Deutsche Telekom

INTERIM GROUP REPORT

9M 2023

JANUARY 1 TO SEPTEMBER 30

Connecting
your world.

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

Deutsche Telekom at a glance

millions of €

		Q1-Q3 2023	Q1-Q3 2022	Change %	Q3 2023	Q3 2022	Change %	FY 2022
Revenue and earnings (according to the management approach)[a]								
Net revenue		82,616	84,613	(2.4)	27,556	28,979	(4.9)	114,413
Of which: domestic	%	22.9	22.1		23.4	21.8		22.1
Of which: international	%	77.1	77.9		76.6	78.2		77.9
Service revenue[b]		69,025	68,256	1.1	23,258	23,590	(1.4)	91,988
EBITDA		46,455	33,441	38.9	11,333	10,422	8.7	43,986
EBITDA (adjusted for special factors)		35,212	34,915	0.9	12,074	12,003	0.6	46,410
EBITDA AL		41,492	27,085	53.2	9,711	8,546	13.6	35,989
EBITDA AL (adjusted for special factors)		30,488	30,244	0.8	10,486	10,481	0.0	40,208
EBITDA AL margin (adjusted for special factors)	%	36.9	35.7		38.0	36.2		35.1
Profit (loss) from operations (EBIT)		28,651	12,085	n.a.	5,429	3,401	59.6	16,159
Revenue and earnings from continuing operations (according to financial statements)[a]								
Net revenue		82,601	84,453	(2.2)	27,556	28,925	(4.7)	114,197
EBITDA		33,451	32,741	2.2	11,330	10,182	11.3	43,049
Profit (loss) from operations (EBIT)		15,647	11,576	35.2	5,426	3,161	71.7	15,414
Net profit (loss)		18,823	6,987	n.a.	1,924	1,578	21.9	8,001
Net profit (loss) (adjusted for special factors)		6,114	7,094	(13.8)	2,268	2,411	(5.9)	9,081
Earnings per share (basic and diluted)	€	3.78	1.41	n.a.	0.39	0.32	21.9	1.61
Adjusted earnings per share (basic and diluted)	€	1.23	1.43	(14.0)	0.46	0.48	(4.2)	1.83
Statement of financial position								
Total assets		302,513	321,357	(5.9)				298,590
Shareholders' equity		96,570	94,475	2.2				87,320
Equity ratio	%	31.9	29.4					29.2
Net debt[c]		137,128	151,707	(9.6)				142,425
Cash flows								
Net cash from operating activities		28,556	27,302	4.6	9,692	9,323	4.0	35,819
Cash capex		(13,702)	(18,208)	24.7	(4,265)	(5,949)	28.3	(24,114)
Cash capex (before spectrum investment)		(13,243)	(15,224)	13.0	(4,062)	(5,582)	27.2	(21,019)
Free cash flow (before dividend payments and spectrum investment)		15,395	12,320	25.0	5,655	3,899	45.0	15,239
Free cash flow AL (before dividend payments and spectrum investment)		11,789	9,444	24.8	4,688	2,904	61.4	11,470
Net cash (used in) from investing activities		(6,100)	(15,511)	60.7	(3,827)	(5,364)	28.7	(22,306)
Net cash (used in) from financing activities		(20,899)	(11,505)	(81.7)	(7,329)	(1,014)	n.a.	(15,438)

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

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

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

millions

	Sept. 30, 2023	June 30, 2023	Change Sept. 30, 2023/ June 30, 2023 %	Dec. 31, 2022	Change Sept. 30, 2023/ Dec. 31, 2022 %	Sept. 30, 2022	Change Sept. 30, 2023/ Sept. 30, 2022 %
Fixed-network and mobile customers							
Mobile customers[a]	249.6	245.9	1.5	245.4	1.7	242.3	3.0
Fixed-network lines[b]	25.3	25.3	0.2	25.3	0.3	25.3	0.3
Broadband customers[c]	21.9	21.7	0.8	21.4	2.2	21.2	3.0

[a] Including T-Mobile US wholesale customers.

[b] In the second quarter of 2023, fixed-network lines in Greece were adjusted retrospectively for the first quarter of 2023 due to changes in definitions.

[c] Excluding wholesale.

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

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

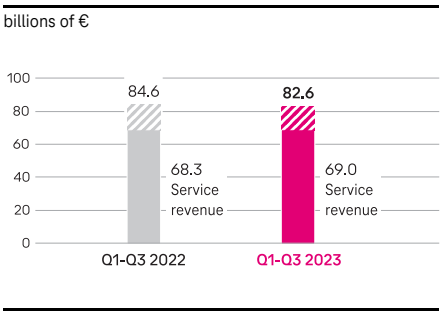
For information on our performance indicators and alternative performance measures, please refer to the section "Management of the Group" in the 2022 combined management report (2022 Annual Report) and our Investor Relations website.

To our shareholders

Development of selected financial data

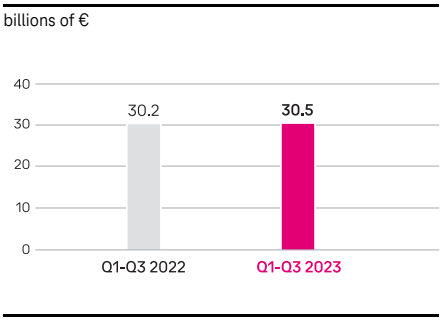
Net revenue, service revenue[a]

- Net revenue decreased by 2.4 % to EUR 82.6 billion; on an organic basis, it remained virtually stable. High-value service revenue increased by 1.1 % to EUR 69.0 billion; in organic terms, the increase was 3.3 %.
- Our Germany segment increased revenue by 2.5 % year-on-year, and by 1.8 % on an organic basis, on the back of the strong development of service revenues.
- In the United States segment, revenue declined by 3.9 %, partly due to exchange rate effects. In organic terms, the decline of 1.7 % was due in part to the decrease in terminal equipment revenue, which was in line with expectations.
- Revenue in our Europe segment grew by 5.1 %, and by 4.5 % on an organic basis, on account of higher mobile service revenues.
- Revenue in Systems Solutions was up 2.5 % year-on-year, and by 5.5 % in organic terms, on the back of growth in the Road Charging, Digital, and Advisory portfolio areas.
- In Group Development, revenue declined significantly due to the sale of T-Mobile Netherlands and GD Towers; on an organic basis, net revenue remained stable.



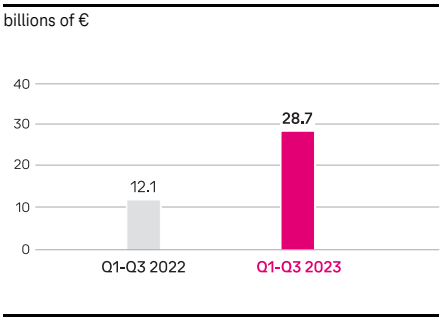
EBITDA AL (adjusted for special factors)[a]

- Adjusted EBITDA AL grew by 0.8 % to EUR 30.5 billion. In organic terms, it increased by 3.7 %.
- In our Germany segment, adjusted EBITDA AL was up 4.0 %, driven by high-value revenue growth and enhanced cost efficiency.
- In the United States, adjusted EBITDA AL increased by 3.6 %. In organic terms, the increase was largely due to a 4.9 % cut in costs. Adjusted core EBITDA AL grew by 8.5 % to EUR 19.6 billion.
- Adjusted EBITDA AL in the Europe segment grew by 3.2 %, and by 2.4 % in organic terms.
- In Systems Solutions, adjusted EBITDA AL grew by 6.5 % due to efficiency effects and increased revenue in our Road Charging portfolio area.
- In Group Development, adjusted EBITDA AL declined significantly due to the sale of T-Mobile Netherlands and GD Towers.
- At 36.9 %, the Group's adjusted EBITDA AL margin held steady at a high level. The adjusted EBITDA AL margin was 41.1 % in the Germany segment, 37.2 % in the United States segment, and 35.7 % in the Europe segment.



