of renewable energy credits, the calculated fair values would have been different. These hypothetical deviations (sensitivities) are shown in the table above. In the reporting period, net income of EUR 48 million when translated into euros was recognized under the Level 3 measurement in other operating income/expense for unrealized gains for the derivatives for all the above energy forward agreements. Please refer to the corresponding table for the development of the carrying amounts in the reporting period. The market-price changes in the reporting period were largely attributable to changes in observable and unobservable energy prices and to interest rate effects. In addition, T-Mobile US recognized an impairment loss for a project which has not yet begun commercial operations because it is expected that the contractual conditions will have to be amended in favor of the other contracting party in order to ensure the realization of the project. The development of the day 1 gain yet to be amortized in the income statement in the reporting period is shown in the following table. The straight-line amortization of the day 1 gains through profit or loss over the period of commercial energy production amounts to a total of EUR 14 million per year when translated into euros. Due to their distinctiveness, the energy forward agreements constitute a separate class of financial instruments.

millions of €	United States	Other
Term of the contract from the start of commercial operation in years	12 to 15	15
End of the term of contracts for which commercial operation has already begun	2029 to 2035	n.a.
Expected energy output in GWh per year	4,057	196
Expected energy prices per MWh for the unobservable portion of the term in €		44 to 155
On-peak (i.e., times of relatively high energy demand) in €	31 to 98	
Off-peak (i.e., times of relatively low energy demand) in €	25 to 77	
On-peak/off-peak ratio	52 %	
Length of time in years, for which energy prices are regularly observable	up to 10	around 3
Length of time in years, for which the prices of renewable energy credits are regularly observable	around 3	n.a.

The derivative financial assets include acquired stock options to purchase shares in T-Mobile US with a carrying amount of EUR 378 million when translated into euros. 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. Due to a contractual adjustment in the reporting period, no share price volatilities calculated based on historic figures are now included in the measurement. In addition to the share price already observable on the market and the risk-free interest rates, only observable current market volatilities are now used. The figure used for the share price volatility at the current reporting date was 30.2 %. Due to the exclusive use of observable input parameters, the options had to be transferred from Level 3 to Level 2 of the fair value hierarchy in the reporting period. Due to their distinctiveness, these instruments constitute a separate class of financial instruments. The transaction price at inception was zero. Since the unobservable inputs had 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 was previously amortized in profit or loss over the lifetime of the options. With the assignment of the options to Level 2 of the fair value hierarchy, the remaining measurement amount not yet amortized of EUR 84 million had to be recognized in full in profit or loss. This amortization adjusted 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, the risk-free interest rate, and the volatility. In the reporting period, net income of EUR 331 million when translated into euros was recognized under the Level 3 measurement in other financial income/expense for realized gains and EUR 217 million for unrealized gains for the options. The stock options were partially exercised in the reporting period. The development of the carrying amount is shown in the table above. The fair value of the stock options did not change materially between June 30, 2022 and the time of their transfer, and the measurement effect resulting from their transfer was immaterial. The development of the amount to be amortized in the income statement in the reporting period is shown in the following table.

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

The put option acquired by DIV II in 2021 to purchase shares in Cellnex Netherlands B.V. was no longer recognized as a derivative financial asset as of the reporting date. This is because, following the loss of control over DIV II on August 2, 2022, Deutsche Telekom deconsolidated that entity, through which the shares in Cellnex Netherlands B.V. had previously been indirectly included in the consolidated financial statements using the equity method. The fair value of the put option did not change materially between June 30, 2022 and the date of derecognition. The development of the carrying amount of the put option is shown in the above table. The development of the amount to be amortized in the income statement in the reporting period is shown in the following table.

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

Development of the not yet amortized amounts

millions of €

	Energy forward agreements[a]	Stock options[b]	Put option for shares[c]
Measurement amounts on initial recognition	**173**	**1,005**	**129**
Measurement amounts on initial recognition (additions during the reporting period)	0	0	0
Measurement amounts amortized in profit or loss in prior periods	(29)	(328)	(19)
Measurement amounts amortized in profit or loss in the current reporting period	(9)	(122)	(19)
Currency translation adjustments	25	(49)	0
Disposals in prior periods	0	(372)	0
Disposals in the current reporting period	0	(134)	(91)
Measurement amounts not amortized as of September 30, 2022	**160**	**0**	**0**

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

[b] The stock options were reclassified to Level 2 in the reporting period. For more details, please refer to the explanations above.

