Interim Group management report

Group organization, strategy, and management

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

Strategic measures to secure long-term control of T-Mobile US. On September 6, 2021, Deutsche Telekom followed up on its announcement from the Capital Markets Day in May 2021 with strategic action to increase its stake in T-Mobile US in a move that secures the existing control over the U.S. subsidiary and full consolidation in the long term. Deutsche Telekom also confirms the medium-term outlook for the Group communicated at the Capital Markets Day 2021, including its goal of increasing adjusted earnings per share to more than EUR 1.75 per share by 2024.

Increase in Deutsche Telekom's stake in T-Mobile US in a deal positioning SoftBank as a new shareholder and strategic partner. In the deal signed between Deutsche Telekom and SoftBank on September 6, 2021, Deutsche Telekom acquired a total of around 45.4 million T-Mobile US shares from SoftBank. To this end Deutsche Telekom exercised, on September 23, 2021, a portion of the stock options it had received from SoftBank in June 2020 to buy shares in T-Mobile US. SoftBank received in return 225 million new shares in Deutsche Telekom AG from the 2017 Authorized Capital. The capital increase against a non-cash contribution amounted to EUR 576 million. The capital increase of Deutsche Telekom AG was carried out with effect upon entry into the commercial register on September 28, 2021. As a result of this transaction, SoftBank has become a shareholder in Deutsche Telekom AG with around 4.5 % of the outstanding shares. In connection with the exercise of the existing stock options, the weighted average price for the total around 45.4 million T-Mobile US shares acquired as part of this share swap calculates to around USD 118 per T-Mobile US share. For the 225 million Deutsche Telekom shares received by SoftBank, which are subject to a lock-up until 2024, the two companies agreed a value of EUR 20 per share. This capital increase against a non-cash contribution brings the number of outstanding shares of Deutsche Telekom AG up from 4,761 million shares to 4,986 million shares. Upon its completion, the transaction raised Deutsche Telekom's stake in T-Mobile US by 3.6 percentage points to 46.8 %. 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, 2021. The aim is to support SoftBank in their efforts to take a seat on Deutsche Telekom AG's Supervisory Board in the future.

Deutsche Telekom is also weighing plans to invest up to USD 2.4 billion of the proceeds from the agreed sale of T-Mobile Netherlands to exercise further stock options to purchase around 20 million T-Mobile US shares. This will further increase its stake in T-Mobile US by approximately 1.6 percentage points, bringing its total stake to around 48.4 %. Deutsche Telekom and SoftBank have also agreed a new strategic partnership that will position Deutsche Telekom as a major European partner in the SoftBank ecosystem.

Agreed sale of T-Mobile Netherlands. In the second deal also signed on September 6, 2021, Deutsche Telekom and Tele2 agreed to sell our subsidiary T-Mobile Netherlands to WP/AP Telecom Holdings IV, a private equity consortium advised by Apax Partners and Warburg Pincus. The transaction brings to a close the review of strategic options regarding T-Mobile Netherlands announced at the Capital Markets Day 2021. The preliminary sale price is based on an enterprise value of EUR 5.1 billion. The cash inflow – based on our shareholding of 75 % – is expected to be around EUR 3.8 billion. Deutsche Telekom is weighing plans to invest a portion of the cash proceeds from the sale to further increase its stake in T-Mobile US. The transaction is subject to approval by the authorities as well as other closing conditions. The assets and liabilities of T-Mobile Netherlands as of September 30, 2021 are reported in our consolidated statement of financial position as "held for sale." The closing of the transaction is expected to be completed at the latest by the first quarter of 2022.

Acquisition of Shentel. On May 28, 2021, a purchase agreement was signed between T-Mobile US and Shenandoah Personal Communications Company (Shentel) – a local provider of mobile network products in certain regions of some U.S. states – for the acquisition of assets and liabilities directly associated with the wireless telecommunications operation of Shentel. The transaction was consummated on July 1, 2021 after obtaining the necessary approvals from the regulatory authorities and satisfying the other closing conditions. A preliminary purchase price has been set of USD 1.9 billion (EUR 1.6 billion).

Sale of Telekom Romania Communications. On November 6, 2020, OTE concluded an agreement with Orange Romania concerning the sale of its 54 % stake in Telekom Romania Communications (TKR), which operates the Romanian fixed-network business, to Orange Romania. The transaction was approved by the authorities and then consummated on September 30, 2021. The purchase price is EUR 296 million. The net deconsolidation gain/loss resulting from the sale is immaterial from a Group perspective. TKR's 30 % stake in Telekom Romania Mobile Communications was acquired by OTE on September 9, 2021 as previously agreed for a purchase price of EUR 59 million.

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

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

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

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

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

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

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

The economic environment

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

Macroeconomic development

The global economy saw a marked recovery as coronavirus restrictions have been eased. In the October 2021 update to its outlook, the International Monetary Fund (IMF) announced it expected the global economy to expand by 5.9 % in 2021, followed by growth of 4.9 % in 2022.

For the German economy, the IMF expects GDP to grow by 3.1 % in the current year. The business climate in the information and communications technology (ICT) sector remains bright. Although the Bitkom-ifo-Digitalindex, calculated on the basis of the business situation and expectations, declined slightly quarter-on-quarter in the third quarter of 2021, it remains at a high level both overall and compared to the economy as a whole.

The economies of our core markets in North America and Europe, too, will expand this year, with the IMF predicting growth of 6.0 % in the U.S. economy and of 5.0 % in the eurozone. However, with upstream products becoming more expensive, the rates of inflation have risen sharply on both sides of the Atlantic.

Outlook

The U.S. economy had already returned to its pre-pandemic level in the second quarter of 2021. This economic growth is expected to be tempered in the second half of the year by labor shortages and delivery bottlenecks. The eurozone is showing signs of a sustained recovery throughout the second half of 2021, although delivery bottlenecks are dampening industrial activity. Economic output in the eurozone is also on track to be back at its pre-pandemic level by the year-end.

Overall economic risks

Apart from the prevailing uncertainty relating to the further course of the coronavirus pandemic, a further risk is that enduring delivery bottlenecks, labor shortages, and rising energy prices will dampen the economic recovery. Accelerating inflation, too, may prove to be a persistent exacerbating factor rather than a passing phenomenon. Further risks to economic development arise from the smoldering trade conflicts between the United States and China, as well as from other geopolitical risks.

Regulation

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

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

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

usage charges. This step will also reduce the costs for network operators of using in-house networks. Greece and Hungary have already transposed the EECC into national law, while the lawmaking process is still ongoing in the Netherlands and the Czech Republic.

Bundesnetzagentur presents draft decision for FTTH network regulation. On October 11, 2021, the Bundesnetzagentur presented its draft decision on the future regulation of access to Deutsche Telekom's copper and fiber-optic network. The draft contains proposals for easing FTTH network regulation, which would put an end to "ex ante" and access regulation. 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 would have access to the same material and human resources as Deutsche Telekom's sales teams. The Bundesnetzagentur further proposes to abolish the traditional "ex-ante" regulation of layer 2 (VDSL) products and tie charges to a disclosure obligation. The draft decision also includes the requirement for Deutsche Telekom to grant access to cable ducts and operational support systems. The period for responses to the draft decision ends on November 15, 2021. The Bundesnetzagentur is expected to notify the European Commission of the draft in January 2022.

German court overturns approval under merger control law for the joint venture Glasfaser Nordwest. Deutsche Telekom and EWE founded the joint venture Glasfaser Nordwest in 2020. The aim of the joint venture is to provide up to 1.5 million households and business locations with fast internet. If the Düsseldorf Higher Regional Court's decision of September 22, 2021 becomes final, the case will be referred back to the Bundeskartellamt for a new decision on approval and any further conditions. The joint venture can continue building out FTTH in the interim. Deutsche Telekom has lodged a complaint against the decision of the Düsseldorf Higher Regional Court to not allow an appeal.

Bundesnetzagentur's security catalog classes operators of public telecommunications networks for the first time as having an increased risk potential. On August 25, 2021, the Bundesnetzagentur determined new security requirements for operators of public telecommunications networks. Under the IT Security Act 2.0 (IT-Sicherheitsgesetz 2.0) critical components are subject to special legal requirements, such as mandatory certification.

> For further information on the Bundesnetzagentur's TKG security catalog, please refer to the section "Risks and opportunities – Risks relating to strategic transformation and integration."

Awarding of spectrum

The assignment phase of the C-band auction (3.7 to 4.2 GHz) in the United States ended on February 17, 2021. On February 24, 2021, the FCC announced the number of licenses obtained by participating companies. Verizon paid around USD 45 billion for 3,511 licenses, AT&T over USD 23 billion for 1,621 licenses, and T-Mobile US USD 9.3 billion for 142 licenses. A total of 280 MHz was sold at the C-band auction. The new license holders must make relocation payments over the next three years to cover the transfer of licenses from the former holders. The payments T-Mobile US will have to make are expected to amount to USD 1.2 billion. In the United States, the 3.45 GHz auction began on October 5, 2021 to award a total of 100 MHz of spectrum in the 3,450 to 3,550 MHz band. In Hungary, proceedings to re-award 900 and 1,800 MHz spectrum licenses that are due to expire in 2022 were held on January 28, 2021 and concluded the same day. Magyar Telekom acquired 2x 8 MHz and 2x 20 MHz in the respective bands for a total price of EUR 123 million (when translated into euros). On August 12, 2021, Hrvatski Telekom in Croatia acquired spectrum in the 700; 3,400 to 3,800; and 26,000 MHz bands for a total purchase price of EUR 17.4 million.

As previously, Poland has made no further announcements regarding a new start date for the postponed auction for 3,400 to 3,800 MHz. The process is being held up by incomplete legislative procedures. Further four 80 MHz licenses are expected to be awarded. All further details of the auction are pending. Romania plans to hold a large spectrum auction for the 800; 2,600; and 3,400 to 3,800 MHz bands, which is expected to take place in winter 2021/spring 2022. The 5G spectrum in the 700 MHz and 1,500 MHz bands will now be awarded in a separate award procedure which is expected to follow in the second half of 2022. A decision was made to extend the 2,100 MHz spectrum licenses through 2030 with processing due to be completed by the end of 2021. The Slovakian regulatory authority is preparing to allocate the 3,400 to 3,800 MHz band, which will become available for mobile broadband usage in 2024. It has begun a corresponding public consultation. In the meantime, the previously unused 2,600 MHz TDD band (50 MHz) has been added to the spectrum award planning. The auction has now been put back until next year.

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

Main spectrum awards

	Expected start of award procedure	Expected end of award procedure	Frequency ranges (MHz)	Award procedure	Updated information
Croatia		Completed	700 / 3,400–3,800 / 26,000	Auction (sequential SMRA[a])	Ended on August 12, 2021. Total investment of EUR 17.4 million Further award expected in 2022.
Poland	Q1 2022	Q2 2022	3,400–3,800	Auction (SMRA[a]), 4x 80 MHz blocks, capped at 80 MHz	New start delayed further due to political discussions on national security guidelines (Cyber Security Act).
Poland	Q3 2022	Q4 2022	700 / 2,100 / 26,000	Auction, details tbd	Plans for all bands still unclear due to discussions on award models, 700 MHz border coordination talks with Russia at a standstill.
Romania	Q4 2021	Q1 2022	800 / 2,100 / 2,600 / 3,400–3,800	Auction (tender award), capped at 2x 20 MHz < 1 GHz and 120 MHz in 3.4–3.8 GHz band	Procedure expected by Q1 2022. Extension of 2,100 MHz licenses through 2030 approved, effective end of 2021.
Romania	H2 2022	H2 2022	700 / 1,500	Auction, details tbd	
Slovakia	Q2 2022	H2 2022	3,400–3,800 / 2,600 (TDD)	Auction (SMRA[a]), terms of use tbd, capped at 100 MHz	Second consultation scheduled for Q4 2021 to finalize rules. Significant reduction of starting prices expected. Auction expected to start in April 2022.
Czech Republic	Q3 2023	Q1 2024	900 / 1,800 / 2,100	Extension expected	TMCZ's 900 / 1,800 MHz GSM license and 2,100 MHz UMTS license will expire in 2024.
United States	Started	Q4 2021/ Q1 2022	3,450–3,550	Auction (ascending clock auction[b])	Start: Oct. 5, 2021
United States	H1 2022	H1 2022	2,500–2,700	Auction, details tbd	Public consultation in progress.

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

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

Development of business in the Group

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

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

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

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

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

Results of operations of the Group

Net revenue

In the first three quarters of 2021, we generated net revenue of EUR 79.9 billion, which was up 8.8 % or EUR 6.5 billion year-on-year. In organic terms, i.e., assuming a comparable composition of the Group in the prior-year period and excluding exchange rate effects, revenue developed positively, with growth of EUR 4.0 billion or 5.3 %. For a comparison on an organic basis, net revenue in the prior-year period was raised by EUR 5.6 billion to account for effects of changes in the composition of the Group – primarily from the acquisition of Sprint, the disposal of Sprint's prepaid business to DISH and the acquisition of Shentel in the United States operating segment – and net exchange rate effects of EUR -3.0 billion were taken into account.