Profit/loss from operations (EBIT)[a]

- EBIT increased substantially to EUR 28.7 billion, mainly as a result of the gain on deconsolidation from the sale of GD Towers.
- Special factors had a positive effect of EUR 11.0 billion on EBITDA AL. Deconsolidations, disposals, and acquisitions generated proceeds of EUR 12.3 billion, most of which was attributable to the sale of GD Towers. In the prior-year period, the special factors affecting EBITDA AL totaled EUR -1.6 billion.
- EBITDA AL thus increased by EUR 14.4 billion to EUR 41.5 billion.
- At EUR 17.8 billion, depreciation, amortization and impairment losses were EUR 3.6 billion lower than in the prior-year period, with the decrease being almost exclusively attributable to the United States and Group Development operating segments.

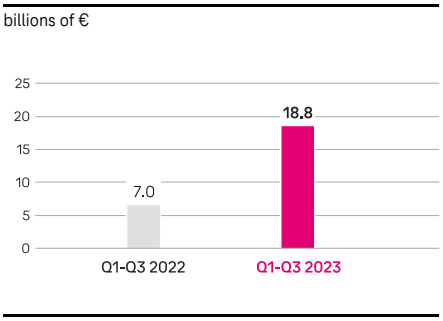


For a reconciliation for the organic development of key figures for the prior-year comparative period, please refer to the section "Additional information."

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

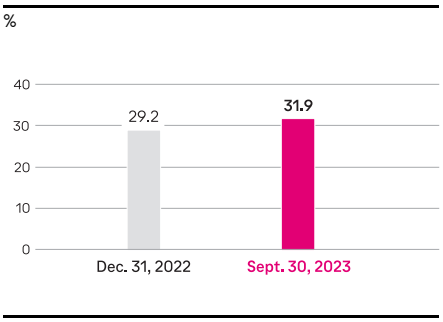
Net profit

- Our net profit increased significantly to EUR 18.8 billion due to the sale of GD Towers.
- Loss from financial activities increased by EUR 1.9 billion to EUR 4.4 billion, with other financial income/expense decreasing in particular in connection with the measurement of provisions and liabilities, as well as gains/losses from financial instruments. Finance costs increased by EUR 0.4 billion to EUR 4.3 billion.
- Tax expense increased by EUR 0.4 billion to EUR 2.2 billion.
- Profit attributable to non-controlling interests increased by EUR 2.4 billion to EUR 3.1 billion; a trend mainly attributable to the United States segment.
- Adjusted earnings per share decreased from EUR 1.43 to EUR 1.23.



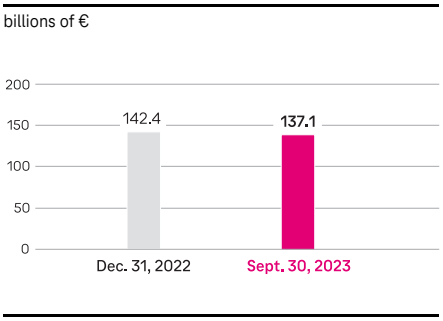
Equity ratio

- The equity ratio increased by 2.7 percentage points against December 31, 2022 to 31.9 %.
- The increase in shareholders' equity from EUR 87.3 billion to EUR 96.6 billion is primarily attributable to profit (EUR 22.0 billion) and to other comprehensive income (EUR 1.2 billion).
- Shareholders' equity was reduced in particular by transactions with owners (EUR 10.4 billion), which largely relate to T-Mobile US' 2022 share buy-back program, and the cash dividend declared by T-Mobile US for the fourth quarter of 2023. Dividend payments to our shareholders (EUR 3.5 billion) and to other shareholders of subsidiaries (EUR 0.5 billion) also reduced shareholders' equity.



Net debt[b]

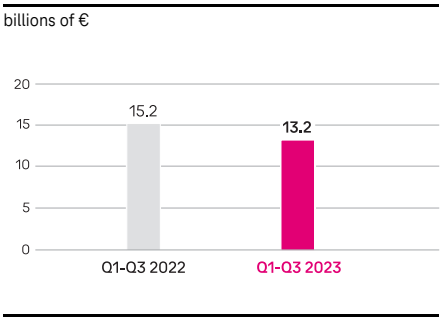
- Net debt decreased by EUR 5.3 billion compared with the end of 2022 to EUR 137.1 billion.
- The main factors reducing net debt were free cash flow (before dividend payments and spectrum investment) of EUR 15.4 billion and cash proceeds of EUR 10.7 billion from the sale of GD Towers.
- Net debt was increased in particular by T-Mobile US' 2022 share buy-back program (EUR 10.1 billion), the dividend payment – including to non-controlling interests – (EUR 3.7 billion), additions of lease liabilities and right-of-use assets (EUR 3.1 billion), and the sale-and-leaseback transaction in connection with the sale of GD Towers (EUR 3.0 billion). Exchange rate effects (EUR 0.8 billion) and the acquisition of spectrum (EUR 0.5 billion) also increased net debt.



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

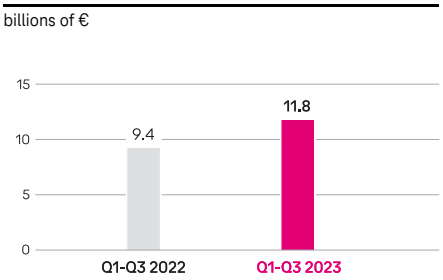
Cash capex (before spectrum investment)

- Cash capex (before spectrum investment) decreased by EUR 2.0 billion to EUR 13.2 billion.
- In the United States segment, cash capex decreased by EUR 2.5 billion as a result of higher cash outflows in the prior year for the accelerated build-out of the 5G network and the integration of Sprint. By contrast, cash capex in the Germany segment increased by EUR 0.5 billion due to different seasonal effects.
- Cash capex (including spectrum investment) decreased by EUR 4.5 billion to EUR 13.7 billion. Spectrum licenses were acquired in the United States operating segment for a total of EUR 0.3 billion and in the Europe segment for a total of EUR 0.2 billion in the reporting period. In the prior-year period, the United States segment had acquired spectrum licenses for a total amount of EUR 3.0 billion.



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

- Free cash flow AL increased from EUR 9.4 billion to EUR 11.8 billion.
- The sound business performance in the operating segments had an increasing effect on net cash from operating activities. Lower cash outflows in connection with the integration of Sprint in the United States and lower cash capex (before spectrum investment) also had a positive impact.
- Free cash flow AL was reduced by an increase of EUR 0.7 billion in cash outflows for the repayment of lease liabilities, mainly in the United States and Germany segments, an increase of EUR 0.2 billion in net interest payments, and an increase of EUR 0.2 billion in tax payments.