[c] The put option was derecognized in the reporting period. For more details, please refer to the explanations above.

The financial assets assigned to Level 3 (originated loans and other receivables) include the contingent consideration receivable from the sale of a 50 % stake in GlasfaserPlus with a carrying amount of EUR 414 million, which arises in stages upon achieving certain fiber-optic build-out milestones and is measured at fair value through profit or loss. Deutsche Telekom measures this receivable on the basis of GlasfaserPlus' current build-out plans. At the current reporting date, it can be assumed that payments will fall due from 2025 to 2028. The spread of the debtor IFM constitutes an unobservable input; at the current reporting date, values of between 1.8 % and 2.1 % were used for the discounting of the individual payments. In our opinion, the assumptions used constitute the best estimate in each case. If other assumptions had been used for the amount and due dates of the payments and for the spread, the calculated fair value would have been different. These hypothetical deviations (sensitivities) are shown in the table above. In the reporting period, a net expense of EUR 40 million was recognized under the Level 3 measurement of the receivable in other operating income/expense for unrealized discounting effects. Please refer to the table above for the development of the carrying amounts in the reporting period. The market-price change in the reporting period is largely attributable to an increase in the interest rates that are relevant for measurement. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments. The other financial assets assigned to Level 3 (originated loans and other receivables) with a carrying amount of EUR 25 million relate to immaterial items for which no significant volatility in fair value is to be expected.

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

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

The financial assets measured at fair value through profit or loss and assigned to Level 3 include additional options acquired from third parties for the purchase of company shares, with a carrying amount of EUR 22 million. No notable fluctuations in value are expected from these individual items. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

Disclosures on credit risk

In line with the contractual provisions, in the event of insolvency, all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. The net amounts are normally recalculated every bank working day and offset against each other. When the netting of the positive and negative fair values of all derivatives was positive from Deutsche Telekom's perspective, Deutsche Telekom received unrestricted cash collateral from counterparties pursuant to collateral agreements in the amount of EUR 982 million (December 31, 2021: EUR 1,616 million). The credit risk was thus reduced by EUR 905 million (December 31, 2021: EUR 1,590 million) because, on the reporting date, the cash collateral received was offset by corresponding net derivative positions in the same amount. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 2,738 million as of the reporting date (December 31, 2021: EUR 1,844 million) had a residual credit risk of EUR 7 million as of September 30, 2022 (December 31, 2021: EUR 13 million).

When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral in the amount of EUR 1,134 million as of the reporting date (December 31, 2021: EUR 423 million) to counterparties pursuant to collateral agreements. The cash collateral paid is offset by corresponding net derivative positions of EUR 1,075 million at the reporting date (December 31, 2021: EUR 423 million), which is why it was not exposed to any credit risks in this amount.

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

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

In connection with auctions for the acquisition of spectrum licenses, subsidiaries of Deutsche Telekom have deposited additional cash collateral of EUR 2 million when translated into euros (December 31, 2021: EUR 90 million). At the reporting date, cash and cash equivalents of EUR 84 million (December 31, 2021: EUR 76 million) when translated into euros were pledged as cash collateral for liabilities issued by Sprint with the right of creditors to priority repayment in the event of default. This cash collateral is not exposed to any significant credit risk.

Related-party disclosures

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

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

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

Associate. In August and September 2022, Digital Transformation Capital Partners (DTCP Infra) admitted new investors to the investment company Digital Infrastructure Vehicle II SCSp SICAV-RAIF (DIV II). As a result, Deutsche Telekom's share in DIV II decreased from 66.67 % to 41.25 %. Since the deconsolidation, the stake retained by the Group has been included in the consolidated financial statements as an associate using the equity method. There are plans to admit further investors. In the future, Deutsche Telekom's stake is expected to fall to around 25 %, in line with the target structure.

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

Executive bodies

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

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

Events after the reporting period

T-Mobile US share buy-back program continued. In the period from October 1, 2022 to October 20, 2022, T-Mobile US bought back around 6.0 million additional shares with a total volume of USD 0.8 billion (EUR 0.8 billion) under the share buy-back program.