Our United States operating segment in particular contributed to the positive revenue trend with an increase of 13.4 %. In organic terms, i.e., adjusted for the effect of the acquisition of Sprint and assuming constant exchange rates, revenue increased by 7.1 % year-on-year due to both higher service revenues and higher terminal equipment revenues. Revenue in our home market of Germany was up on the prior-year level, increasing by 1.8 %. This was mainly driven by broadband revenue growth and a rise in terminal equipment sales both in the fixed network and in mobile communications. In the first three quarters of 2021, the Europe operating segment recorded a revenue increase of 1.3 %. In organic terms, i.e., assuming constant exchange rates, revenue increased by 1.9 %. Organic growth was mainly driven by the strong performance of the mobile business, especially the increase in higher-margin service revenues, as well as slight increases in roaming and visitor revenues, and higher revenues from terminal equipment sales. By contrast, the fixed-network business recorded stable revenues. Revenue in our Systems Solutions operating segment was down 2.9 % year-on-year. This decrease was mainly driven by the expected decline in traditional IT infrastructure business, due in part to targeted business decisions such as the reduction in end-user services. By contrast, our growth areas grew significantly, especially public cloud, digital solutions, and road charging. Revenue in our Group Development operating segment increased by 9.7 %. In organic terms, i.e., adjusted for the sale of the Dutch cell tower business, the reassignment of the Austrian cell tower business, as well as the acquisition of the Dutch MVNO and SIM provider Simpel, revenue increased by 4.3 %. This revenue increase resulted from the operational and structural growth of our two business units T-Mobile Netherlands and GD Towers, which includes DFMG and the Austrian cell tower business.

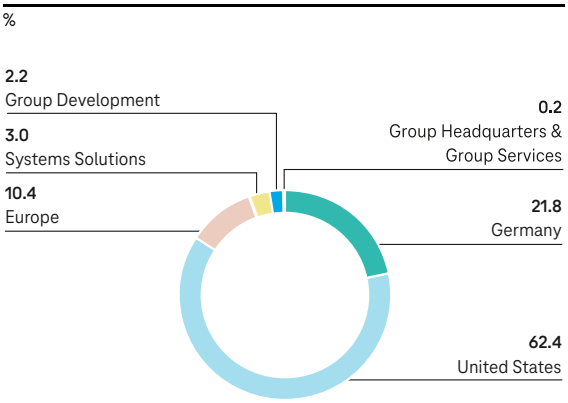
For further information on revenue development in our segments, please refer to the section "Development of business in the operating segments."

Contribution of the segments to net revenue

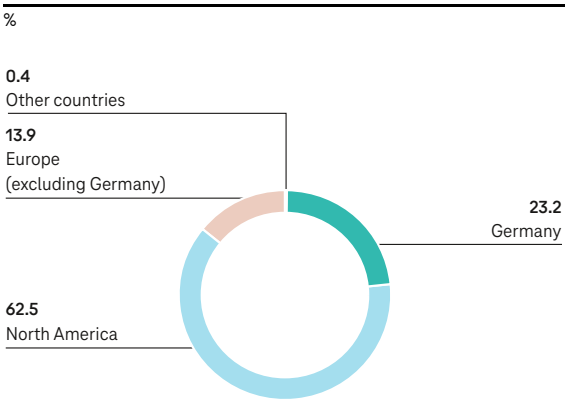
millions of €

	Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Net revenue	**26,390**	**26,593**	**26,877**	**26,393**	**1.8**	**79,860**	**73,377**	**8.8**	**100,999**
Germany	5,942	5,903	5,990	5,842	2.5	17,835	17,525	1.8	23,790
United States	16,483	16,643	16,807	16,569	1.4	49,933	44,024	13.4	61,208
Europe	2,729	2,823	2,905	2,880	0.9	8,456	8,344	1.3	11,335
Systems Solutions	1,015	1,006	971	955	1.7	2,992	3,082	(2.9)	4,159
Group Development	782	780	787	719	9.5	2,349	2,142	9.7	2,883
Group Headquarters & Group Services	625	671	617	625	(1.3)	1,913	1,910	0.2	2,556
Intersegment revenue	(1,186)	(1,232)	(1,200)	(1,197)	(0.3)	(3,619)	(3,651)	0.9	(4,932)

Contribution of the segments to net revenue[a]



Breakdown of revenue by region



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

At 62.4 %, our United States operating segment provided by far the largest contribution to net revenue of the Group and thanks to the acquisition of Sprint was up 2.4 percentage points against the level in the prior-year period. In this connection, the proportion of net revenue generated internationally also increased significantly from 75.3 % to 76.8 %.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased year-on-year by EUR 2.3 billion or 8.7 % to EUR 28.3 billion in the first three quarters of 2021. In organic terms, adjusted EBITDA AL increased by EUR 0.8 billion or 3.0 %. For a comparison on an organic basis, adjusted EBITDA AL in the prior-year period was raised by EUR 2.5 billion to account for effects of changes in the composition of the Group – primarily from the acquisition of Sprint and the disposal of Sprint's prepaid business to DISH in the United States operating segment – and net exchange rate effects of EUR -1.1 billion were taken into account.

All operating segments made a positive contribution to this development. Adjusted EBITDA AL of our United States operating segment increased significantly as a result of the business combination of T-Mobile US and Sprint, among other factors. In organic terms, i.e., adjusted for the effect of the acquisition of Sprint and assuming constant exchange rates, adjusted EBITDA AL increased by 1.9 % year-on-year. Adjusted EBITDA AL increased primarily due to higher service revenues and equipment revenues as discussed above. This was offset by negative effects of the initiated withdrawal from the terminal equipment lease model in the United States and higher operational expenses – primarily in connection with the acquisition of Sprint. Our Germany operating segment contributed to the increase thanks to high-value revenue growth and improved cost efficiency with 3.7 % higher adjusted EBITDA AL. Adjusted EBITDA AL in our Europe operating segment increased by 3.1 %. In organic terms, i.e., assuming constant exchange rates and adjusted for the transfer of the Austrian cell tower business to the Group Development operating segment, adjusted EBITDA AL increased by 5.0 %. In addition to the positive revenue effects, savings in indirect costs also contributed to this development. In our Systems Solutions operating segment, adjusted EBITDA AL increased by 3.9 %. 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. Adjusted EBITDA AL in our Group Development operating segment increased by 16.6 % year-on-year; in organic terms, it grew by 10.6 %. This growth was attributable to the positive revenue trend at T-Mobile Netherlands, the acquisition of Simpel, and efficient cost management at T-Mobile Netherlands. The GD Towers business posted consistent growth on the back of rising volumes and was further strengthened by the transfer of the Austrian cell tower business.

Contribution of the segments to adjusted Group EBITDA AL

millions of €

	Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
EBITDA AL (adjusted for special factors) in the Group	**9,245**	**9,418**	**9,661**	**9,692**	**(0.3)**	**28,323**	**26,065**	**8.7**	**35,017**
Germany	2,305	2,354	2,456	2,364	3.9	7,115	6,864	3.7	9,188
United States	5,706	5,737	5,771	5,994	(3.7)	17,215	15,458	11.4	20,997
Europe	946	994	1,105	1,064	3.9	3,046	2,953	3.1	3,910
Systems Solutions	62	72	80	77	3.9	215	207	3.9	279
Group Development	316	318	340	284	19.7	975	836	16.6	1,101
Group Headquarters & Group Services	(84)	(21)	(86)	(90)	4.4	(191)	(220)	13.2	(429)
Reconciliation	(7)	(37)	(5)	0	n.a.	(50)	(32)	(56.2)	(28)

EBITDA AL increased by EUR 2.7 billion or 11.3 % year-on-year to EUR 26.3 billion, with special factors changing from EUR -2.4 billion to EUR -2.0 billion. Expenses incurred in connection with staff-related measures decreased from EUR 0.9 billion in the prior-year period by EUR 0.5 billion to EUR 0.4 billion. Part of this decrease was attributable to the reversal of other provisions for personnel costs, which had been recognized by OTE in 2010 and 2011 in connection with an additional payment to the Greek social insurance fund IKA-ETAM, as a result of corresponding proceedings concluded in September 2021. Net expenses of EUR 1.5 billion were recorded as special factors under effects of deconsolidations, disposals, and acquisitions. EUR 0.9 billion of the expenses mainly related to acquisition and integration costs as well as restructuring costs to realize cost efficiencies from the business combination of T-Mobile US and Sprint. A further EUR 0.6 billion related to a reduction in the useful life of leased network technology for cell sites in the United States. In the prior-year period, net expenses of EUR 1.1 billion were recorded as special factors under effects of deconsolidations, disposals, and acquisitions. These also mainly related to the business combination with Sprint. In addition, in the Group Development operating segment, EBITDA AL was influenced by net positive special factors of EUR 0.2 billion, which mainly related to the gain on deconsolidation due to the sale of the Dutch cell tower business. In the prior year, expenses of EUR 0.5 billion mainly in connection with the coronavirus pandemic were recorded under other special factors affecting EBITDA AL in the United States operating segment.

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

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

millions of €

	Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
EBITDA	10,361	10,469	10,468	10,615	(1.4)	31,298	27,581	13.5	38,633
Depreciation of right-of-use assets[a]	(1,284)	(1,399)	(1,470)	(1,264)	(16.3)	(4,154)	(3,311)	(25.5)	(4,530)
Interest expenses on recognized lease liabilities[a]	(279)	(277)	(274)	(219)	(25.1)	(830)	(632)	(31.3)	(925)
EBITDA AL	**8,798**	**8,793**	**8,723**	**9,133**	**(4.5)**	**26,313**	**23,638**	**11.3**	**33,178**
Special factors affecting EBITDA AL	(447)	(625)	(938)	(560)	(67.5)	(2,010)	(2,427)	17.2	(1,839)
EBITDA AL (adjusted for special factors)	**9,245**	**9,418**	**9,661**	**9,692**	**(0.3)**	**28,323**	**26,065**	**8.7**	**35,017**

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

EBIT

Group EBIT increased from EUR 8.7 billion to EUR 10.7 billion, up EUR 2.0 billion or 22.6 % against the prior-year period. This increase is partly due to the effects described under adjusted EBITDA AL and EBITDA AL. At EUR 20.6 billion, depreciation, amortization and impairment losses were EUR 1.7 billion higher than in the prior-year period. This increase is mainly attributable to Sprint, which has been included since April 1, 2020. Furthermore, 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 0.6 billion. Impairment losses decreased from EUR 0.7 billion to EUR 0.1 billion. Of the prior-year figure, a total of EUR 0.5 billion related to the Systems Solutions operating segment and the Group Headquarters & Group Services segment, and EUR 0.2 billion to the Europe operating segment. The impairment losses recognized in the first three quarters of 2021 related to the Systems Solutions operating segment and the Group Headquarters & Group Services segment. These impairment losses were primarily a consequence of the impairment testing carried out in the Systems Solutions cash-generating unit in the third quarter of the prior year.

Profit before income taxes

Profit before income taxes increased by EUR 1.5 billion or 27.4 % to EUR 7.0 billion. The loss from financial activities increased from EUR 3.2 billion in the first nine months of 2020 to EUR 3.7 billion, with finance costs increasing by EUR 0.4 billion to EUR 3.5 billion, mainly due to the financial liabilities assumed in connection with the acquisition of Sprint and the related restructuring and increase in financing. Other financial expense increased slightly year-on-year to EUR 0.2 billion. On the one hand, interest income from the measurement of provisions and liabilities increased, in particular in the Group Headquarters & Group Services segment by EUR 0.5 billion. On the other, gains/losses (net) from financial instruments decreased by EUR 0.5 billion, due in part to negative measurement effects resulting, among other factors, from embedded derivatives at T-Mobile US and from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future. And in part, net positive measurement effects resulted from the amortization and subsequent measurement of the stock options received from SoftBank in June 2020 to purchase shares in T-Mobile US.

Net profit, adjusted net profit

Net profit increased year-on-year by EUR 1.2 billion to EUR 3.7 billion. The tax expense increased by EUR 0.3 billion to EUR 1.7 billion. Profit attributable to non-controlling interests remained stable at EUR 1.6 billion and mainly relates to our United States operating segment. Excluding special factors, which had a negative overall effect of EUR 0.9 billion on net profit, adjusted net profit in the first nine months of 2021 amounted to EUR 4.6 billion, up EUR 0.6 billion against the prior-year period.

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

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

millions of €

	Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Net profit (loss)	**936**	**1,879**	**889**	**817**	**8.8**	**3,705**	**2,487**	**49.0**	**4,158**
Special factors affecting EBITDA AL	(447)	(625)	(938)	(560)	(67.5)	(2,010)	(2,427)	17.2	(1,839)
Staff-related measures	(171)	(268)	0	(289)	100.0	(439)	(893)	50.8	(1,268)
Non-staff-related restructuring	(5)	(5)	(4)	(6)	33.3	(14)	(22)	36.4	(32)
Effects of deconsolidations, disposals and acquisitions	(245)	(346)	(868)	(293)	n.a.	(1,460)	(1,093)	(33.6)	(1,655)
Reversals of impairment losses	0	0	0	50	(100.0)	0	50	(100.0)	1,655
Other	(26)	(5)	(66)	(22)	n.a.	(97)	(470)	79.4	(539)
Special factors affecting net profit	182	391	514	(133)	n.a.	1,087	843	28.9	283
Impairment losses	(70)	(61)	(38)	(630)	94.0	(170)	(630)	73.0	(656)
Profit (loss) from financial activities	(12)	1	0	0	n.a.	(10)	(28)	64.3	(25)
Income taxes	130	234	259	386	(32.9)	624	878	(28.9)	730
Non-controlling interests	134	217	293	111	n.a.	644	623	3.4	234
Special factors	**(265)**	**(234)**	**(423)**	**(692)**	**38.9**	**(923)**	**(1,584)**	**41.7**	**(1,557)**
Net profit (loss) (adjusted for special factors)	**1,201**	**2,113**	**1,313**	**1,509**	**(13.0)**	**4,627**	**4,072**	**13.6**	**5,715**

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 4,766 million as of September 30, 2021. This resulted in earnings per share of EUR 0.78, compared with EUR 0.52 in the prior-year period. Earnings per share adjusted for special factors affecting net profit amounted to EUR 0.97 compared with EUR 0.86 in the prior-year period.