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

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

For further information on our performance indicators and alternative performance measures, please refer to the section "Management of the Group" in the 2022 combined management report (2022 Annual Report) and our Investor Relations website.

Highlights in the third quarter of 2023

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

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

Shareholder remuneration

Against the background of the results expected for the 2023 financial year as well as the dividend policy communicated at the 2021 Capital Markets Day, the Board of Management plans to propose to the shareholders' meeting to increase the dividend from EUR 0.70 per share for the 2022 financial year to EUR 0.77 per share for the 2023 financial year. The Supervisory Board will make its decision on the Board of Management's dividend planning as soon as the definitive business figures for the 2023 financial year are available. In addition, the Board of Management plans to buy back shares of Deutsche Telekom AG in 2024 for up to EUR 2 billion.

For further information, please refer to our media report.

Guidance raised again for the 2023 financial year

In view of the sound business performance in our United States operating segment, we are raising our guidance for adjusted EBITDA AL and free cash flow AL of the Group for the 2023 financial year. Instead of around EUR 41.0 billion, we now expect to post adjusted EBITDA AL of around EUR 41.1 billion. For free cash flow AL, we are raising the guidance from previously over EUR 16 billion to now over EUR 16.1 billion.

T-Mobile US

End of the share buy-back program from September 2022 and majority stake in T-Mobile US secured. In the first three quarters of 2023, T-Mobile US bought back around 77.5 million additional shares with a total volume of USD 11.0 billion (EUR 10.3 billion) under its share buy-back program. This puts the total number of shares that have been repurchased since the program's inception in September 2022 at around 98.8 million at a price of USD 14.0 billion (EUR 13.2 billion). The budget for the share buy-back program was therefore fully exhausted by the end of September 2023. Taking the treasury shares held by T-Mobile US into account, Deutsche Telekom's stake in T-Mobile US stood at 52.1 % as of September 30, 2023.

Deutsche Telekom has achieved its declared capital market objective from 2021 of securing the majority in T-Mobile US. Beginning in early 2024, Deutsche Telekom plans to sell a portion of its T-Mobile US share portfolio on the market, without jeopardizing its own majority ownership position in T-Mobile US. The precise number of T-Mobile US shares that Deutsche Telekom plans to sell is yet to be decided.

Shareholder return program from September 2023. On September 6, 2023, T-Mobile US announced a shareholder return program of up to USD 19 billion that will run from October 1, 2023 through December 31, 2024. The program consists of further share buy-backs totaling around USD 15.25 billion, as well as dividends totaling around USD 3.75 billion to be paid out on a quarterly basis. The amount available for share buy-backs will be reduced by the amount of any dividends approved. On September 25, 2023, the T-Mobile US Board of Directors declared an initial cash dividend of USD 0.65 per share for the fourth quarter of 2023, which will be paid out on December 15, 2023.

For further information, please refer to our media report.

Spectrum acquisition. On September 12, 2023, T-Mobile US agreed with U.S. cable network operator Comcast to acquire spectrum in the 600 MHz band in exchange for total cash consideration of between USD 1.2 billion and USD 3.3 billion. The transaction is expected to close in the first half of 2028, pending approval from the U.S. regulatory authority, the Federal Communications Commission.

Network build-out

Germany. As of the end of the third quarter of 2023, our 5G network was available to 95.4 % of the German population, and a total of around 6.9 million households have the option of a direct connection to our fiber-optic network.

United States. As of the end of the third quarter of 2023, T-Mobile US' 5G network covered around 98 % of the U.S. population, with 300 million people already benefiting from Ultra Capacity 5G (5G UC). T-Mobile US has thus already hit its 2023 year-end target for 5G UC coverage.

Europe. As of the end of the third quarter of 2023, our national companies covered on average 63.0 % of the population in our European footprint with 5G, and a total of around 8.7 million households can access our high-performance fiber-optic network.

Cooperations, partnerships, and major deals

World exhibition of digitalization: Digital X 2023. From September 20 to 21, 2023, Europe's leading digitalization initiative provided a glimpse of how we might live and work in the future with showcases of trends and technical innovations covering topics from 5G, automation and process optimization, cloud computing and IoT, data rooms and blockchain, to artificial intelligence and the metaverse. Around 50 thousand visitors experienced the innovations of tomorrow live and up close as part of this year's theme "Be digital. Stay human."

For further information, please refer to our media report.

Official partner of UEFA EURO 2024. Deutsche Telekom is an official partner of UEFA EURO 2024 for telecommunication services, sponsorship, and media rights. On August 24, 2023, we presented details of this three-pillar partnership and announced extensive cooperation with RTL on the production and broadcasting of the matches.

For further information, please refer to our media report.

5G campus networks for EUROGATE. Europe's leading shipping line-independent container terminal operator EUROGATE has commissioned us to implement three 5G campus networks. The "Campus network L" 5G B2B solution will improve mobile coverage at the container terminals for the ports in Hamburg, Bremerhaven, and Wilhelmshaven.

For further information, please refer to our media report.

Fiber-optic operator model and cooperations. A group of 47 municipalities in the Upper Palatinate region of Germany has ordered the connection of 50 thousand households and businesses to the fiber-optic network. The company Laber-Naab Infrastrukturgesellschaft will implement the network. Deutsche Telekom has been awarded the contract for active operation of the fiber-optic network. This is our first time taking on an operator model on such a large scale. We also entered into further cooperations and expanded existing partnerships – in Feuchtwangen, Wipperfürth, Ludwigsburg, and Bavarian Swabia, to name a few – from which several thousand households will benefit.

In Poland, T-Mobile Polska has signed an agreement with Vectra Group on access to Vectra's fiber-optic network. This transaction gives T-Mobile Polska the option to offer its convergent services to around 4 million more households on an incremental basis.

Products, rate plans, and services

Fairphone 5: A sustainable smartphone. The Fairphone 5 has been available from Deutsche Telekom since September 14, 2023. Its improved longevity aims to set new standards for environmentally friendly technology. At the heart of the Fairphone 5 is an eight-core processor, which receives software updates for at least eight years to ensure long-lasting performance. A five-year warranty can be activated after purchase.

For further information, please refer to our media report.

Launch of the T Tablet. The launch of the T Tablet on August 24, 2023 marks another milestone in Deutsche Telekom's commitment to provide Europe-wide 5G access. The tablet is a result of our ongoing partnership with software vendor Google, and seamlessly combines hardware, software, and network functionality. It is available at a price of EUR 1 with any Magenta mobile and data rate plan or at a one-time cost of EUR 219 without a rate plan.

For further information, please refer to our media report.

GÖNN: A new mobile rate plan for the under-28s. On September 5, 2023, we launched an online-only mobile rate plan for young people under 28 years of age available exclusively through the new GÖNN app. GÖNN includes 10 GB of data volume in our 5G network, unlimited voice calls and text messages in all German networks, as well as three days of unlimited surfing every month and exclusive deals for customers.

MagentaZuhause Flex: More flexibility with regard to contract terms. For the first time ever, starting September 5, 2023 we now also offer our MagentaZuhause rate plans as Flex versions with no minimum contract term. The Flex option is available for the MagentaZuhause M, L, and XL rate plans and can also be combined with a MagentaTV offering. Customers with a mobile contract from Telekom also benefit as Flex customers from the MagentaEINS advantage.