For further information on the share buy-back program at T-Mobile US, please refer to the section "Changes in the composition of the Group and other transactions."

Issue of asset-backed securities by T-Mobile US. On October 12, 2022, T-Mobile US issued asset-backed securities (ABS notes) with a total volume of USD 0.8 billion (EUR 0.8 billion). The securities are backed with around USD 1.0 billion (EUR 1.1 billion) by receivables from equipment installment plans.

Agreement of a credit facility by T-Mobile US. On October 17, 2022, T-Mobile US agreed a revolving credit facility for a total of USD 7.5 billion (EUR 7.7 billion) with multiple banks. The new agreement replaces the previous agreement from April 1, 2020 and runs until October 2027.

Responsibility statement

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

Bonn, November 10, 2022

Deutsche Telekom AG
The Board of Management

Timotheus Höttges

Adel Al-Saleh	Birgit Bohle	Srini Gopalan	Dr. Christian P. Illek
Thorsten Langheim	Dominique Leroy	Claudia Nemat	

Review report

To Deutsche Telekom AG, Bonn

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

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

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

Düsseldorf, November 10, 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christoph Schenk
Wirtschaftsprüfer
(German Public Auditor)

Marion Lammers
Wirtschaftsprüferin
(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
Q1-Q3 2021/September 30, 2021 Presentation as of September 30, 2021 – as reported							
Germany	17,835	3,743	7,115	(2,998)	(12)	47,921	35,051
United States	49,933	5,971	17,215	(13,761)	(40)	188,530	123,228
Europe	8,456	1,463	3,046	(1,913)	(3)	24,885	8,604
Systems Solutions	2,992	(129)	215	(185)	(71)	4,135	3,632
Group Development	2,349	766	975	(613)	0	10,458	12,310
Group Headquarters & Group Services	1,913	(1,127)	(191)	(1,051)	(15)	47,649	61,874
Total	**83,478**	**10,687**	**28,375**	**(20,521)**	**(141)**	**323,578**	**244,699**
Reconciliation	(3,619)	(15)	(50)	36	1	(50,223)	(50,204)
Group	**79,860**	**10,672**	**28,323**	**(20,485)**	**(140)**	**273,355**	**194,495**
Q1-Q3 2021/September 30, 2021 +/- reassignment of the security business as of July 1, 2022							
Germany	134	5	13	(2)	0	123	115
United States	0	0	0	0	0	0	0
Europe	0	0	0	0	0	0	0
Systems Solutions	(157)	(6)	(13)	2	0	(120)	(113)
Group Development	0	0	0	0	0	0	0
Group Headquarters & Group Services	0	0	0	0	0	0	0
Total	**(22)**	**(1)**	**0**	**0**	**0**	**2**	**2**
Reconciliation	23	1	0	0	0	(2)	(2)
Group	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Q1-Q3 2021/September 30, 2021 +/- change in principal/agent disclosure as of July 1, 2022							
Germany	(206)	0	0	0	0	0	0
United States	(417)	0	0	0	0	0	0
Europe	(53)	0	0	0	0	0	0
Systems Solutions	(32)	0	0	0	0	0	0
Group Development	0	0	0	0	0	0	0
Group Headquarters & Group Services	0	0	0	0	0	0	0
Total	**(709)**	**0**	**0**	**0**	**0**	**0**	**0**
Reconciliation	12	0	0	0	0	0	0
Group	**(696)**	**0**	**0**	**0**	**0**	**0**	**0**
Q1-Q3 2021/September 30, 2021 = presentation following change in disclosure (management approach)[a]							
Germany	17,763	3,748	7,128	(3,000)	(12)	48,044	35,166
United States	49,516	5,971	17,215	(13,761)	(40)	188,530	123,228
Europe	8,403	1,463	3,046	(1,913)	(3)	24,885	8,604
Systems Solutions	2,803	(135)	202	(183)	(71)	4,015	3,519
Group Development	2,349	766	975	(613)	0	10,458	12,310
Group Headquarters & Group Services	1,913	(1,127)	(191)	(1,051)	(15)	47,649	61,874
Total	**82,747**	**10,686**	**28,373**	**(20,521)**	**(141)**	**323,580**	**244,701**
Reconciliation	(3,584)	(14)	(50)	36	1	(50,225)	(50,206)
Group	**79,164**	**10,672**	**28,323**	**(20,485)**	**(140)**	**273,355**	**194,495**