Special factors

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

millions of €

	EBITDA AL Q1-Q3 2021	EBIT Q1-Q3 2021	EBITDA AL Q1-Q3 2020	EBIT Q1-Q3 2020	EBITDA AL FY 2020	EBIT FY 2020
EBITDA AL/EBIT	**26,313**	**10,672**	**23,638**	**8,704**	**33,178**	**12,804**
Germany	**(390)**	**(390)**	**(536)**	**(588)**	**(752)**	**(805)**
Staff-related measures	(310)	(310)	(475)	(475)	(676)	(676)
Non-staff-related restructuring	(9)	(9)	(13)	(13)	(18)	(18)
Effects of deconsolidations, disposals and acquisitions	(2)	(2)	(25)	(25)	(18)	(18)
Impairment losses	0	0	0	(52)	0	(52)
Other	(70)	(70)	(23)	(23)	(40)	(40)
United States	**(1,555)**	**(1,613)**	**(1,407)**	**(1,407)**	**(370)**	**(370)**
Staff-related measures	(15)	(15)	(32)	(32)	(32)	(32)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(1,540)	(1,540)	(955)	(955)	(1,522)	(1,522)
Impairment losses	0	(58)	0	0	0	0
Reversals of impairment losses	0	0	0	0	1,604	1,604
Other	0	0	(420)	(420)	(420)	(420)
Europe	**55**	**55**	**(60)**	**(220)**	**(188)**	**(374)**
Staff-related measures	101	101	(99)	(99)	(181)	(181)
Non-staff-related restructuring	(1)	(1)	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(38)	(38)	(2)	(2)	(6)	(6)
Impairment losses	0	0	0	(160)	0	(186)
Reversals of impairment losses	0	0	50	50	50	50
Other	(8)	(8)	(9)	(9)	(51)	(51)
Systems Solutions	**(168)**	**(238)**	**(157)**	**(530)**	**(209)**	**(582)**
Staff-related measures	(109)	(109)	(129)	(129)	(167)	(167)
Non-staff-related restructuring	(2)	(2)	(2)	(2)	(3)	(3)
Effects of deconsolidations, disposals and acquisitions	(39)	(39)	0	0	0	0
Impairment losses	0	(71)	0	(373)	0	(373)
Other	(18)	(18)	(26)	(26)	(39)	(39)
Group Development	**161**	**161**	**(55)**	**(55)**	**(43)**	**(43)**
Staff-related measures	(7)	(7)	(9)	(9)	(11)	(11)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	170	170	(45)	(45)	(30)	(30)
Impairment losses	0	0	0	0	0	0
Other	(2)	(2)	(2)	(2)	(2)	(2)
Group Headquarters & Group Services	**(113)**	**(127)**	**(214)**	**(258)**	**(277)**	**(322)**
Staff-related measures	(99)	(99)	(149)	(149)	(201)	(201)
Non-staff-related restructuring	(2)	(2)	(7)	(7)	(11)	(11)
Effects of deconsolidations, disposals and acquisitions	(12)	(12)	(67)	(67)	(78)	(78)
Impairment losses	0	(14)	0	(44)	0	(44)
Other	0	0	10	10	14	14

millions of €

	EBITDA AL Q1-Q3 2021	EBIT Q1-Q3 2021	EBITDA AL Q1-Q3 2020	EBIT Q1-Q3 2020	EBITDA AL FY 2020	EBIT FY 2020
Group	**(2,010)**	**(2,152)**	**(2,427)**	**(3,058)**	**(1,839)**	**(2,496)**
Staff-related measures	(439)	(439)	(893)	(893)	(1,268)	(1,268)
Non-staff-related restructuring	(14)	(14)	(22)	(22)	(32)	(32)
Effects of deconsolidations, disposals and acquisitions	(1,460)	(1,460)	(1,093)	(1,093)	(1,655)	(1,655)
Impairment losses	0	(142)	0	(630)	0	(656)
Reversals of impairment losses	0	0	50	50	1,655	1,655
Other	(97)	(97)	(470)	(470)	(539)	(539)
EBITDA AL/EBIT (adjusted for special factors)	**28,323**	**12,824**	**26,065**	**11,762**	**35,017**	**15,300**
Profit (loss) from financial activities (adjusted for special factors)		(3,623)		(3,176)		(4,103)
Profit (loss) before income taxes (adjusted for special factors)		**9,202**		**8,586**		**11,197**
Income taxes (adjusted for special factors)		(2,352)		(2,342)		(2,659)
Profit (loss) (adjusted for special factors)		**6,850**		**6,245**		**8,538**
Profit (loss) (adjusted for special factors) attributable to						
Owners of the parent (net profit (loss)) (adjusted for special factors)		4,627		4,072		5,715
Non-controlling interests (adjusted for special factors)		2,223		2,173		2,823

Employees

Headcount development

	Sept. 30, 2021	Dec. 31, 2020	Change	Change %
FTEs in the Group	**216,265**	**226,291**	**(10,026)**	**(4.4)**
Of which: civil servants (in Germany, with an active service relationship)	9,766	10,583	(817)	(7.7)
Germany[a]	61,153	66,348	(5,195)	(7.8)
United States	69,868	71,303	(1,435)	(2.0)
Europe	35,563	41,272	(5,709)	(13.8)
Systems Solutions	27,383	28,098	(715)	(2.5)
Group Development	2,703	2,684	19	0.7
Group Headquarters & Group Services[a]	19,595	16,585	3,010	18.1

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

The Group's headcount decreased by 4.4 % compared with the end of 2020. The number of employees in our Germany operating segment decreased by 7.8 % against year-end 2020, mainly as a result of the reassignment of employees to the Group Headquarters & Group Services segment in connection with reorganization measures at Deutsche Telekom IT. Employees also continued to take up socially responsible instruments as part of staff restructuring activities, such as dedicated retirement and phased retirement. The total number of full-time equivalent employees in the United States operating segment decreased by 2.0 % compared to December 31, 2020 due to seasonality. In our Europe operating segment, the headcount was down 13.8 % compared with the end of the prior year. As a result of the sale of the fixed-network business in Romania, the number of employees was reduced by around 3.5 thousand as of September 30, 2021. The headcount in our Systems Solutions operating segment was down 2.5 % against year-end 2020, primarily as a result of efficiency enhancement measures (-1.1 %) and the sale of a business operation (-1.4 %). In the Group Development operating segment, the slight increase of 0.7 % in the number of employees can be attributed to the insourcing of activities previously carried out externally to achieve cost savings at T-Mobile Netherlands. The number of employees in the Group Headquarters & Group Services segment was up 18.1 % compared with the end of 2020, mainly due to the aforementioned reassignment of employees from the Germany operating segment.

Financial position of the Group

Condensed consolidated statement of financial position

millions of €

	Sept. 30, 2021	%	Dec. 31, 2020	%	Sept. 30, 2020
Assets					
Cash and cash equivalents	6,337	2.3	12,939	4.9	10,642
Trade receivables	14,110	5.2	13,523	5.1	12,960
Intangible assets	130,709	47.8	118,066	44.6	120,873
Property, plant and equipment	60,072	22.0	60,975	23.0	61,594
Right-of-use assets	30,807	11.3	30,302	11.4	31,756
Current and non-current financial assets	8,357	3.1	9,640	3.6	9,293
Deferred tax assets	7,514	2.7	7,972	3.0	7,861
Non-current assets and disposal groups held for sale	4,559	1.7	1,113	0.4	44
Other assets	10,890	4.0	10,387	3.9	10,269
Total assets	**273,355**	**100.0**	**264,917**	**100.0**	**265,292**
Liabilities and shareholders' equity					
Current and non-current financial liabilities	108,921	39.8	107,108	40.4	107,856
Current and non-current lease liabilities	32,806	12.0	32,715	12.3	33,853
Trade and other payables	8,235	3.0	9,760	3.7	8,318
Provisions for pensions and other employee benefits	6,445	2.4	7,684	2.9	8,481
Current and non-current other provisions	8,777	3.2	9,033	3.4	8,508
Deferred tax liabilities	18,908	6.9	17,260	6.5	17,706
Liabilities directly associated with non-current assets and disposal groups held for sale	1,274	0.5	449	0.2	0
Other liabilities	9,128	3.3	8,358	3.2	8,536
Shareholders' equity	78,861	28.8	72,550	27.4	72,034
Total liabilities and shareholders' equity	**273,355**	**100.0**	**264,917**	**100.0**	**265,292**

Total assets/total liabilities and shareholders' equity amounted to EUR 273.4 billion as of September 30, 2021, up by EUR 8.4 billion against December 31, 2020. This increase is mainly attributable to investments in intangible assets for spectrum acquisition in the United States operating segment. Positive exchange rate effects and effects of changes in the composition of the Group, mainly from the first-time inclusion of Shentel, acquired by T-Mobile US, also increased the carrying amount. This effect was offset in part by a decline in cash and cash equivalents.

On the assets side, **trade receivables** amounted to EUR 14.1 billion, up by EUR 0.6 billion against the 2020 year-end. The increase resulted from higher receivables in the United States operating segment due to the reporting date and exchange rate effects. Lower receivables in the Group Development operating segment, primarily as a result of the reclassification of T-Mobile Netherlands' assets to non-current assets and disposal groups held for sale in connection with the agreed sale, and in the Germany operating segment had an offsetting effect.

Intangible assets and **property, plant and equipment** increased by EUR 11.7 billion to EUR 190.8 billion in total. This is mainly due to the conclusion of the C-band auction in the United States, at which T-Mobile US purchased 142 licenses for around EUR 7.8 billion (USD 9.3 billion) and made initial "relocation payments" of EUR 0.2 billion to relocate incumbent licensees. Furthermore, in the Europe operating segment, T-Mobile Czech Republic purchased 5G licenses for EUR 0.1 billion at auction in November 2020. In Hungary, proceedings to re-award 900 and 1,800 MHz spectrum licenses were held on January 28, 2021 and concluded the same day. Magyar Telekom acquired spectrum licenses for EUR 0.1 billion. Capital expenditure to upgrade and build out the network and acquire mobile terminal equipment in our United States operating segment and in connection with the broadband/fiber-optic build-out and mobile infrastructure in the Germany and Europe operating segments also increased the carrying amount. Positive exchange rate effects of EUR 7.5 billion and effects of changes in the composition of the Group of EUR 1.6 billion, mainly from the first-time inclusion of Shentel, acquired by T-Mobile US, also increased the carrying amount. Depreciation, amortization and impairment losses reduced the net carrying amounts by EUR 16.0 billion in total. The reclassification of T-Mobile Netherlands's assets, in connection with the agreed sale, to non-current assets and disposal groups held for sale and disposals reduced the carrying amounts by EUR 2.9 billion and EUR 1.3 billion respectively.

> For further information on the acquisition of Shentel and the agreed sale of T-Mobile Netherlands, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

Right-of-use assets increased by EUR 0.5 billion year-on-year to EUR 30.8 billion, mainly due to the following effects: The carrying amount was increased by additions of EUR 4.3 billion, partly as a result of a sale-and-leaseback transaction concluded after the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund, and by positive exchange rate effects of EUR 1.5 billion and effects of changes in the composition of the Group, mainly in connection with the acquisition of Shentel, of EUR 0.3 billion. The carrying amount was decreased by depreciation, amortization, and impairment losses of EUR 4.6 billion. This included a EUR 0.6 billion increase in depreciation and amortization due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint. The reclassification of T-Mobile Netherlands's assets to non-current assets and disposal groups held for sale in the amount of EUR 0.5 billion and disposals of EUR 0.2 billion also reduced the carrying amount.

> For further information on these business transactions and others, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

Current and non-current financial assets decreased by EUR 1.3 billion to EUR 8.4 billion. The carrying amount of derivatives with a hedging relationship decreased by EUR 0.5 billion to EUR 1.6 billion, mainly due to the decrease in positive fair values from interest rate swaps in fair value hedges, which is primarily the result of a rise in the interest rate level. The carrying amount of derivatives without a hedging relationship decreased by a net effect of EUR 0.7 billion to EUR 1.3 billion. Taking into account the partial exercising of the stock options received from SoftBank in June 2020 to purchase shares in T-Mobile US, as well as measurement effects due to the negative development of the T-Mobile US share price, the carrying amount of these stock options decreased by EUR 0.5 billion compared with December 31, 2020. Negative measurement effects also resulted from the subsequent measurement of embedded derivatives at T-Mobile US and arose in part in connection with the premature repayment of bonds. By contrast, the carrying amount was increased by positive measurement effects of EUR 0.2 billion from energy forward agreements embedded in contracts and of EUR 0.2 billion from receivables from grants still to be received from funding projects for the broadband build-out in Germany.

Non-current assets and disposal groups held for sale increased by EUR 3.4 billion compared with December 31, 2020 to EUR 4.6 billion. Of this increase, EUR 4.5 billion resulted from the reclassification of T-Mobile Netherlands' assets in connection with the sale agreed on September 6, 2021. By contrast, the sale of the Dutch company T-Mobile Infra as of June 1, 2021 and of Telekom Romania Communications as of September 30, 2021 in particular had decreasing effects on the carrying amount of EUR 0.4 billion and EUR 0.6 billion respectively.

> For further information on these business transactions and others, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

Other assets increased by EUR 0.5 billion to EUR 10.9 billion, primarily due to the increase in the carrying amount of investments accounted for using the equity method, mainly as a result of the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund. As a result of the transaction, 37.65 % of the shares in Cellnex NL with a carrying amount of EUR 0.4 billion were included in the Group Development operating segment in the consolidated financial statements using the equity method. Exchange rate effects also increased the carrying amount.