Go5G Next: T-Mobile US' new Un-carrier rate plan. On August 24, 2023, T-Mobile US launched its new Go5G Next and Go5G Business Next rate plans offering access to the T-Mobile US 5G network plus an optional device upgrade every year, with the same portfolio of devices available to both new and existing customers.

Awards

Networks. In September 2023, Deutsche Telekom's broadband and fixed-network services score "very good" in the network tests of Funke Mediengruppe's Imtest consumer magazine (German only). Magenta in Austria is ranked best overall B2B internet provider in the ÖGVS consumer study (German only). The industry magazine Connect rates Deutsche Telekom best-in-test for its fixed network in Germany (German only) and Austria (German only). In July 2023, T-Mobile US' network has once again been awarded #1 with regard to speeds in the Ookla Speedtest Global Index and the Umlaut Audit Report. Our national companies in Greece, Croatia, and Austria (German only), too, receive Ookla and Umlaut awards for both the fastest and best mobile networks.

Service. Deutsche Telekom's customer service receives multiple awards in the third quarter of 2023: We are ranked #1 in both the Connect (German only) fixed-network hotline test and the Chip (German only) test for digital service offerings. Our MeinMagenta app wins outright in the Connect test for service apps – this is the first time Deutsche Telekom has won this test for the DACH region. Moreover, our shops win Focus Money magazine's Service King award for the seventh time in the 2023 Deutschland Test study (German only).

Investors. Deutsche Telekom is the Investors' Darling (German only) for the second year in succession: In 2023, HHL Leipzig Graduate School of Management's Chair of Accounting and Auditing, led by Prof. Dr. Henning Zülch, in cooperation with Manager Magazin, has once again rated us higher than all other DAX, MDAX, and SDAX companies, awarding us the #1 spot in its overall ranking for best financial communication. Deutsche Telekom is the first company ever to receive this award three times in total. In the annual Institutional Investor survey, too, Deutsche Telekom received several first prizes, including for best CEO and best IR program among European telecommunications companies.

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

Interim Group management report

Group organization, strategy, and management

With regard to our Group organization, strategy, and management, please refer to the explanations in the 2022 combined management report (2022 Annual Report). From the Group's point of view, the following significant events in the first three quarters of 2023 resulted in changes and/or additions.

Group organization

Sale of GD Towers. On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 % stake in the cell tower business companies in Germany and Austria (GD Towers), which were assigned to the Group Development operating segment, to DigitalBridge and Brookfield. After all necessary regulatory approvals had been duly granted and all other closing conditions met, the transaction was closed on February 1, 2023. The sale price is based on an enterprise value of EUR 17.5 billion. The total gain on deconsolidation resulting from the sale amounts to EUR 15.9 billion, of which EUR 12.9 billion is included in profit/loss from discontinued operation as other operating income in the consolidated income statement as of the deconsolidation date. As Deutsche Telekom has largely leased back the sold passive network infrastructure in Germany and Austria under a sale and leaseback transaction, a further EUR 3.0 billion will be recognized pro rata in subsequent periods. Overall, right-of-use assets were recognized in the amount of EUR 2.0 billion and lease liabilities in the amount of EUR 5.0 billion. The transaction resulted in cash proceeds of EUR 10.7 billion. The stake retained by Deutsche Telekom of 49.0 % has been included in the consolidated financial statements using the equity method since February 1, 2023. The carrying amount of the investment amounted to EUR 6.1 billion as of September 30, 2023.

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

Sale of the U.S. wireline business. On September 6, 2022, T-Mobile US reached an agreement with Cogent Infrastructure (Cogent) on the sale of T-Mobile US' fiber-optic-based wireline business. Under the agreement, Cogent will take over all shares in the entity that holds all of the assets and liabilities related to the former Sprint's fiber-optic-based wireline network. The transaction was closed on May 1, 2023. All necessary regulatory approvals had been duly granted and all other closing conditions met. The sale price was USD 1 and was subject to customary adjustments laid down in the purchase agreement. The cash proceeds received upon completion of the transaction amounted to USD 14 million (EUR 13 million). The loss on deconsolidation resulting from the sale amounted to EUR 4 million. In addition, upon completion of the transaction, T-Mobile US undertook to enter into a separate agreement on IP transit services, according to which T-Mobile US will pay a total of USD 0.7 billion (around EUR 0.6 billion) to Cogent in agreed installments over subsequent periods. In connection with the payment obligations entered into as part of the transaction, total liabilities of EUR 0.7 billion had already been recognized in the 2022 financial year. As a result of the concluded sales agreement, the assets and liabilities of the wireline business were reported in the consolidated statement of financial position as "held for sale" from September 30, 2022 up until their sale on May 1, 2023.

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

Agreement on the acquisition of Ka'ena in the United States. On March 9, 2023, T-Mobile US entered into a Merger and Unit Purchase Agreement for the acquisition of 100 % of the outstanding equity of Ka'ena Corporation and its subsidiaries including, among others, Mint Mobile, for a maximum purchase price of USD 1.35 billion to be paid out 39 % in cash and 61 % in shares of T-Mobile US common stock. Ka'ena Corporation is currently one of the wholesale partners of T-Mobile US, offering wireless telecommunications services to customers. The purchase price is variable dependent upon specified performance indicators of Ka'ena Corporation during certain periods before and after closing and consists of an upfront payment at deal close, subject to certain agreed-upon adjustments, and a variable earnout payable 24 months after the close of the transaction. The upfront payment is expected to be a revised amount of around USD 1.2 billion (before working capital adjustments). The acquisition is subject to certain customary closing conditions, including certain regulatory approvals, and the transaction is expected to close around the end of the first quarter of 2024.

Group strategy

Shareholder remuneration. Against the background of the results expected for the 2023 financial year as well as the dividend policy communicated at the 2021 Capital Markets Day, the Board of Management plans to propose to the shareholders' meeting to increase the dividend from EUR 0.70 per share for the 2022 financial year to EUR 0.77 per share for the 2023 financial year. In view of the guidance for earnings per share of over EUR 1.60 for 2023, the proposed dividend of EUR 0.77 per share is thus in the middle of the intended payout range. The Supervisory Board will make its decision on the Board of Management's dividend planning as soon as the definitive business figures for the 2023 financial year are available. A dividend payment based on the final dividend proposal by the Board of Management and the Supervisory Board for the 2023 financial year is subject to approval by the shareholders' meeting and to fulfillment of other legal conditions. In addition, the Board of Management plans to buy back shares of Deutsche Telekom AG in 2024 for up to EUR 2 billion. The planned share buy-backs are intended to recoup part of the dilution effect from Deutsche Telekom's 2021 capital increase.

End of the share buy-back program from September 2022 and majority stake in T-Mobile US secured. In the first three quarters of 2023, T-Mobile US bought back around 77.5 million additional shares with a total volume of USD 11.0 billion (EUR 10.3 billion) under its share buy-back program. This puts the total number of shares that have been repurchased since the program's inception in September 2022 at around 98.8 million at a price of USD 14.0 billion (EUR 13.2 billion). The budget for the share buy-back program was therefore fully exhausted by the end of September 2023. Taking the treasury shares held by T-Mobile US into account, Deutsche Telekom's stake in T-Mobile US stood at 52.1 % as of September 30, 2023.