[a] The GD Towers entity has been recognized in the interim consolidated financial statements as a discontinued operation since the third quarter of 2022. In accordance with the management approach, we present the reconciliation including the contributions by GD Towers under the Group Development operating segment. For information on the agreement with DigitalBridge and Brookfield on GD Towers, and on the presentation of GD Towers according to the management approach, please refer to the section "Group organization, strategy, and management" in the interim Group management report and the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

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

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

millions of €

					Reconciliation to organic figures		Organic change		
	Q1-Q3 2022	Q1-Q3 2021	Change	Change %	Recon-ciliation Q1-Q3 2021	Of which: exchange rate effects	Organic Q1-Q3 2021	Change	Change %
Net revenue	**84,613**	**79,164**	**5,449**	**6.9**	**4,948**	**6,221**	**84,112**	**501**	**0.6**
Germany	18,145	17,763	382	2.2	11	8	17,774	371	2.1
United States	55,636	49,516	6,120	12.4	6,410	6,252	55,925	(290)	(0.5)
Europe	8,259	8,403	(144)	(1.7)	(502)	(81)	7,901	358	4.5
Systems Solutions	2,796	2,803	(7)	(0.2)	5	42	2,809	(12)	(0.4)
Group Development	1,409	2,349	(940)	(40.0)	(1,024)	0	1,326	83	6.3
Group Headquarters & Group Services	1,802	1,913	(111)	(5.8)	39	0	1,952	(150)	(7.7)
EBITDA AL	**27,085**	**26,313**	**772**	**2.9**	**1,342**	**1,929**	**27,655**	**(570)**	**(2.1)**
Germany	8,634	6,733	1,901	28.2	1	2	6,734	1,900	28.2
United States	13,872	15,660	(1,788)	(11.4)	1,982	1,941	17,642	(3,770)	(21.4)
Europe	3,016	3,101	(85)	(2.7)	(125)	(21)	2,976	40	1.3
Systems Solutions	123	39	84	n.a.	46	4	85	39	45.6
Group Development	1,747	1,135	612	53.9	(565)	0	571	1,177	n.a.
Group Headquarters & Group Services	(291)	(304)	13	4.3	(11)	(5)	(315)	24	7.5
EBITDA AL (adjusted for special factors)	**30,244**	**28,323**	**1,921**	**6.8**	**1,707**	**2,158**	**30,030**	**215**	**0.7**
Germany	7,358	7,128	230	3.2	1	2	7,129	229	3.2
United States	19,198	17,215	1,983	11.5	2,210	2,168	19,424	(226)	(1.2)
Europe	3,007	3,046	(39)	(1.3)	(150)	(22)	2,895	112	3.9
Systems Solutions	230	202	28	13.9	7	7	208	21	10.2
Group Development	740	975	(235)	(24.1)	(363)	0	611	129	21.1
Group Headquarters & Group Services	(274)	(191)	(83)	(43.5)	(11)	(5)	(202)	(71)	(35.3)

[a] The GD Towers entity has been recognized in the interim consolidated financial statements as a discontinued operation since the third quarter of 2022. In accordance with the management approach, we present the reconciliation for the organic development including the contributions by GD Towers in the Group Development operating segment. For information on the agreement with DigitalBridge and Brookfield on GD Towers, and on the presentation of GD Towers according to the management approach, please refer to the section "Group organization, strategy, and management" in the interim Group management report and the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

[b] The prior-year comparatives were adjusted retrospectively to take account of changes to the principal/agent policy regarding the recognition of gross and net revenues as of the third quarter of 2022.

Glossary

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

Disclaimer

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

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

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

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

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

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

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

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

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

Financial calendar

November 10, 2022	February 23, 2023	April 5, 2023
Publication of the Interim Group Report as of September 30, 2022	Press conference on Deutsche Telekom's financial statements for the 2022 financial year and publication of the 2022 Annual Report	2023 shareholders' meeting

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

All dates are subject to change.

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

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This Interim Group Report is available online.

Our Annual Report is available online.

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