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

On the liabilities and shareholders' equity side, **current and non-current financial liabilities** increased by EUR 1.8 billion compared with the end of 2020 to a total of EUR 108.9 billion. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 3.6 billion. T-Mobile US issued senior notes in the first nine months of 2021 with a total volume of USD 11.8 billion (EUR 9.8 billion) and made early repayments on bonds with a total volume of USD 5.8 billion (EUR 4.9 billion). Furthermore, bonds with a volume of USD 2.3 billion (EUR 1.9 billion) were repaid on schedule by T-Mobile US, and euro bonds with a volume of EUR 1.7 billion and U.S. dollar bonds with a volume of USD 0.3 billion (EUR 0.2 billion) were repaid on schedule in the Group. The carrying amount of liabilities to banks decreased by EUR 1.4 billion compared with December 31, 2020. Financial liabilities decreased by EUR 0.2 billion in connection with collateral received for derivative financial instruments.

Current and non-current lease liabilities increased by EUR 0.1 billion to EUR 32.8 billion compared with December 31, 2020. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 1.6 billion. Effects of changes in the composition of the Group, mainly from the first-time inclusion of Shentel, acquired by T-Mobile US, also increased the carrying amount. This was offset in particular by the decommissioning of former Sprint cell sites and the closure of some former Sprint shops in the United States operating segment and by an advance payment for the lease of sites of EUR 0.9 billion made by T-Mobile US to a U.S. cell tower company in September 2021 in connection with a change to the existing lease agreed in the reporting period.

Trade and other payables decreased by EUR 1.5 billion to EUR 8.2 billion, due in particular to lower liabilities to terminal equipment vendors and declines in liabilities for purchased services in the United States operating segment. In addition, liabilities in the Group Development operating segment decreased as a result of the reclassification of T-Mobile Netherlands' liabilities. Liabilities also decreased in the Europe operating segment. By contrast, exchange rate effects, primarily from the translation of U.S. dollars into euros, increased the carrying amount.

Provisions for pensions and other employee benefits decreased by EUR 1.2 billion compared with December 31, 2020 to EUR 6.4 billion, mainly due to an increase in the share prices of plan assets and interest rate adjustments. All this resulted in an actuarial gain of EUR 1.1 billion from the remeasurement of defined benefit plans to be recognized directly in equity.

Liabilities directly associated with non-current assets and disposal groups held for sale increased by EUR 0.8 billion against December 31, 2020 to EUR 1.3 billion. Of this increase, EUR 1.3 billion resulted from the reclassification of T-Mobile Netherlands' liabilities in connection with the agreed sale. By contrast, the sale of the Dutch company T-Mobile Infra as of June 1, 2021 and of Telekom Romania Communications as of September 30, 2021 in particular had decreasing effects on the carrying amounts of EUR 0.2 billion and EUR 0.3 billion respectively.

> For further information on these business transactions and others, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

Other liabilities increased by EUR 0.8 billion compared to December 31, 2020 to EUR 9.1 billion, mainly due to an increase of EUR 0.4 billion in other liabilities, partly in connection with grants still to be received from funding projects for the broadband build-out in Germany as well as exchange rate effects.

Shareholders' equity increased from EUR 72.6 billion as of December 31, 2020 to EUR 78.9 billion. This growth was attributable to profit of EUR 5.3 billion and to the increase in other comprehensive income of EUR 4.9 billion. Shareholders' equity was reduced in connection with dividend payments for the 2020 financial year to Deutsche Telekom AG shareholders in the amount of EUR 2.8 billion and to other shareholders of subsidiaries in the amount of EUR 0.2 billion. The carrying amount of shareholders' equity also decreased by a net EUR 0.8 billion due to the acquisition of T-Mobile US shares by way of a capital increase against a non-cash contribution. This acquisition of T-Mobile US shares by way of a capital increase against a non-cash contribution increased Deutsche Telekom AG's stake in T-Mobile US by 3.6 percentage points to 46.8 %. Taking into account a fair value of EUR 0.8 billion for the exercised stock options, which were recognized directly in equity as part of the consideration paid to SoftBank, the issued capital and reserves attributable to owners of the parent increased by a total of EUR 1.5 billion, while those attributable to non-controlling interests decreased by EUR 2.4 billion. As a result, the share of profit and consequently earnings per share attributable to the owners of the parent increased. Changes in the composition of the Group – mainly due to the sale of Telekom Romania Communications in the Europe operating segment – of EUR 0.2 billion and transactions with owners of EUR 0.1 billion decreased the carrying amount.

> 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

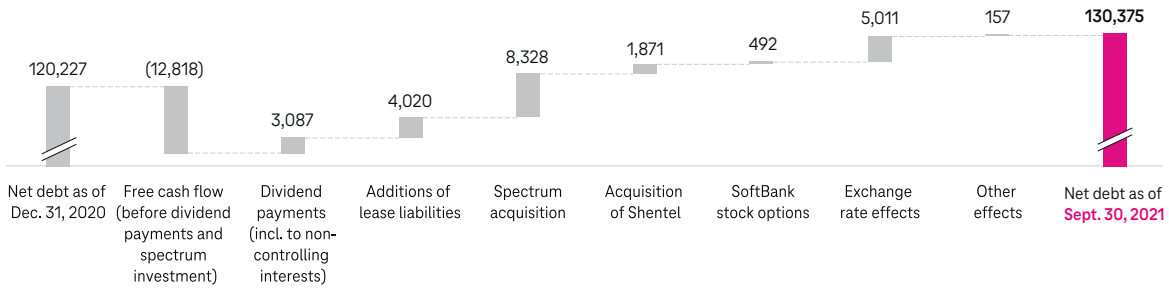
millions of €

	Sept. 30, 2021	Dec. 31, 2020	Change	Change %	Sept. 30, 2020
Bonds and other securitized liabilities	91,645	87,702	3,943	4.5	86,758
Liabilities to banks	3,896	5,257	(1,361)	(25.9)	4,893
Other financial liabilities	13,380	14,149	(769)	(5.4)	16,205
Lease liabilities[a]	33,458	32,715	743	2.3	33,853
Financial liabilities and lease liabilities	**142,379**	**139,823**	**2,556**	**1.8**	**141,708**
Accrued interest	(1,159)	(1,035)	(124)	(12.0)	(1,115)
Other	(798)	(703)	(95)	(13.5)	(721)
Gross debt	**140,422**	**138,085**	**2,337**	**1.7**	**139,872**
Cash and cash equivalents	6,337	12,939	(6,602)	(51.0)	10,642
Derivative financial assets	2,823	4,038	(1,215)	(30.1)	4,342
Other financial assets	887	881	6	0.7	367
Net debt	**130,375**	**120,227**	**10,148**	**8.4**	**124,521**

[a] Including the lease liabilities of T-Mobile Netherlands included under liabilities directly associated with non-current assets and disposal groups held for sale as of September 30, 2021.

Changes in net debt

millions of €



Other effects of EUR 157 million include, among other factors, the recognition of liabilities for the acquisition of broadcasting rights.

Calculation of free cash flow AL

millions of €

	Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Net cash from operating activities	**8,307**	**8,080**	**9,233**	**7,338**	**25.8**	**25,620**	**16,445**	**55.8**	**23,743**
Interest payments for zero-coupon bonds	0	0	0	0	n.a.	0	1,600	(100.0)	1,600
Termination of forward-payer swaps at T-Mobile US	0	0	0	0	n.a.	0	2,158	(100.0)	2,158
Net cash from operating activities[a]	**8,307**	**8,080**	**9,233**	**7,338**	**25.8**	**25,620**	**20,203**	**26.8**	**27,501**
Cash capex	(12,272)	(4,322)	(4,666)	(4,763)	2.0	(21,260)	(12,880)	(65.1)	(18,694)
Spectrum investment	7,989	35	304	273	11.4	8,328	1,368	n.a.	1,714
Cash capex (before spectrum investment)	**(4,283)**	**(4,287)**	**(4,362)**	**(4,490)**	**2.9**	**(12,932)**	**(11,512)**	**(12.3)**	**(16,980)**
Proceeds from the disposal of intangible assets (excluding goodwill) and property, plant and equipment	48	58	25	49	(49.0)	130	176	(26.1)	236
Free cash flow (before dividend payments and spectrum investment)[a]	**4,072**	**3,851**	**4,895**	**2,897**	**69.0**	**12,818**	**8,867**	**44.6**	**10,756**
Principal portion of repayment of lease liabilities[b]	(1,487)	(1,085)	(1,955)	(1,263)	(54.8)	(4,528)	(3,521)	(28.6)	(4,468)
Free cash flow AL (before dividend payments and spectrum investment)[a]	**2,585**	**2,766**	**2,940**	**1,634**	**79.9**	**8,290**	**5,347**	**55.0**	**6,288**

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

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

Free cash flow AL (before dividend payments and spectrum investment) increased from EUR 5.3 billion in the prior-year period to EUR 8.3 billion. The following effects impacted on this development:

Net cash from operating activities increased by EUR 5.4 billion. The strong performance of the operating segments both in the United States and outside of the United States had a positive effect on net cash from operating activities. In addition, the increase is attributable to the business combination of T-Mobile US and Sprint effective April 1, 2020. The increase was partially offset in particular by a net increase of EUR 0.5 billion in interest payments, mainly as a result of the financial liabilities recognized and the restructuring carried out in connection with the acquisition of Sprint, and the related increase in financing. Income tax payments increased by EUR 0.2 billion compared with the prior-year period. Factoring agreements accounting for EUR 0.2 billion had a positive impact on net cash from operating activities in the first nine months of 2021. In the prior-year period, factoring agreements had had negative effects of EUR 0.6 billion, mainly as a result of the contractual termination of a revolving factoring agreement in the Germany operating segment.

Cash capex (before spectrum investment) increased from EUR 11.5 billion to EUR 12.9 billion, mainly in the United States operating segment (EUR 1.7 billion) as a result of the inclusion of Sprint as well as the ongoing build-out of the 5G network. A decline of EUR 0.2 billion in cash capex in the Germany operating segment due to lower capital expenditure had an offsetting effect: construction measures planned for 2021 were brought forward to the fourth quarter of 2020 and investments in optical fiber were lower in the first and second quarter of 2021 due to bad weather. In the third quarter, it was possible to step up investments again, thus partially making up for the decline.

The increase in the principal portion of repayment of lease liabilities was due in particular to payments for leases in the United States operating segment resulting from the inclusion of Sprint and an advance payment for the lease of sites made by T-Mobile US in September 2021.

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

Development of business in the operating segments

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

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

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

Germany

Customer development

thousands

	Sept. 30, 2021	June 30, 2021	Change Sept. 30, 2021/ June 30, 2021 %	Dec. 31, 2020	Change Sept. 30, 2021/ Dec. 31, 2020 %	Sept. 30, 2020	Change Sept. 30, 2021/ Sept. 30, 2020 %
Mobile customers	52,184	50,272	3.8	48,213	8.2	47,564	9.7
Contract customers[a, b]	22,914	22,682	1.0	25,975	(11.8)	25,684	(10.8)
Prepaid customers[a, b]	29,270	27,590	6.1	22,239	31.6	21,880	33.8
Fixed-network lines	17,543	17,555	(0.1)	17,590	(0.3)	17,602	(0.3)
Retail broadband lines	14,394	14,304	0.6	14,118	2.0	13,997	2.8
Of which: optical fiber	10,175	9,971	2.0	9,515	6.9	9,246	10.0
Television (IPTV, satellite)	3,966	3,933	0.8	3,864	2.6	3,787	4.7
Unbundled local loop lines (ULLs)	3,744	3,853	(2.8)	4,101	(8.7)	4,235	(11.6)
Wholesale broadband lines	7,900	7,853	0.6	7,733	2.2	7,633	3.5
Of which: optical fiber	6,708	6,636	1.1	6,433	4.3	6,287	6.7

[a] The realignment of the B2B telecommunications business in 2020 resulted in the deactivation of around 310 thousand SIM cards in the business customer area as of January 1, 2021, which are now treated as internal cards. Prior-year figures have been adjusted with retroactive effect.

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

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. This success is attributable to our high-performance networks. We offer best customer experience with award-winning network quality – in the fixed network as in mobile communications – and with a broad product portfolio and excellent service. We want to offer our customers a seamless and technology-neutral telecommunications experience. Hence, alongside fixed-network and mobile communications products, we also market convergence products. At the end of May 2021, we launched MagentaEINS Unlimited with unlimited data across Germany. Our MagentaEINS family of FMC products remains very popular among customers, with over 5.1 million customers having opted for these products by the end of September 2021. The customer base is thus higher compared with the end of the prior year.

We continued to see strong demand for our fiber-optic-based lines. As of the end of September 2021, the total number of lines had increased to around 16.9 million. In other words, we connected a further 935 thousand lines to our fiber-optic network in Germany in the first nine months of 2021. With the progress made in fiber-optic rollout and vectoring technology, we also successfully drove forward the marketing of higher bandwidths.

Mobile communications

We won a total of around 4.0 million mobile customers in the first nine months of 2021. Of these, 464 thousand were high-value contract customers under our Telekom and congstar brands. Steady demand for mobile rate plans with included data volumes alongside our multiple award-winning network quality continues to drive this trend. Since January 1, 2021, the customers of a service provider previously reported under contract customers have been reported under prepaid customers. Allowing for this change in disclosure, we have added around 3.4 million prepaid customers since the start of the year, largely on the back of our automotive offerings targeted specifically at business customers.

The StreamOn option, with which customers can stream certain music, gaming, or video services without reducing their included data allowance, remains very popular. At the end of September 2021, almost 4.4 million customers were using this option, up by around 17.6 % year-on-year.