Deutsche Telekom has achieved its declared capital market objective from 2021 of securing the majority in T-Mobile US. Beginning in early 2024, Deutsche Telekom plans to sell a portion of its T-Mobile US share portfolio on the market, without jeopardizing its own majority ownership position in T-Mobile US. The precise number of T-Mobile US shares that Deutsche Telekom plans to sell is yet to be decided.

T-Mobile US shareholder return program from September 2023. On September 6, 2023, T-Mobile US announced a shareholder return program of up to USD 19 billion that will run from October 1, 2023 through December 31, 2024. The program comprises additional share buy-backs and dividends to be paid out on a quarterly basis. The amount available for share buy-backs will be reduced by the amount of any dividends approved.

On September 25, 2023, the T-Mobile US Board of Directors declared an initial cash dividend of USD 0.65 per share for the fourth quarter of 2023, which will be paid out on December 15, 2023. EUR 0.4 billion of the cash dividend is attributable to Deutsche Telekom's stake and EUR 0.3 billion to non-controlling interests in T-Mobile US.

Management of the Group

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

millions of €

		Q1-Q3 2023	Of which: continuing operations	Of which: discontinued operation	Q1-Q3 2022	Of which: continuing operations	Of which: discontinued operation
Net revenue		**82,616**	**82,601**	**15**	**84,613**	**84,453**	**160**
Service revenue		**69,025**	**69,029**	**(4)**	**68,256**	**68,268**	**(12)**
EBITDA		**46,455**	**33,451**	**13,004**	**33,441**	**32,741**	**700**
Depreciation of right-of-use assets		(3,618)	(3,618)	0	(5,260)	(5,159)	(101)
Interest expenses on recognized lease liabilities		(1,345)	(1,340)	(5)	(1,096)	(1,073)	(23)
EBITDA AL		**41,492**	**28,492**	**12,999**	**27,085**	**26,509**	**576**
Special factors affecting EBITDA AL		11,004	(1,923)	12,927	(3,159)	(3,158)	(1)
EBITDA AL (adjusted for special factors)		**30,488**	**30,415**	**73**	**30,244**	**29,667**	**577**
Depreciation, amortization and impairment losses		(17,804)	(17,804)	0	(21,357)	(21,165)	(192)
Profit (loss) from operations (EBIT)		**28,651**	**15,647**	**13,004**	**12,085**	**11,576**	**509**
Profit (loss) from financial activities		(4,446)	(4,430)	(16)	(2,574)	(2,577)	3
Profit (loss) before income taxes		24,205	11,217	12,989	9,510	8,998	512
Earnings per share (basic and diluted)	€	3.78	1.03	2.75	1.41	1.34	0.06
Adjusted earnings per share (basic and diluted)	€	**1.23**	**1.22**	**0.01**	**1.43**	**1.36**	**0.07**

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

The economic environment

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

Macroeconomic development

The global economic outlook dampened in the third quarter of 2023. The inflation-induced loss of purchasing power is stifling macroeconomic demand, while higher interest rates are negatively affecting financing terms for households and businesses. The upturn in consumer prices in the United States and the eurozone has slowed, although the core inflation rate remains at a relatively high level.

In its October 2023 forecast, the International Monetary Fund (IMF) expects global economic output to grow by 3.0 % in the current year compared to growth of 3.5 % in the prior year.

For the German economy, the IMF expects economic output to decline by 0.5 %. According to the Bitkom-ifo-Digitalindex, the business climate in the digital sector deteriorated in the third quarter of 2023, but remains positive in contrast to the business climate in the economy as a whole.

The national economies in our core markets in North America and Europe are set to grow this year. According to the IMF forecast, economic output is expected to grow this year by 2.1 % in the United States and by 0.7 % in the eurozone.

Overall economic outlook

Cooling inflation and falling prices on the global energy markets could lead to moderate economic recovery in the coming year. However, significant downside risks continue to weigh on the economic outlook. If inflation falls at a slower rate than expected, it could result in the need for a more aggressive tightening of monetary policy. This would further dampen consumer demand. Europe avoided a gas shortage in winter 2022/23, but the supply situation for winter 2023/24 is still uncertain and energy prices could rise if demand for natural gas increases in Asia. A possible escalation of the war in Ukraine could also lead to a renewed rise in energy prices. Geopolitical tensions, in particular between the United States and China, present a further risk, and could put significant pressure on global trade in goods and international supply chains.

Regulation

Ongoing court case on the approval under merger control law for the joint venture Glasfaser NordWest. On September 12, 2023, the Federal Court of Justice admitted the appeal filed by the Bundeskartellamt and Telekom Deutschland against the Düsseldorf Higher Regional Court's decision dated September 22, 2021. The Düsseldorf Higher Regional Court had decided to reverse the Bundeskartellamt's approval under merger control law of the joint venture Glasfaser Nordwest. Telekom Deutschland and EWE had established the joint venture Glasfaser NordWest in 2020 to bring fast internet to up to 1.5 million households and business locations. The September 12, 2023 decision now paves the way for the Federal Court of Justice to open a legal review into the reversal of the approval. The joint venture can continue building out FTTH until the proceedings are concluded.

Awarding of spectrum

At the multi-band auction in Croatia, which began with a bidding phase on January 17, 2023, Hrvatski Telekom secured an above-average package of spectrum, comprising the largest share of spectrum (2x 105 MHz), for around EUR 135 million. In Poland, the bidding phase for the 3,400 to 3,800 MHz band award ended on October 18, 2023. T-Mobile Polska purchased 100 MHz of this spectrum for around EUR 111 million, securing one of the two spectrum blocks with the fewest technical constraints.

Award procedures for the 700/800 MHz and 26 GHz bands could also follow in Poland in 2023/2024. The Austrian regulatory authority RTR has begun the procedure to award 26 GHz millimeter wave spectrum. It also plans to award residual frequencies in the 3,400 to 3,800 MHz band from the 2019 auction in the same procedure. A public consultation on the tender conditions is under way. RTR expects the bidding process to start in the fourth quarter of 2023.

In the Czech Republic, the procedure to extend the 900/1,800 MHz GSM license, which expires in 2024, is still expected to begin before the end of 2023. In Slovakia meanwhile, the procedure (auction) to re-award spectrum in the 900 MHz and 2,100 MHz bands announced for the end of 2023 is at stake following calls by several parties to re-examine the auction conditions. Moreover, the minister responsible is currently being replaced.

In Germany, the regulatory authority Bundesnetzagentur launched a public consultation on September 13, 2023, following which it intends to extend the usage rights – which expire at the end of 2025 – for the 800 MHz, 1,800 MHz (partial), and 2,600 MHz mobile frequencies by five years and therefore not award them by way of an auction for the time being.

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	Planned award procedures
Austria	Started	Q4 2023	26 GHz/3,400–3,800 MHz (residual spectrum)	Auction (SMRA[a])
Poland	Q4 2023		700/800 MHz	Auction or tender procedure[b], details and timeline tbd
Poland	Q4 2023		26 GHz	Details tbd
Slovakia	Q1 2024[c]	Q1 2024[c]	900/2,100 MHz	New award procedure (auction)
Czech Republic	Q4 2023	Q4 2023	900/1,800 MHz	Extension procedure

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

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

[c] Currently, the terms and conditions of the auction are being reviewed and as a result postponement is under discussion.

Agreements on spectrum licenses

On August 8, 2022, T-Mobile US entered into agreements with **Channel 51 License** and **LB License** for the acquisition of spectrum in the 600 MHz band in exchange for total cash consideration of USD 3.5 billion (EUR 3.4 billion). On March 30, 2023, the contractual parties further agreed that the transaction be divided into two separate tranches. The transfer of the licenses in accordance with the agreements is subject to regulatory approvals and certain other customary closing conditions. The first tranche is not expected to be closed before the first half of 2024, while the second tranche is expected to be closed in late 2024 or early 2025.

On July 1, 2020, T-Mobile US and **DISH Network Corporation** (DISH) entered into an agreement on the sale of spectrum licenses, under which DISH receives an option to purchase certain 800 MHz spectrum licenses from T-Mobile US for USD 3.6 billion (EUR 3.4 billion). The transaction is subject to approval by the Federal Communications Commission (FCC). On October 15, 2023, T-Mobile US and DISH modified the agreement to include, among other changes, a non-refundable extension fee of USD 100 million which DISH will pay to T-Mobile US, as well as the requirement that the purchase of the spectrum licenses must be finalized by April 1, 2024. The extension fee is fully creditable against the purchase price provided DISH exercises its option to purchase the spectrum by this date. If DISH does not purchase the spectrum licenses, T-Mobile US is obligated to put the licenses up for sale at auction. Should bidding not reach the defined minimum purchase price of USD 3.6 billion, T-Mobile US would be released from its obligation to sell the licenses.

On September 12, 2023, T-Mobile US agreed with U.S. cable network operator **Comcast** to acquire spectrum in the 600 MHz band in exchange for total cash consideration of between USD 1.2 billion and USD 3.3 billion (EUR 1.1 billion and EUR 3.1 billion). The final purchase price will be determined at the time the parties make required transfer filings with the FCC once it is decided which spectrum Comcast intends to sell. The transaction is expected to close in the first half of 2028, pending approval from the FCC. At the same time, T-Mobile US and Comcast have agreed exclusive leasing arrangements. The leasing rights for T-Mobile US will apply for at least two years, even if Comcast elects to remove some of its licenses from the purchase agreement.

Development of business in the Group

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

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

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

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

Results of operations of the Group

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Net revenue	**82,616**	**84,613**	**(2.4)**	**27,839**	**27,221**	**27,556**	**28,979**	**(4.9)**	**114,413**
Service revenue[a]	**69,025**	**68,256**	**1.1**	**22,814**	**22,952**	**23,258**	**23,590**	**(1.4)**	**91,988**
EBITDA AL (adjusted for special factors)	**30,488**	**30,244**	**0.8**	**9,963**	**10,038**	**10,486**	**10,481**	**0.0**	**40,208**
EBITDA AL	41,492	27,085	53.2	22,364	9,416	9,711	8,546	13.6	35,989
Depreciation, amortization and impairment losses	(17,804)	(21,357)	16.6	(6,030)	(5,869)	(5,904)	(7,021)	15.9	(27,827)
Profit (loss) from operations (EBIT)	**28,651**	**12,085**	**n.a.**	**18,015**	**5,207**	**5,429**	**3,401**	**59.6**	**16,159**
Profit (loss) from financial activities	(4,446)	(2,574)	(72.7)	(1,331)	(1,623)	(1,492)	(1,051)	(42.0)	(4,455)
Profit (loss) before income taxes	24,205	9,510	n.a.	16,685	3,584	3,937	2,350	67.5	11,703
Net profit (loss)	18,823	6,987	n.a.	15,360	1,539	1,924	1,578	21.9	8,001
Net profit (loss) (adjusted for special factors)	6,114	7,094	(13.8)	1,959	1,887	2,268	2,411	(5.9)	9,081
Earnings per share (basic and diluted) €	3.78	1.41	n.a.	3.09	0.31	0.39	0.32	21.9	1.61
Adjusted earnings per share (basic and diluted) €	**1.23**	**1.43**	**(14.0)**	**0.39**	**0.38**	**0.46**	**0.48**	**(4.2)**	**1.83**

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

In order to increase the informative value of the prior-year comparatives based on changes to the Company's structure or exchange rate effects, we also describe selected figures in organic terms by adjusting the figures for the prior-year period for changes in the composition of the Group, exchange rate effects, and other effects. Due to changes in the composition of the Group, the figures for the prior-year period presented on an organic basis were reduced primarily in the Group Development operating segment in connection with the sale of T-Mobile Netherlands as of March 31, 2022, of GD Towers as of February 1, 2023, and of the wireline business at T-Mobile US as of May 1, 2023. The net negative exchange rate effects were primarily attributable to the translation of U.S. dollars to euros.

Revenue, service revenue

In the first three quarters of 2023, we generated net revenue of EUR 82.6 billion, which was down 2.4 % or EUR 2.0 billion year-on-year. In organic terms, revenue remained more or less on a par with the prior-year level, including negative net exchange rate effects of EUR 1.0 billion, with the changes in the composition of the Group having the net reducing effect of EUR 0.9 billion. High-value service revenue in the Group increased by EUR 0.8 billion or 1.1 % year-on-year to EUR 69.0 billion. In organic terms, service revenue increased by EUR 2.2 billion or 3.3 %.

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

millions of €

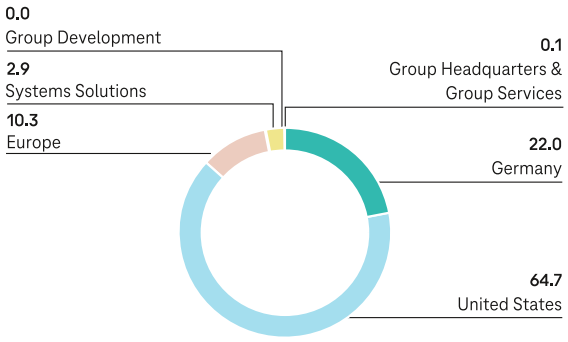
	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Germany	18,598	18,145	2.5	6,141	6,150	6,308	6,144	2.7	24,505
United States	53,455	55,636	(3.9)	18,262	17,555	17,638	19,316	(8.7)	75,436
Europe	8,678	8,259	5.1	2,784	2,899	2,995	2,848	5.2	11,158
Systems Solutions	2,865	2,796	2.5	946	959	960	927	3.6	3,811
Group Development	108	1,409	(92.3)	102	4	2	293	(99.3)	1,708
Group Headquarters & Group Services	1,718	1,802	(4.7)	578	552	588	582	1.0	2,407
Intersegment revenue	(2,806)	(3,434)	18.3	(975)	(898)	(933)	(1,132)	17.6	(4,612)
Net revenue	**82,616**	**84,613**	**(2.4)**	**27,839**	**27,221**	**27,556**	**28,979**	**(4.9)**	**114,413**

In our United States operating segment, revenue was down 3.9 % against the prior-year level, due in part to exchange rate effects. In organic terms, it declined by 1.7 %. This was attributable to lower terminal equipment revenue, as expected. First of all, the migration of former Sprint customers to the T-Mobile US network is complete, such that fewer compatible devices were issued. Furthermore, customers use their devices longer. In addition, T-Mobile US continued its strategic withdrawal from the terminal equipment lease business. The decline in terminal equipment revenues was only partially offset by an increase in service revenue. In the Group Development operating segment, year-on-year revenue development was dominated by the loss of the value contributions of the sold entities T-Mobile Netherlands and GD Towers. In organic terms, revenue remained stable. The other operating segments recorded positive revenue trends. Revenue in our home market of Germany was up on the prior-year level, increasing by 2.5 %. In organic terms, revenue grew by 1.8 % year-on-year. This was mainly driven by growth in service revenues in the fixed-network core business and in mobile communications. Another revenue driver was the partnership business. In our Europe operating segment, revenue increased by 5.1 % year-on-year. In organic terms, revenue increased by 4.5 %, primarily attributable to the increase in high-margin services revenues in the mobile business. Contract customer additions also had positive effects on terminal equipment revenues. Revenue in our Systems Solutions operating segment was up 2.5 % year-on-year; in organic terms, it was up 5.5 %. This positive revenue trend was mainly driven by growth in the Digital, Road Charging, and Advisory portfolio areas.