Fixed network

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

The number of broadband lines increased by 276 thousand to around 14.4 million in the first nine months of 2021. Demand for our retail fiber-optic-based lines was the biggest driver here, accounting for 660 thousand lines. We recorded an increase of 102 thousand in the number of TV customers compared with year-end 2020. In traditional fixed-network business, the number of lines declined slightly by 47 thousand. This marked a considerable reduction in line losses compared with the prior-year period. As expected, the number of fixed-network lines remained virtually stable at 17.5 million lines.

Wholesale

As of September 30, 2021, fiber-optic-based lines accounted for 57.6 % of all lines – 3.2 percentage points more than at the end of 2020. This growth was driven largely by demand for our "contingent model." The number of unbundled local loop lines decreased by 357 thousand compared with the end of the prior year, partly as a result of the shift to higher-value fiber-optic-based lines and partly from consumers switching to cable providers. In addition, our wholesale customers are migrating their retail customers to their own fiber-optic-based lines. The total number of wholesale lines at the end of September 2021 was around 11.6 million.

Development of operations

millions of €

		Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Total revenue		**5,942**	**5,903**	**5,990**	**5,842**	**2.5**	**17,835**	**17,525**	**1.8**	**23,790**
Consumers		2,984	2,979	3,076	2,880	6.8	9,039	8,654	4.4	11,740
Business Customers		2,188	2,166	2,158	2,166	(0.4)	6,512	6,486	0.4	8,857
Wholesale		709	679	687	744	(7.7)	2,074	2,235	(7.2)	2,983
Other		61	78	70	52	34.6	209	150	39.3	210
Profit (loss) from operations (EBIT)		**1,215**	**1,182**	**1,346**	**1,009**	**33.4**	**3,743**	**2,988**	**25.3**	**3,970**
EBIT margin	%	20.4	20.0	22.5	17.3		21.0	17.0		16.7
Depreciation, amortization and impairment losses		(1,001)	(1,009)	(1,000)	(1,165)	14.2	(3,010)	(3,372)	10.7	(4,510)
EBITDA		2,215	2,191	2,346	2,174	7.9	6,752	6,360	6.2	8,480
Special factors affecting EBITDA		(99)	(172)	(119)	(204)	41.7	(390)	(536)	27.2	(752)
EBITDA (adjusted for special factors)		2,314	2,363	2,464	2,378	3.6	7,142	6,896	3.6	9,232
EBITDA AL		2,206	2,182	2,337	2,160	8.2	6,725	6,328	6.3	8,435
Special factors affecting EBITDA AL		(99)	(172)	(119)	(204)	41.7	(390)	(536)	27.2	(752)
EBITDA AL (adjusted for special factors)		**2,305**	**2,354**	**2,456**	**2,364**	**3.9**	**7,115**	**6,864**	**3.7**	**9,188**
EBITDA AL margin (adjusted for special factors)	%	38.8	39.9	41.0	40.5		39.9	39.2		38.6
Cash capex		**(860)**	**(839)**	**(993)**	**(964)**	**(3.0)**	**(2,692)**	**(2,928)**	**8.1**	**(4,191)**

Total revenue

In the first nine months of 2021, we generated total revenue of EUR 17.8 billion, which was up by 1.8 % year-on-year. This was mainly driven by broadband revenue growth of 6.1 % and a rise in terminal equipment revenue both in mobile communications by 14.9 % and in the fixed network by 6.6 %. Overall, revenue was affected by the effects of the coronavirus pandemic, such as temporary travel restrictions, lockdowns, and the deteriorated economic situation. This had a negative effect on roaming and visitor revenues. It also resulted in delays or postponements to current orders in B2B telecommunications business. With the coronavirus situation easing somewhat, especially in the summer months, these factors had less of an impact in the second and third quarter.

Revenue from **Consumers** increased by 4.4 % compared with the prior-year period. Volume-driven declines in revenue from voice components continued to impact on traditional fixed-network business. By contrast, revenue from broadband business grew by 6.7 %, due in part to the positive effects from increased customer appreciation for stable data lines. Fixed-network terminal equipment business posted growth of 9.5 % on the back of strong terminal equipment rental business. Mobile business increased by 5.5 %, primarily due to higher revenues from mobile terminal equipment business and a positive trend in the number of subscribers to our secondary brand, congstar.

Revenue from **Business Customers** was up 0.4 % year-on-year. IT revenue grew by 6.1 % against the prior-year period, mainly due to concerted efforts to drive forward digitalization in the SME sector. Overall, mobile revenue was up 1.3 % year-on-year, partly on the back of positive revenues from terminal equipment business and sustained growth of the customer base. In organic terms, i.e., assuming constant exchange rates and adjusted for the reassignment of Deutsche Telekom IT (DT IT) Russia, DT IT Slovakia, and DT IT Hungary to the Group Headquarters & Group Services segment, revenue increased markedly by 2.2 % year-on-year.

Wholesale revenue was down at the end of September 2021 by 7.2 % year-on-year. The positive trend in the number of fiber-optic-based lines continued, with an increase of 6.7 % compared with the prior-year period. However, this was not enough to offset the decrease in revenues of 11.6 % from declining volumes of unbundled local loop lines. In addition, the positive contribution in the prior-year period from the transition to the IFRS 16 Leases accounting standard, which reduced the customer retention period in connection with the lease of unbundled local loop lines, no longer applied in the reporting period. On April 1, 2021, the transition to the new commitment agreements to replace the former quota-based agreements under what has become known as the “contingent model” led to sharper declines in revenue in the second and third quarters of 2021. This is primarily due to the fact that under the new commitment model the annual payments are initially lower compared to the up-front payments that had been made under the quota-based agreements under the contingent model. The annual commitment payments will rise over the course of subsequent years. Voice revenue was down against the prior-year period, which had contained higher, largely coronavirus-induced, revenues.

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

Adjusted EBITDA AL, EBITDA AL

EBITDA AL adjusted for special factors increased by EUR 251 million or 3.7 % year-on-year to EUR 7.1 billion. Our adjusted EBITDA AL margin increased to 39.9 %, up from 39.2 % in the prior year. The main reasons for this increase are a sound operational development, driven by high-value revenue growth and enhanced cost efficiency. Lower personnel costs resulting, among other factors, from the smaller headcount and the ongoing implementation of efficiency enhancement and digitalization measures reduced costs.

In contrast to the effects described under EBITDA AL, lower expenses recognized as special factors for socially responsible instruments in connection with the staff restructuring, in particular the dedicated retirement program, had an offsetting effect. EBITDA AL grew in the first nine months of 2021 to EUR 6.7 billion or 6.3 % above the prior-year level.

EBIT

Profit from operations was up 25.3 % year-on-year to around EUR 3.7 billion, driven by the positive EBITDA trend together with lower depreciation, amortization and impairment losses year-on-year, mainly on account of lower amortization of intangible assets.

Cash capex

Cash capex decreased by EUR 236 million or 8.1 % compared with the prior-year period with two key factors at play here: Firstly, front-loaded investment in the fourth quarter of 2020 resulted in lower cash outflows year-on-year. Secondly, the share of book capex with an impact on cash flows was below the prior-year level due to lower fiber-optic investments in the first and second quarters of 2021 as a result of bad weather conditions. In the third quarter, it was possible to step up investments again, thus partially making up for the decline. We expect to connect a further 1.2 million households to our fiber-optic network in the current financial year as planned.

Capital expenditure totaled around EUR 2.7 billion in the first nine months of 2021, in particular for the build-out of the 5G and fiber-optic networks. The number of households passed by our fiber-optic network increased to around 2.9 million by the end of September 2021. In mobile communications, our customers benefit from greater LTE network coverage. As of September 30, 2021, we covered 98.9 % of households in Germany with LTE. 87.3 % of German households can already use 5G.

United States

Customer development

thousands

	Sept. 30, 2021	June 30, 2021	Change Sept. 30, 2021/ June 30, 2021 %	Dec. 31, 2020	Change Sept. 30, 2021/ Dec. 31, 2020 %	Sept. 30, 2020	Change Sept. 30, 2021/ Sept. 30, 2020 %
Customers	106,920	104,789	2.0	102,064	4.8	100,362	6.5
Postpaid customers	85,913	83,848	2.5	81,350	5.6	79,732	7.8
Postpaid phone customers[a, b]	69,418	68,029	2.0	66,618	4.2	65,794	5.5
Other postpaid customers[a, b]	16,495	15,819	4.3	14,732	12.0	13,938	18.3
Prepaid customers[a, c]	21,007	20,941	0.3	20,714	1.4	20,630	1.8

Adjustments of the customer base

thousands

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

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

[b] In the first quarter of 2021, we acquired 11,000 postpaid phone customers and 1,000 postpaid other customers through our acquisition of an affiliate. In the third quarter of 2021, we acquired 716,000 postpaid phone customers and 90,000 postpaid other customers through the acquisition of Shentel's wireless assets.

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

Customers

At September 30, 2021, the United States operating segment (T-Mobile US) had 106.9 million customers, compared to 102.1 million customers at December 31, 2020. Net customer additions were 4.0 million in the nine months ended September 30, 2021, compared to 4.1 million net customer additions in the nine months ended September 30, 2020, due to the factors described below.

Postpaid net customer additions were 3.7 million in the nine months ended September 30, 2021, compared to 3.9 million postpaid net customer additions in the nine months ended September 30, 2020. The decrease was primarily from lower postpaid other net customer additions due to elevated gross additions in the prior period related to the public and educational sector and higher disconnects in the current period from an increased customer base. This decrease was partially offset by higher postpaid phone net customer additions due to increased retail store traffic in the current period versus coronavirus pandemic induced store closures in the prior period, partially offset by higher churn.

Prepaid net customer additions were 293 thousand in the nine months ended September 30, 2021, compared to 247 thousand prepaid net customer losses in the nine months ended September 30, 2020. The increase was primarily due to lower churn.

Development of operations

millions of €		Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Total revenue		**16,483**	**16,643**	**16,807**	**16,569**	**1.4**	**49,933**	**44,024**	**13.4**	**61,208**
Profit (loss) from operations (EBIT)		**2,144**	**2,147**	**1,680**	**2,395**	**(29.9)**	**5,971**	**5,863**	**1.8**	**9,187**
EBIT margin	%	13.0	12.9	10.0	14.5		12.0	13.3		15.0
Depreciation, amortization and impairment losses		(4,577)	(4,484)	(4,740)	(4,528)	(4.7)	(13,801)	(11,201)	(23.2)	(15,665)
EBITDA		6,722	6,632	6,419	6,923	(7.3)	19,772	17,064	15.9	24,852
Special factors affecting EBITDA		(151)	(272)	(539)	(168)	n.a.	(962)	(1,334)	27.9	(270)
EBITDA (adjusted for special factors)		6,873	6,904	6,958	7,091	(1.9)	20,735	18,398	12.7	25,122
EBITDA AL		5,446	5,248	4,966	5,753	(13.7)	15,660	14,051	11.5	20,628
Special factors affecting EBITDA AL		(261)	(489)	(805)	(240)	n.a.	(1,555)	(1,407)	(10.5)	(370)
EBITDA AL (adjusted for special factors)		**5,706**	**5,737**	**5,771**	**5,994**	**(3.7)**	**17,215**	**15,458**	**11.4**	**20,997**
EBITDA AL margin (adjusted for special factors)	%	34.6	34.5	34.3	36.2		34.5	35.1		34.3
Cash capex		**(10,513)**	**(2,725)**	**(2,804)**	**(2,744)**	**(2.2)**	**(16,041)**	**(7,131)**	**n.a.**	**(10,394)**

Total revenue

Total revenue for the United States operating segment of EUR 49.9 billion in the nine months ended September 30, 2021, increased by 13.4 %, compared to EUR 44.0 billion in the nine months ended September 30, 2020. In U.S. dollars, T-Mobile US' total revenues increased by 20.4 % year-on-year primarily due to increased service revenues as well as increased equipment revenues. The components of these changes are described below.

Service revenues increased in the nine months ended September 30, 2021 primarily due to higher average postpaid accounts, higher postpaid ARPA (Average Revenue per Account), higher wholesale revenues primarily from our Master Network Service Agreement with DISH and the success of our other MVNO relationships, and higher other service revenues primarily from the inclusion of wireline operations acquired in the Sprint Merger.

Equipment revenues increased in the nine months ended September 30, 2021 primarily due to an increase in device sales, excluding purchased leased devices primarily due to an increase in the number of devices sold from switching activity returning to more normalized levels compared to the muted conditions from the coronavirus pandemic in the prior year and the planned shift in device financing from leasing to EIP. Device sales revenue, excluding purchased leased devices, also increased due to higher average revenue per device sold driven by a higher mix of phone versus other devices partially offset by an increase in promotional activities. In addition, equipment revenues increased due to an increase in liquidation revenues primarily from an increase in the high-end device mix and a higher volume of returned devices and an increase in sales of accessories due to increased retail store traffic due to closures arising from the coronavirus pandemic in the prior period. Furthermore, equipment revenues increased due to the Sprint Merger including increases in sales of accessories due to a larger customer base and increases in purchased leased devices, primarily due to a larger base of leased devices. These increases were partially offset by a decrease in lease revenues due to a lower number of customer devices under lease due to the planned shift in device financing from leasing to EIP.

Adjusted EBITDA AL, EBITDA AL

In euros, adjusted EBITDA AL increased by 11.4 % to EUR 17.2 billion in the nine months ended September 30, 2021, compared to EUR 15.5 billion in the nine months ended September 30, 2020. The adjusted EBITDA AL margin decreased to 34.5 % in the nine months ended September 30, 2021, compared to 35.1 % in the nine months ended September 30, 2020. In U.S. dollars, adjusted EBITDA AL increased by 18.2 % during the same period. Adjusted EBITDA AL increased primarily due to higher service and equipment revenues as discussed above. These increases were partially offset by higher cost of equipment sales, higher cost of services, and higher selling, general and administrative expenses. The increase of cost of equipment sales is primarily from an increase in device cost of equipment sales, excluding purchased leased devices, primarily from an increase in the number of devices sold due to a larger customer base as a result of the Sprint Merger, switching activity returning to more normalized levels relative to the muted conditions from the coronavirus pandemic in the prior year and the planned shift in device financing from leasing to EIP. Device cost of equipment sales, excluding purchased leased devices, also increased due to higher average costs per device sold due to a higher mix of phone versus other devices. In addition, cost of equipment sales increased primarily from an increase in costs related to the liquidation of a higher volume of returned devices, an increase in cost of accessories, due to increased retail store traffic due to closures arising from the coronavirus pandemic in the prior period and a larger customer base as result of the Sprint Merger, and an increase in leased device cost of equipment sales, primarily due to a larger base of leased devices as a result of the Sprint Merger. The increase of cost of services is primarily from an increase in expenses associated with leases and backhaul agreements acquired in the Sprint Merger and the continued build-out of our nationwide 5G network, including a new tower master lease agreement in 2020 and higher employee-related and benefit-related costs primarily due to increased headcount as a result of the Sprint Merger. The increase of selling, general and administrative expenses is primarily from higher advertising, external labor and professional services, and lease expenses primarily from the Sprint Merger, and higher employee-related costs due to an increase in the number of employees primarily from the Sprint Merger; partially offset by lower bad debt expense.

EBITDA AL in the nine months ended September 30, 2021, included special factors of EUR -1.6 billion compared to EUR -1.4 billion in the nine months ended September 30, 2020. The change in special factors was primarily due to increased Merger-related costs during the nine months ended September 30, 2021, partially offset by special factors recognized in the nine months ended September 30, 2020 including supplemental employee payroll, third-party commissions and cleaning-related expenses associated with the coronavirus pandemic and a postpaid billing system disposal partially offset by a transaction fee received from SoftBank. Special factors include Merger-related costs associated with the Merger and acquisitions of affiliates comprised of transaction costs, including legal and professional services related to the completion of transactions; restructuring costs, including severance, store rationalization and network decommissioning; and integration costs to achieve efficiencies in network, retail, information technology and back office operations, migrate customers to the T-Mobile US network and the impact of legal matters assumed as part of the Sprint Merger. Overall, EBITDA AL increased by 11.5 % to EUR 15.7 billion in the nine months ended September 30, 2021, compared to EUR 14.1 billion in the nine months ended September 30, 2020, due to the factors described above, including special factors.

EBIT

EBIT increased to EUR 6.0 billion in the nine months ended September 30, 2021, compared to EUR 5.9 billion in the nine months ended September 30, 2020. In U.S. dollars, EBIT increased by 8.2 % during the same period primarily due to higher EBITDA AL. In U.S. dollars, depreciation and amortization increased by 30.5 % primarily from the continued build-out of our nationwide 5G network, higher depreciation expense on leased devices resulting from a larger base of leased devices as a result of the Sprint Merger, and higher amortization from intangible assets.

Cash capex

Cash capex increased to EUR 16.0 billion in the nine months ended September 30, 2021, compared to EUR 7.1 billion in the nine months ended September 30, 2020. In U.S. dollars, cash capex increased by USD 11.1 billion primarily from an increase in spectrum purchases, primarily due to USD 8.9 billion paid for spectrum licenses won at the conclusion of the C-band auction in March 2021, network integration related to the Sprint Merger and the continued build-out of our nationwide 5G network.

Europe

Customer development

thousands

		Sept. 30, 2021	June 30, 2021	Change Sept. 30, 2021/ June 30, 2021 %	Dec. 31, 2020	Change Sept. 30, 2021/ Dec. 31, 2020 %	Sept. 30, 2020	Change Sept. 30, 2021/ Sept. 30, 2020 %
Europe, total	Mobile customers	46,391	45,788	1.3	45,619	1.7	45,743	1.4
	Contract customers[a]	27,430	27,172	0.9	26,844	2.2	26,628	3.0
	Prepaid customers[a]	18,962	18,616	1.9	18,775	1.0	19,115	(0.8)
	Fixed-network lines	9,126	9,111	0.2	9,084	0.5	9,062	0.7
	Of which: IP-based	8,579	8,537	0.5	8,439	1.7	8,381	2.4
	Broadband customers[b]	7,114	7,059	0.8	6,943	2.5	6,856	3.8
	Television (IPTV, satellite, cable)[c]	5,132	5,098	0.7	5,046	1.7	4,977	3.1
	Unbundled local loop lines (ULLs)/ wholesale PSTN	1,960	1,996	(1.8)	2,246	(12.7)	2,262	(13.4)
	Wholesale broadband lines	810	774	4.7	684	18.4	639	26.8
Greece	Mobile customers	6,985	6,935	0.7	6,914	1.0	7,071	(1.2)
	Fixed-network lines	2,607	2,605	0.1	2,589	0.7	2,584	0.9
	Broadband customers	2,274	2,252	1.0	2,185	4.1	2,141	6.2
Romania	Mobile customers	4,628	4,582	1.0	4,683	(1.2)	4,691	(1.3)
	Fixed-network lines	1,387	1,409	(1.6)	1,444	(3.9)	1,467	(5.5)
	Broadband customers	822	841	(2.3)	912	(9.9)	934	(12.0)
Hungary	Mobile customers[a]	5,582	5,503	1.4	5,427	2.9	5,425	2.9
	Fixed-network lines	1,796	1,778	1.0	1,759	2.1	1,742	3.1
	Broadband customers[b]	1,387	1,361	1.9	1,321	5.0	1,297	6.9
Poland	Mobile customers	11,425	11,290	1.2	11,198	2.0	11,071	3.2
	Fixed-network lines	29	30	(3.3)	31	(6.5)	31	(6.5)
	Broadband customers[b]	67	59	13.6	32	n.a.	22	n.a.
Czech Republic	Mobile customers	6,259	6,205	0.9	6,178	1.3	6,181	1.3
	Fixed-network lines	633	625	1.3	606	4.5	593	6.7
	Broadband customers	386	383	0.8	368	4.9	361	6.9
Croatia	Mobile customers	2,326	2,273	2.3	2,253	3.2	2,292	1.5
	Fixed-network lines	879	881	(0.2)	885	(0.7)	888	(1.0)
	Broadband customers	633	630	0.5	625	1.3	623	1.6
Slovakia	Mobile customers	2,493	2,479	0.6	2,441	2.1	2,412	3.4
	Fixed-network lines	870	865	0.6	865	0.6	862	0.9
	Broadband customers	626	620	1.0	607	3.1	598	4.7
Austria	Mobile customers	5,126	5,067	1.2	5,074	1.0	5,098	0.5
	Fixed-network lines	586	582	0.7	569	3.0	560	4.6
	Broadband customers	655	650	0.8	635	3.1	625	4.8
Other[d]	Mobile customers	1,568	1,453	7.9	1,451	8.1	1,502	4.4
	Fixed-network lines	339	335	1.2	335	1.2	335	1.2
	Broadband customers	266	263	1.1	259	2.7	256	3.9

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

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

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

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

Total

In the Europe operating segment, we achieved slight growth in the customer base again as of the end of the first three quarters of 2021. We recorded modest growth in the number of fixed-network customers in the first nine months of the year. Our MagentaOne convergent product portfolio, in particular, generated growth compared with year-end 2020 of 8.7 % in FMC customers thanks to ongoing demand. We are working flat out to build out our fixed-network infrastructure with state-of-the-art optical fiber. The number of broadband customers has increased by 2.5 %. The mobile business also recorded a slight rise in customer numbers once again, with increases in both the number of high-value contract customers and the number of prepaid customers. Our build-out of the 5G network is making good progress: most of our national companies have already launched the commercial sale of 5G products and services.

Mobile communications

In the Europe operating segment, we had 46.4 million mobile customers at the end of the first nine months of 2021, a modest increase compared with the end of 2020. The number of high-value contract customers increased by 2.2 %. The contract customer base grew in all national companies, especially in Poland, the Czech Republic, and Austria. Overall, the share of our total customer base accounted for by contract customers remained more or less stable at 59.1 %. In parallel with pure customer development, we have successfully pursued the more-for-more principle 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. As of September 30, 2021, we covered 97.9 % of the population in the countries of our operating segment with LTE, reaching around 109 million people in total. The footprint countries of our operating segment are also making excellent headway with 5G. Broad swaths of the populations of Greece, Croatia, Austria, and other countries have already been connected to Deutsche Telekom's 5G network.

The prepaid customer base also recorded slight growth of 1.0 % compared with the end of 2020. Growth in countries including Poland and Hungary more than offset the declines reported especially in Romania. In addition, 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 recorded growth of 2.5 % as of September 30, 2021 compared with the end of the prior year to a total of 7.1 million customers. The customer bases of almost all national companies, especially in Greece, Hungary, Poland, Austria, the Czech Republic, and Slovakia saw substantial growth. Romania was the exception. By continuing to invest in innovative fiber-optic technologies, we are systematically building out our fixed-network infrastructure. At the end of the third quarter of 2021, a total of around 6.7 million households in our national companies had the option to subscribe to a direct connection to our high-speed fiber-optic network with speeds reaching up to 1 Gbit/s. The number of IP-based lines increased to account for 94.0 % of all fixed-network lines in the same period. The total number of fixed-network lines in our Europe operating segment edged up on the prior-year level to 9.1 million.

The TV and entertainment business had a total of 5.1 million customers as of September 30, 2021, up by a marginal 1.7 % compared with the end of the prior year. With both telecommunications providers and OTT players offering TV services, the TV market is already saturated in many countries of our segment.

FMC – fixed-mobile convergence

Our portfolio of convergent products, MagentaOne, was highly popular with consumers across all of our national companies. At the end of the first nine months of 2021, we had 6.3 million FMC customers; this corresponds to growth of 8.7 % compared with the end of the prior year. Our national companies in Greece, Hungary, Austria, and the Czech Republic in particular contributed to this growth. We have also seen accelerated growth in the marketing of our MagentaOne Business product to business customers.

Development of operations

millions of €		Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Total revenue		**2,729**	**2,823**	**2,905**	**2,880**	**0.9**	**8,456**	**8,344**	**1.3**	**11,335**
Greece		717	759	790	763	3.5	2,266	2,162	4.8	2,940
Romania		210	217	200	244	(18.0)	627	710	(11.7)	951
Hungary		406	424	454	429	5.8	1,284	1,262	1.7	1,734
Poland		341	349	353	365	(3.3)	1,042	1,084	(3.9)	1,453
Czech Republic		269	280	283	268	5.6	832	789	5.4	1,072
Croatia		219	223	235	247	(4.9)	678	675	0.4	917
Slovakia		190	194	197	190	3.7	581	562	3.4	773
Austria		326	327	344	330	4.2	996	960	3.8	1,302
Other[a]		70	76	78	73	6.8	224	204	9.8	283
Profit (loss) from operations (EBIT)		**385**	**425**	**654**	**382**	**71.2**	**1,463**	**1,095**	**33.6**	**1,278**
EBIT margin	%	14.1	15.1	22.5	13.3		17.3	13.1		11.3
Depreciation, amortization and impairment losses		(645)	(648)	(624)	(823)	24.2	(1,916)	(2,124)	9.8	(2,875)
EBITDA		1,029	1,073	1,278	1,205	6.1	3,380	3,219	5.0	4,153
Special factors affecting EBITDA		(10)	(15)	80	30	n.a.	55	(60)	n.a.	(188)
EBITDA (adjusted for special factors)		1,039	1,088	1,198	1,175	2.0	3,325	3,279	1.4	4,341
EBITDA AL		936	979	1,185	1,094	8.3	3,101	2,893	7.2	3,722
Special factors affecting EBITDA AL		(10)	(15)	80	30	n.a.	55	(60)	n.a.	(188)
EBITDA AL (adjusted for special factors)		**946**	**994**	**1,105**	**1,064**	**3.9**	**3,046**	**2,953**	**3.1**	**3,910**
Greece		298	304	342	326	4.9	944	899	5.0	1,199
Romania		37	44	56	50	12.0	137	120	14.2	153
Hungary		106	133	154	139	10.8	392	377	4.0	520
Poland		95	100	100	98	2.0	295	290	1.7	378
Czech Republic		111	120	117	109	7.3	348	324	7.4	430
Croatia		79	85	106	95	11.6	269	253	6.3	337
Slovakia		84	78	89	88	1.1	251	247	1.6	335
Austria[b]		125	123	129	136	(5.1)	378	383	(1.3)	496
Other[a]		11	8	13	23	(43.5)	31	59	(47.5)	63
EBITDA AL margin (adjusted for special factors)	%	34.7	35.2	38.0	36.9		36.0	35.4		34.5
Cash capex		**(485)**	**(386)**	**(453)**	**(431)**	**(5.1)**	**(1,324)**	**(1,431)**	**7.5**	**(2,216)**

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

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

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

Total revenue

Our Europe operating segment generated total revenue of EUR 8.5 billion in the first nine months of 2021, a year-on-year increase of 1.3 %. In organic terms, i.e., assuming constant exchange rates, revenue increased by 1.9 % year-on-year.

Organic growth was mainly driven by the strong performance of the mobile business, especially the increase in service revenues with higher margins, slight increases in roaming and visitor revenues, and higher revenues from terminal equipment sales. By contrast, the fixed-network business recorded stable revenues, with significantly higher broadband revenues in particular offsetting the losses in wholesale business and the expected decline in voice telephony revenues. Systems solutions business declined overall.

Looking at the development by country, our national companies in Greece, Hungary, and Austria recorded the best organic development of revenue as of September 30, 2021. This offset the decline in revenue in Romania and Poland.