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

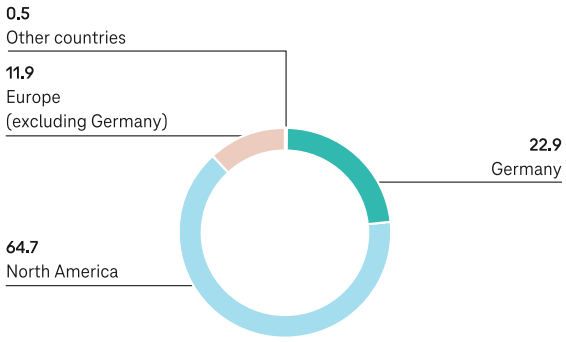
Contribution of the segments to net revenue[a]

%



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 64.7 %, our United States operating segment provided by far the largest contribution to net revenue of the Group. This was 1.0 percentage points below the level in the prior-year period. The proportion of net revenue generated internationally decreased from 77.9 % to 77.1 %.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased year-on-year by EUR 0.2 billion or 0.8 % to EUR 30.5 billion in the first three quarters of 2023. In organic terms, adjusted EBITDA AL increased by EUR 1.1 billion or 3.7 %, including negative net exchange rate effects of EUR 0.3 billion, and with changes in the composition of the Group having a net reducing effect of EUR 0.5 billion. Adjusted core EBITDA AL, i.e., adjusted EBITDA AL excluding revenue from terminal equipment leases in the United States, thereby presenting operational development undistorted by the strategic withdrawal from the terminal equipment lease business, increased by EUR 1.1 billion or 3.8 % to EUR 30.2 billion.

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

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Germany	7,655	7,358	4.0	2,489	2,528	2,638	2,535	4.1	9,837
United States	19,882	19,198	3.6	6,536	6,554	6,791	6,690	1.5	25,614
Europe	3,102	3,007	3.2	983	1,024	1,095	1,046	4.7	3,964
Systems Solutions	245	230	6.5	75	84	86	83	3.6	284
Group Development	53	740	(92.8)	65	(5)	(7)	221	n.a.	964
Group Headquarters & Group Services	(422)	(274)	(54.0)	(176)	(141)	(105)	(89)	(18.0)	(437)
Reconciliation	(26)	(16)	(62.5)	(9)	(5)	(13)	(5)	n.a.	(17)
EBITDA AL (adjusted for special factors)	**30,488**	**30,244**	**0.8**	**9,963**	**10,038**	**10,486**	**10,481**	**0.0**	**40,208**

All operating segments – with the exception of Group Development, due to the aforementioned loss of the value contributions of the sold units – made a positive contribution to the development of adjusted EBITDA AL. Our Germany operating segment contributed to the increase thanks to high-value revenue growth and improved cost efficiency with 4.0 % higher adjusted EBITDA AL; in organic terms, it increased by 3.1 %. Adjusted EBITDA AL in our United States operating segment increased by 3.6 %. In organic terms, adjusted EBITDA AL grew by 4.9 % year-on-year, mainly due to lower costs. Adjusted core EBITDA AL at T-Mobile US increased by EUR 1.5 billion or 8.5 % to EUR 19.6 billion. Adjusted EBITDA AL in our Europe operating segment increased by 3.2 %. In organic terms, it increased by 2.4 %, with a positive net margin more than sufficient to offset the higher indirect costs. In our Systems Solutions operating segment, adjusted EBITDA AL increased by 6.5 % or, in organic terms, by 2.5 %. Efficiency effects from the transformation program and increased revenue in the Road Charging portfolio area exceeded the decline in earnings in the Cloud portfolio area.

EBITDA AL increased by EUR 14.4 billion year-on-year to EUR 41.5 billion, with special factors affecting EBITDA AL increasing by EUR 14.2 billion to EUR 11.0 billion. Net income of EUR 12.3 billion was recorded as special factors under effects of deconsolidations, disposals, and acquisitions. The deconsolidation of GD Towers as of February 1, 2023 gave rise to income of EUR 12.9 billion. Net expenses of EUR 0.7 billion, mainly in connection with integration costs as a result of the merger of T-Mobile US and Sprint, had an offsetting effect. In the prior-year period, net expenses of EUR 1.6 billion had been recorded as special factors under effects of deconsolidations, disposals, and acquisitions. These effects included income of EUR 1.7 billion from the deconsolidation of GlasfaserPlus and a further EUR 0.9 billion from the sale of T-Mobile Netherlands. In the prior-year period, net expenses in the United States operating segment of EUR 4.4 billion had an offsetting effect. These were mainly incurred in connection with integration costs as a result of the merger of T-Mobile US and Sprint and in connection with payment obligations relating to the agreement concluded at that time to sell the fiber-optic-based wireline network. Expenses incurred in connection with staff restructuring totaled EUR 1.2 billion, up EUR 0.3 billion against the prior-year level. In August 2023, T-Mobile US began with the implementation of a workforce reduction program. The expenses recognized as special factors in this connection amounted to EUR 0.4 billion. No significant impairment losses or other special factors affecting EBITDA AL were recognized in the reporting period. In the prior year, the impairment losses classified as special factors amounted to EUR 0.3 billion and mainly related to right-of-use assets used in connection with the former Sprint's fiber-optic-based wireline network. In the prior year, other special factors affecting EBITDA AL included expenses of EUR 0.4 billion incurred in connection with the proceedings pending in consequence of the cyberattack on T-Mobile US in August 2021, offset by payments on account from insurance companies of EUR 0.1 billion in connection with damage sustained in the catastrophic flooding in July 2021.