Revenue from **Consumers** increased in organic terms by 2.3 % year-on-year, due mainly to higher mobile revenue: both service revenues and sales of mobile terminal equipment increased. In the fixed network, revenue from broadband/TV business increased thanks to our innovative TV and entertainment offerings as well as the continuous rollout of fiber-optic technology. This more than offset the decline in revenue from voice telephony. In addition, the higher number of FMC customers had a positive impact on revenue.

Revenue from **Business Customers** remained stable at the prior-year level in organic terms. The first three quarters of 2021 were dominated by rising revenues in mobile communications. This was driven by increases in roaming revenues once again after the coronavirus-related lockdown, and by higher demand for mobile data as a result of hybrid working. These trends have led to stagnation in fixed-network business. Although our fiber-optic-based broadband services are thriving and, in Romania and Croatia, we offer fixed network-based security features for online surfing; there is a noticeable trend towards mobile working. ICT business declined slightly year-on-year. In our cloud, smart cities, and security growth areas, sales of our solutions to corporate customers and the public sector remain consistently successful.

Adjusted EBITDA AL, EBITDA AL

Our Europe operating segment generated adjusted EBITDA AL of EUR 3.0 billion in the first nine months of 2021, up 3.1 % against the level in the prior-year period. In organic terms, i.e., assuming constant exchange rates and adjusted for the reassignment of the Austrian cell tower business to the Group Development operating segment, adjusted EBITDA AL increased by 5.0 %, thus continuing to make a positive contribution to earnings. In addition to the positive revenue effects, savings in indirect costs, including due to lower personnel costs, contributed to this development.

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

EBITDA AL increased by 7.2 % year-on-year to EUR 3.1 billion. Net income from special factors totaled EUR 55 million, compared with a net expense from special factors in the prior-year period of EUR 60 million. The reason for these changes was the reversal of other provisions for personnel costs recognized by OTE in 2010 and 2011 in connection with an additional payment of EUR 134 million to the Greek social insurance fund IKA-ETAM. In September 2021, proceedings related to this were concluded. In organic terms, EBITDA AL grew by 9.1 %.

Development of operations in selected countries

Greece. In Greece, revenue increased by 4.8 % against the first nine months in the prior year to EUR 2.3 billion. The encouraging development in mobile business is mainly attributable to the addition of new contract customers, with associated increases in both terminal equipment sales and service revenues. As travel activity increasingly returns to more normal levels, there was also a positive trend in visitor revenues. The intensive fiber-optic and vectoring build-out, together with the resulting higher numbers of customers, had an increasingly positive impact on the fixed-network business. The revenues generated here in the first nine months of 2021 were higher, driven mainly by the broadband business. The systems solutions business also contributed to revenue growth.

In the first nine months of 2021, adjusted EBITDA AL in Greece stood at EUR 944 million, which was up 5.0 % against the prior-year period. This is attributable to a revenue-related increase in the net margin. Indirect costs remained on a par with the prior-year period overall.

Hungary. Revenue in Hungary totaled EUR 1.3 billion as of September 30, 2021, a modest increase despite negative exchange rate effects. In organic terms, revenue was up 4.3 % against the prior-year level. The mobile business is the main driver here. Service revenues developed particularly positively. In addition, growth in the number of contract customers had positive effects on terminal equipment business. Fixed-network operations also increased slightly, with rising TV and broadband revenues, both driven by larger customer bases. Systems solutions also contributed to the increase in revenue. Our MagentaOne convergence products continued to perform well, with further customer additions and corresponding revenue.

Adjusted EBITDA AL stood at EUR 392 million, up 4.0 % year-on-year. In organic terms, adjusted EBITDA AL grew by 6.4 %. This growth is attributable in particular to higher revenues, which more than offset the rise in costs.

Poland. Our revenue in Poland decreased by 3.9 % in the first nine months of 2021 to EUR 1.0 billion. This decline was due to negative exchange rate effects. In organic terms, revenues decreased by just 1.2 %, with the mobile business recording slight losses as a result of reduced revenue from national roaming. In the fixed-network business, we increased the number of FTTH customers substantially, thereby creating the basis for further broadband growth.

Adjusted EBITDA AL stood at EUR 295 million as of September 30, 2021, up 1.7 % year-on-year. In organic terms, adjusted EBITDA AL increased by 4.6 %, mainly on the back of lower costs.

Czech Republic. In the first nine months of 2021, revenue in the Czech Republic stood at EUR 832 million, up 5.4 % on the prior-year level. In organic terms, revenue increased by 2.9 %. Mobile revenues were up on the prior-year level, mainly on the back of service revenues (excluding visitors) with higher margins, and higher terminal equipment revenues. Furthermore, the fixed-network business with its broadband and TV business also drove revenues once again. The number of broadband customers increased substantially compared with the prior-year period. We also generated additional revenue in the area of systems solutions.

Adjusted EBITDA AL increased by 7.4 % year-on-year to EUR 348 million in the first nine months of 2021. In organic terms, earnings grew by 5.1 % year-on-year, driven mainly by revenue.

Austria. Revenue generated in Austria totaled EUR 996 million in the first nine months of 2021. This increase of 3.8 % was mainly attributable to growth in service revenues with higher margins. The sale of mobile terminal equipment also made a positive contribution to revenue. Visitor revenues were still subject to a slightly negative effect. Revenue in the fixed-network business also increased. The broadband business generated substantial growth rates, due among other factors to a larger customer base and higher-value rate plans.

Adjusted EBITDA AL decreased as of September 30, 2021 by 1.3 % year-on-year to EUR 378 million. In organic terms, i.e., excluding the reassignment of the Austrian cell tower business to the Group Development operating segment, adjusted EBITDA AL increased substantially by 9.8 % due to the positive revenue effect. A key contribution comes from the realization of synergies and from the expansion of convergent product offerings.

EBIT

Our Europe operating segment recorded an increase in EBIT of EUR 368 million in the first nine months of 2021. In addition to an increase in EBITDA of EUR 161 million, depreciation, amortization and impairment losses fell by EUR 208 million, with depreciation and amortization down slightly on the prior-year period. This was mainly due to depreciation and amortization being suspended as a result of the sale of the fixed-network business in Romania, which was consummated on September 30, 2021. In the third quarter of the prior year, ad hoc impairment losses totaling EUR 160 million were recognized on non-current assets of the Romanian mobile business, which remains in the Group, in connection with the at that time planned sale of the Romanian fixed-network business. This impairment was the result of the discontinuance of the previously existing MVNO agreements.

Cash capex

As of September 30, 2021, the Europe operating segment reported cash capex of EUR 1.3 billion, down 7.5 % year-on-year. This decline is due to a decline in cash outflows for the acquisition of spectrum licenses, primarily in Hungary. We continue to invest in the provision of broadband and fiber-optic technology and in 5G as part of our integrated network strategy.

Systems Solutions

Order entry

millions of €

	Q1-Q3 2021	H1 2021	FY 2020	Q1-Q3 2020	Change Q1-Q3 2021/ Q1-Q3 2020 %
Order entry	2,821	2,019	4,564	2,485	13.5

Development of business

The first nine months of 2021 continued to be dominated by the focusing of our systems solutions business on growth and future viability and the continuation of our transformation program. Under the transformation program, we continued to drive forward the alignment of our organization, workflows and capacities, and the fine-tuning of the strategy for our portfolio. Stand-alone portfolio units assume responsibility not only for our growth areas (e.g., public cloud and security) but also for our traditional IT business.

We have defined selected industries (automotive, healthcare, public sector, and public transport), for which we will increase our offer of vertical solutions based on our expertise. In addition, we have agreed partnerships with leading cloud service providers (e.g., Amazon, Google, Microsoft), so as to be able to offer our customers an even broader and more flexible range of cloud solutions. Consistent with our efforts to implement the Group's strategy pillar "Lead in business productivity," we transferred our IoT (Internet of Things) portfolio unit to the Germany operating segment effective January 1, 2021.

Order entry in our Systems Solutions operating segment was up by 13.5 % year-on-year in the first nine months of 2021. This trend reflects the recovery from the effects of the coronavirus pandemic on the economic situation of our business customers and the restraint in awarding contracts in the prior year. There was a clear positive trend in our growth areas in particular.

Development of operations

millions of €		Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Total revenue		**1,015**	**1,006**	**971**	**955**	**1.7**	**2,992**	**3,082**	**(2.9)**	**4,159**
Of which: external revenue		798	799	765	743	3.0	2,362	2,413	(2.1)	3,237
Profit (loss) from operations (EBIT)		**(27)**	**(68)**	**(35)**	**(403)**	**91.3**	**(129)**	**(513)**	**74.9**	**(534)**
Special factors affecting EBIT		(56)	(104)	(79)	(433)	81.8	(238)	(530)	55.1	(582)
EBIT (adjusted for special factors)		29	36	44	30	46.7	109	17	n.a.	48
EBIT margin (adjusted for special factors)	%	2.9	3.6	4.5	3.1		3.6	0.6		1.2
Depreciation, amortization and impairment losses		(80)	(74)	(101)	(445)	77.3	(256)	(650)	60.6	(720)
EBITDA		53	7	67	42	59.5	127	137	(7.3)	185
Special factors affecting EBITDA		(36)	(91)	(41)	(59)	30.5	(168)	(157)	(7.0)	(209)
EBITDA (adjusted for special factors)		89	98	107	102	4.9	294	294	0.0	394
EBITDA AL		26	(19)	39	18	n.a.	47	51	(7.8)	70
Special factors affecting EBITDA AL		(36)	(91)	(41)	(59)	30.5	(168)	(157)	(7.0)	(209)
EBITDA AL (adjusted for special factors)		**62**	**72**	**80**	**77**	**3.9**	**215**	**207**	**3.9**	**279**
EBITDA AL margin (adjusted for special factors)	%	6.1	7.2	8.2	8.1		7.2	6.7		6.7
Cash capex		**(49)**	**(50)**	**(46)**	**(68)**	**32.4**	**(146)**	**(149)**	**2.0**	**(235)**

Total revenue

Total revenue in our Systems Solutions operating segment in the first nine months of 2021 amounted to EUR 3.0 billion, down 2.9 % on the prior-year level. This decrease was mainly driven by the expected decline in traditional IT infrastructure business, due in part to targeted business decisions such as the reduction in end-user services. By contrast, our growth areas are growing significantly, especially public cloud (+21.0 %), digital solutions (+13.4 %), and road charging (+12.4 %).

Adjusted EBITDA AL, EBITDA AL

In the first nine months of 2021, adjusted EBITDA AL at our Systems Solutions operating segment increased by 3.9 % year-on-year to EUR 215 million. Efficiency effects from our transformation program and effects from increased revenue in our growth areas exceeded the decline in earnings in the traditional IT infrastructure business. EBITDA AL decreased by EUR 4 million compared with the prior-year period to EUR 47 million. Special factors were up EUR 11 million on the prior year at EUR -168 million, mainly due to a loss on deconsolidation in connection with the sale of a business operation and a contrasting effect of lower restructuring costs.

Adjusted EBIT, EBIT

Adjusted EBIT in our Systems Solutions operating segment in the first nine months of 2021 improved by EUR 92 million year-on-year, coming in at EUR 109 million, mainly as a result of declines in depreciation and amortization. EBIT increased by EUR 384 million compared with the prior-year period to EUR -129 million. The expense arising from special factors decreased by EUR 292 million on the prior-year period, to EUR 238 million. In the third quarter of the prior year, a non-cash impairment loss on non-current assets reduced EBIT by EUR 0.4 billion, which resulted in a reduction in the depreciation and amortization base. In the first nine months of 2021, non-cash impairment losses on non-current assets of EUR 0.1 billion were recorded as special factors. These impairment losses were also primarily a consequence of the impairment testing carried out in the Systems Solutions cash-generating unit in the third quarter of the prior year.

Cash capex

Cash capex in the Systems Solutions operating segment stood at EUR 146 million in the first nine months of 2021, which was on a par with the prior-year period. Going forward, we will continue to focus our investments on developing our growth business.

Group Development

Customer development

thousands		Sept. 30, 2021	June 30, 2021	Change Sept. 30, 2021/ June 30, 2021 %	Dec. 31, 2020	Change Sept. 30, 2021/ Dec. 31, 2020 %	Sept. 30, 2020	Change Sept. 30, 2021/ Sept. 30, 2020 %
T-Mobile Netherlands	Mobile customers	6,894	6,853	0.6	6,803	1.3	5,761	19.7
	Fixed-network lines	721	707	2.0	682	5.7	661	9.1
	Broadband customers	709	695	2.0	668	6.1	647	9.6

In the Netherlands, the number of mobile customers increased slightly. The number of fixed-network lines in the Netherlands also increased on the back of the positive development of operational business. It also profited from the reopening of the shops at the end of April 2021 after the coronavirus-related lockdown, and from successful advertising.

Development of operations

millions of €	Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Total revenue	**782**	**780**	**787**	**719**	**9.5**	**2,349**	**2,142**	**9.7**	**2,883**
Of which: T-Mobile Netherlands	513	506	515	484	6.4	1,534	1,441	6.5	1,946
Of which: GD Towers[a, b]	282	283	270	248	8.9	835	743	12.4	989
Profit (loss) from operations (EBIT)	**166**	**381**	**219**	**154**	**42.2**	**766**	**417**	**83.7**	**562**
Depreciation, amortization and impairment losses	(210)	(219)	(183)	(190)	3.7	(613)	(576)	(6.4)	(780)
EBITDA	376	600	402	344	16.9	1,379	993	38.9	1,343
Special factors affecting EBITDA	(16)	198	(21)	(11)	(90.9)	161	(55)	n.a.	(43)
EBITDA (adjusted for special factors)	392	403	423	355	19.2	1,218	1,049	16.1	1,386
Of which: T-Mobile Netherlands	171	184	208	163	27.6	563	482	16.8	639
Of which: GD Towers[a, b]	224	226	220	199	10.6	670	589	13.8	786
EBITDA AL	301	516	319	273	16.8	1,135	781	45.3	1,058
Special factors affecting EBITDA AL	(16)	198	(21)	(11)	(90.9)	161	(55)	n.a.	(43)
EBITDA AL (adjusted for special factors)	**316**	**318**	**340**	**284**	**19.7**	**975**	**836**	**16.6**	**1,101**
Of which: T-Mobile Netherlands	151	155	179	141	27.0	484	419	15.5	554
Of which: GD Towers[a, b]	169	170	164	149	10.1	503	439	14.6	587
EBITDA AL margin (adjusted for special factors) %	40.4	40.8	43.2	39.5		41.5	39.0		38.2
Cash capex	**(115)**	**(134)**	**(144)**	**(330)**	**56.4**	**(393)**	**(566)**	**30.6**	**(699)**

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

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

Total revenue

Total revenue in our Group Development operating segment increased in the first nine months of 2021 by 9.7 % year-on-year to EUR 2.3 billion. In organic terms, i.e., adjusted for the sale of the Dutch cell tower business as of June 1, 2021, the reassignment of the Austrian cell tower business as of January 1, 2021, as well as the acquisition of the Dutch MVNO and SIM provider Simpel as of December 1, 2020, revenue increased by 4.3 %. This revenue increase resulted from the operational and structural growth of our two business units T-Mobile Netherlands and GD Towers, which includes DFMG and the Austrian cell tower business. In the Netherlands, mobile operations in particular contributed to this revenue growth on the back of higher out-of-bundle revenues and higher terminal equipment sales. GD Towers also recorded an increase in revenue, driven by volume-based growth at DFMG and the reassignment of the Austrian cell tower business.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased by 16.6 % year-on-year to EUR 975 million. In organic terms, adjusted EBITDA AL grew by 10.6 %. This growth was attributable to the aforementioned positive revenue trend at T-Mobile Netherlands, the acquisition of Simpel, and efficient cost management at T-Mobile Netherlands. The GD Towers business posted consistent growth on the back of rising volumes and was further strengthened by the reassignment of the Austrian cell tower business. An operational increase in adjusted EBITDA AL was also achieved through revenue growth and cost transformation. EBITDA AL was positively influenced by net special factors of EUR 161 million, which mainly related to the gain on deconsolidation due to the sale of the Dutch cell tower business. EBITDA AL increased by EUR 354 million compared with the prior-year period to EUR 1.1 billion.

EBIT

EBIT increased year-on-year to EUR 766 million, mainly as a result of the development described under EBITDA AL. Depreciation, amortization and impairment losses increased by 6.4 % compared with the prior-year period, mainly on account of the depreciation, amortization and impairment losses from the Austrian cell tower business, which have been included since January 1, 2021. This was offset by lower depreciation, amortization and impairment losses in connection with the fact that T-Mobile Netherlands has been held for sale since September 6, 2021 and accordingly the related depreciation and amortization has been suspended.

Cash capex

Cash capex stood at EUR 393 million and was thus down on the level of the prior-year period, mainly due to the acquisition of mobile licenses by T-Mobile Netherlands in the prior-year period.

Group Headquarters & Group Services

Development of operations

millions of €

	Q1 2021	Q2 2021	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Total revenue	**625**	**671**	**617**	**625**	**(1.3)**	**1,913**	**1,910**	**0.2**	**2,556**
Profit (loss) from operations (EBIT)	**(357)**	**(378)**	**(392)**	**(430)**	**8.8**	**(1,127)**	**(1,140)**	**1.1**	**(1,655)**
Depreciation, amortization and impairment losses	(330)	(382)	(354)	(358)	1.1	(1,066)	(978)	(9.0)	(1,304)
EBITDA	(27)	4	(38)	(73)	47.9	(62)	(162)	61.7	(350)
Special factors affecting EBITDA	(26)	(55)	(32)	(75)	57.3	(113)	(214)	47.2	(277)
EBITDA (adjusted for special factors)	(2)	59	(6)	2	n.a.	51	52	(1.9)	(73)
EBITDA AL	(110)	(75)	(119)	(164)	27.4	(304)	(434)	30.0	(707)
Special factors affecting EBITDA AL	(26)	(55)	(32)	(75)	57.3	(113)	(214)	47.2	(277)
EBITDA AL (adjusted for special factors)	**(84)**	**(21)**	**(86)**	**(90)**	**4.4**	**(191)**	**(220)**	**13.2**	**(429)**
Cash capex	**(250)**	**(222)**	**(230)**	**(223)**	**(3.1)**	**(702)**	**(693)**	**(1.3)**	**(990)**

Total revenue

Total revenue in our Group Headquarters & Group Services segment remained at the prior-year level in the reporting period. Higher intragroup revenue at Deutsche Telekom IT from the licensing of the ERP system had a positive effect. By contrast, revenue from land and buildings declined due to the ongoing optimization of space.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL in the Group Headquarters & Group Services segment improved by EUR 29 million year-on-year in the reporting period to EUR -191 million. This trend was mainly the result of increased revenues at Deutsche Telekom IT from the licensing of the ERP system and from lower operating expenses at our Group Services. By contrast, lower income from real estate sales and lower revenue from land and buildings had a negative impact on adjusted EBITDA AL.

Overall, EBITDA AL was negatively impacted in the reporting period by special factors amounting to EUR 113 million, especially for staff-related measures. This contrasts with special factors of EUR 214 million in the prior-year period, also in particular for staff-related measures.

EBIT

The year-on-year improvement in EBIT of EUR 13 million to EUR -1,127 million was largely a result of two contrasting effects: the positive development of EBITDA AL on the one hand, and the increase in depreciation, amortization and impairment losses on the other. The latter is mainly attributable to the increased volume of output in connection with the introduction of agile processes and shorter project runtimes at Deutsche Telekom IT. In addition, depreciation, amortization and impairment losses increased due to higher capitalization in connection with the licensing of the ERP system. By contrast, depreciation, amortization and impairment losses from land and buildings decreased as a result of our continued optimization of the real estate portfolio. An impairment loss was also recognized in the first quarter of 2021 in the amount of EUR 14 million on software used by the Systems Solutions operating segment. This impairment loss was a consequence of the ad hoc impairment testing carried out in the Systems Solutions cash-generating unit in the third quarter of the prior year. At that time, EUR 44 million related to the Group Headquarters & Group Services segment in this connection.

Cash capex

Cash capex increased by EUR 9 million year-on-year, primarily owing to higher investment in technology and innovation.

Events after the reporting period

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

Forecast

The statements in this section reflect the current views of our management. Contrary to the forecasts published in the 2020 combined management report (2020 Annual Report, page 107 et seq.) and in the Interim Group Reports as of March 31, 2021 (pages 32 and 33) and as of June 30, 2021 (page 35), we now expect to post stronger-than-expected increases in the Group's adjusted EBITDA AL and free cash flow AL (before dividend payments and spectrum investment). Adjusted EBITDA AL was originally expected to increase to over EUR 37.2 billion. We now expect adjusted EBITDA AL for the Group to come in at around EUR 38 billion in the 2021 financial year. This is largely attributable on the one hand to stronger-than-expected business performance in the United States operating segment, where we now anticipate adjusted EBITDA AL of around USD 26.5 billion, up from previously USD 26.1 billion. But for business outside of the United States, we also expect higher adjusted EBITDA AL of EUR 14.6 billion, up from the previous guidance of EUR 14.4 billion. Due to the increased guidance for adjusted EBITDA AL both in the United States and outside of the United States, we now expect to record free cash flow AL for the Group (before dividend payments and spectrum investment) of around EUR 8.5 billion, up from our original guidance of over EUR 8.0 billion. All other statements made remain valid. For additional information and recent changes in the economic situation, please refer to the section "The economic environment" in this interim Group management report. Readers are also referred to the Disclaimer at the end of this report.

Risks and opportunities

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

Risk and opportunity management system

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

Economic risks, Germany and Europe

The economies of Germany and Europe are poised to recover substantially as coronavirus restrictions are eased. The business and consumer climate has seen a marked improvement in recent months. But at the same time growth in overall economic demand is leading to bottlenecks, with prices for raw materials soaring and companies increasingly facing a shortage of upstream products. These delivery bottlenecks are leading to inflationary pressures worldwide. Nonetheless, the general growth outlooks for Germany and Europe are positive. In October 2021, the International Monetary Fund (IMF) forecast a 5.0 % expansion of the eurozone economy for the current year (Germany +3.1 %) and considers a return to recession to be unlikely. Due to the uncertain path of the coronavirus pandemic, we cannot rule out economic implications resulting from possible further developments, such as the emergence of virus mutations. Based on experience so far, the coronavirus pandemic is expected to have only a limited impact on Deutsche Telekom's business. We have thus reduced the risk significance for the risk category "Economic risks, Germany" and "Economic risks, Europe" to "low."

Economic risks, United States

Leading economic research institutes have raised their growth forecasts for the United States. However, a USD 1,900 billion relief package passed in March 2021 could also entail higher U.S. corporate income tax rates going forward, potentially increasing the tax burden for our Group company T-Mobile US. In October 2021, the IMF forecast a 6.0 % expansion of the U.S. economy for the current year and considers a return to recession to be unlikely. Economic activity in the United States returned to pre-pandemic levels in mid-2021. The current growth outlooks have prompted us to reduce the risk significance for the risk category "Economic risks, United States" to "low."

Risks relating to strategic transformation and integration

Collaboration with Chinese suppliers is being impeded by the enduring trade conflict between the United States and China. Since 2020, the United States has restricted the use of U.S. technology for and by Chinese suppliers on account of security concerns. They also put pressure on other countries to do the same. In Germany, the legislator has put an end to many years of intensive discussion concerning the security of critical infrastructure with the new Second Act to Increase the Security of Information Technology Systems, or the IT Security Act 2.0 (IT-Sicherheitsgesetz 2.0). A positive outcome is that a number of long-disputed requirements for critical infrastructure (KRITIS) have now been laid down. Deutsche Telekom itself has long been scrutinizing security-critical components prior to installation and on an ongoing basis once in operation. We therefore assume that the assessment by the authorities will also be compatible with rapid network build-out and will not lead to any long-term delays. The IT Security Act 2.0 does not include any ban on individual manufacturers. The Federal Ministry of the Interior, Building and Community is currently drafting the necessary rules (on the certification of critical components, manufacturer declarations of trustworthiness, among others) for the practical application of the IT Security Act 2.0. The requirements laid down in the security catalog, drawn up by the Bundesnetzagentur and the Federal Office for Information Security in accordance with the Telecommunications Act and published in early August 2021, will be relevant to any critical components that could potentially be affected. In respect of the certification obligation for components that have already been installed, the catalog stipulates a transition period expiring on December 31, 2025. This is why the affected components can largely be considered to be grandfathered until that point in time. The risk of a retrospective order to remove components already installed in the network is low under current legislation. However, we cannot rule out the possibility that critical components from all manufacturers currently in operation may not be used from January 1, 2026 onwards. Several network operators have taken steps to file official objection proceedings to clarify the ambiguous legal terminology and scope of application of the security catalog. Irrespective of this, the hurdles for retrospective orders to remove components already approved will be high. In other countries, such as Austria and Poland, it is still possible that suppliers in critical infrastructure will have to be replaced within specific deadlines. In particular due to the adoption of the IT Security Act 2.0 in Germany, the extent of potential losses is reduced and we have lowered the risk significance in the risk category "Risks relating to strategic transformation and integration" to "medium."

Regulatory risks

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

European Electronic Communications Code (EECC) transposed into national law. The transposition of the EECC into national law in each of Deutsche Telekom's footprint countries confers both opportunities, in particular for a shift towards more investment-friendly regulation, and risks, primarily in connection with the higher costs of transposing extended consumer protection provisions. The rules are already in place in Germany in the form of the Telecommunications Modernization Act (Telekommunikationsmodernisierungsgesetz – TKMoG), which will enter into force on December 1, 2021.

For further information on the implementation of the EECC, please refer to the section "The economic environment – Regulation."

Litigation

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

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

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

Proceedings against T-Mobile US as a consequence of the cyberattack on T-Mobile US. In August 2021 T-Mobile US confirmed that their systems were subject to a criminal cyberattack that compromised data of millions of their customers, former customers, and prospective customers. With the assistance of outside cybersecurity experts, T-Mobile US located and closed the unauthorized access to their systems and identified customers whose information was impacted and notified them, consistent with state and federal requirements. As a result of the cyberattack, T-Mobile US is subject to numerous lawsuits, including multiple class action lawsuits seeking unspecified monetary damages, and inquiries by various government agencies, law enforcement and other governmental authorities, and T-Mobile US may be subject to further regulatory inquiries and private litigation. 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. The European Commission decided on October 15, 2014 that Slovak Telekom had abused its market power on the Slovak broadband market and as a result imposed fines on Slovak Telekom and Deutsche Telekom, which were paid in full in January 2015. In 2018, following an appeal by Slovak Telekom and Deutsche Telekom, the Court of the European Union partially overturned the European Commission's ruling and reduced the fines by a total of EUR 13 million. A ruling of March 25, 2021 dismissed in full a further appeal with the European Court of Justice. Following the decision of the European Commission, competitors had filed damage actions against Slovak Telekom with the civil court in Bratislava. These claims seek compensation for alleged damages due to Slovak Telekom's abuse of a dominant market position, as determined by the European Commission. At present, two claims totaling EUR 112 million plus interest are still pending. It is currently not possible to estimate the financial impact with sufficient certainty.

Assessment of the aggregate risk position

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