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

Profit/loss from operations (EBIT)

Group EBIT increased to EUR 28.7 billion, up EUR 16.6 billion against the level of the prior-year period. This change was primarily due to the deconsolidation gain from the sale of GD Towers. At EUR 17.8 billion, depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets were EUR 3.6 billion lower in the first three quarters of 2023 than in the prior-year period, with the decrease being mainly attributable to the United States and Group Development operating segments. Depreciation and amortization at T-Mobile US were lower due to the ongoing strategic withdrawal from the terminal equipment lease business. Depreciation and amortization also decreased due to the complete write-off of certain 4G network components, including assets affected by the decommissioning of the former Sprint's legacy CDMA and LTE networks in 2022. The decrease was offset by increased depreciation and amortization in connection with the further build-out of the nationwide 5G network in the United States. In the Group Development operating segment, depreciation of property, plant and equipment and right-of-use assets were down on the prior-year level in connection with the fact that GD Towers had been held for sale until it was sold and accordingly the related depreciation had been suspended, and in connection with its subsequent sale. By contrast, a further reduction in the useful life of leased network technology for cell sites following the business combination of T-Mobile US and Sprint increased depreciation of the corresponding right-of-use assets by EUR 0.2 billion. In the Germany operating segment, depreciation and amortization increased, partly as a result of the sale and leaseback of passive network infrastructure in Germany and Austria in connection with the sale of GD Towers and the associated recognition of retained right-of-use assets. Impairment losses amounted to EUR 0.1 billion in the reporting period. The impairment losses recorded in the prior-year period of EUR 0.9 billion were mainly attributable to the former Sprint's fiber-optic-based wireline assets in the United States operating segment and related in part to the sale of the business to Cogent agreed in September 2022.

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

Profit before income taxes

Profit before income taxes increased by EUR 14.7 billion to EUR 24.2 billion. Loss from financial activities increased year-on-year by EUR 1.9 billion to EUR 4.4 billion, with other financial income declining from EUR 1.3 billion to a financial expense of EUR 0.2 billion, in particular in connection with the interest component from the measurement of provisions and liabilities. This decrease was mainly attributable to the subsequent measurement using actuarial principles of the present value of the provision recognized for the Civil Service Health Insurance Fund. In the prior year, the measurement was affected by the significant increase in the interest rate level in that period. Gains/losses from financial instruments also declined, partly due to less pronounced positive measurement effects compared with the prior-year period. Finance costs increased from EUR 3.9 billion to EUR 4.3 billion, mainly due to the sale and leaseback of passive network infrastructure in Germany and Austria in connection with the sale of GD Towers, which resulted in an increase in the carrying amounts of the lease liabilities, and due to an increase in the average interest rates of our financial liabilities.

Net profit, adjusted net profit

Net profit increased year-on-year by EUR 11.8 billion to EUR 18.8 billion. Tax expense increased by EUR 0.4 billion to EUR 2.2 billion. The tax rate was significantly reduced in the first three quarters of 2023 by the realization of tax-free income from the sale of GD Towers. Taxes were furthermore reduced by deferred tax effects arising in connection with the sale-and-leaseback transaction concluded. Profit attributable to non-controlling interests increased by EUR 2.4 billion to EUR 3.1 billion. This increase was almost entirely attributable to our United States operating segment. Excluding special factors, which had a positive overall effect of EUR 12.7 billion on net profit, adjusted net profit amounted to EUR 6.1 billion in the first three quarters of 2023, compared with EUR 7.1 billion in the prior-year period. The increase in loss from financial activities in particular had a decreasing effect.

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

Earnings per share, adjusted earnings per share

Earnings per share is calculated as net profit divided by the weighted average number of ordinary shares outstanding, which totaled 4,975 million as of September 30, 2023. This resulted in earnings per share of EUR 3.78, which was mainly affected by the gain on the sale of GD Towers. In the prior-year period, earnings per share had been EUR 1.41. Earnings per share adjusted for special factors affecting net profit amounted to EUR 1.23 compared with EUR 1.43 in the prior-year period.

Employees

Headcount development

	Sept. 30, 2023	Dec. 31, 2022	Change	Change %	Sept. 30, 2022
FTEs in the Group	**204,236**	**206,759**	**(2,523)**	**(1.2)**	**207,930**
Of which: civil servants (in Germany, with an active service relationship)	7,199	8,381	(1,182)	(14.1)	8,567
Germany	60,317	59,014	1,303	2.2	60,023
United States	66,226	67,088	(862)	(1.3)	66,864
Europe	33,051	34,083	(1,032)	(3.0)	34,328
Systems Solutions	26,184	27,392	(1,208)	(4.4)	26,838
Group Development	105	828	(723)	(87.3)	829
Of which: GD Towers	0	762	(762)	(100.0)	757
Group Headquarters & Group Services	18,353	18,353	0	0.0	19,048

As of September 30, 2023, the Group's headcount was down by 1.2 % compared with the end of 2022. In our Germany operating segment, the number of employees increased by 2.2 % against year-end 2022, mainly due to the transfer of employees of Multimedia Solutions (MMS) from the Systems Solutions operating segment. The total number of full-time equivalent employees in the United States operating segment decreased by 1.3 % compared to year-end 2022 – primarily due to headcount rationalization to manage costs. In connection with the implementation of the workforce reduction program, which began in August 2023, a further decrease in the total employee base of just under 7 % is expected in the next three quarters. In our Europe operating segment, the headcount was down by 3.0 % compared with the end of the prior year, in particular in Slovakia, Poland, and Greece. The headcount in our Systems Solutions operating segment was down 4.4 % against year-end 2022, mainly due to the transfer of MMS into the Germany operating segment. In the Group Development operating segment, the sharp year-on-year decrease in headcount of 87.3 % was mainly due to the sale of GD Towers as of February 1, 2023. The headcount in the Group Headquarters & Group Services segment as of September 30, 2023 was at the same level as at year-end 2022. The continued staff restructuring at Vivento offset the increase in the number of employees in the Technology and Innovation Board of Management department.

Reconciliations of financial performance indicators from the IFRS consolidated financial statements

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

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
EBITDA	46,455	33,441	38.9	24,046	11,077	11,333	10,422	8.7	43,986
Depreciation of right-of-use assets[a]	(3,618)	(5,260)	31.2	(1,246)	(1,207)	(1,165)	(1,490)	21.8	(6,507)
Interest expenses on recognized lease liabilities[a]	(1,345)	(1,096)	(22.7)	(435)	(453)	(457)	(386)	(18.4)	(1,489)
EBITDA AL	**41,492**	**27,085**	**53.2**	**22,364**	**9,416**	**9,711**	**8,546**	**13.6**	**35,989**
Special factors affecting EBITDA AL	11,004	(3,159)	n.a.	12,401	(622)	(775)	(1,935)	59.9	(4,219)
EBITDA AL (adjusted for special factors)	**30,488**	**30,244**	**0.8**	**9,963**	**10,038**	**10,486**	**10,481**	**0.0**	**40,208**

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

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

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Net profit (loss)	**18,823**	**6,987**	**n.a.**	**15,360**	**1,539**	**1,924**	**1,578**	**21.9**	**8,001**
Special factors affecting EBITDA AL	11,004	(3,159)	n.a.	12,401	(622)	(775)	(1,935)	59.9	(4,219)
Staff-related measures	(1,208)	(936)	(29.1)	(232)	(355)	(622)	(367)	(69.5)	(1,230)
Non-staff-related restructuring	(26)	(68)	61.8	(10)	(7)	(8)	(22)	63.6	(175)
Effects of deconsolidations, disposals and acquisitions	12,250	(1,610)	n.a.	12,623	(240)	(133)	(1,510)	91.2	(2,256)
Impairment losses	(8)	(272)	97.1	(1)	(7)	0	(71)	100.0	(276)
Other	(4)	(274)	98.5	21	(14)	(11)	34	n.a.	(283)
Special factors affecting net profit	1,705	3,051	(44.1)	1,000	274	430	1,102	(61.0)	3,139
Impairment losses	(84)	(790)	89.4	(17)	(31)	(36)	(450)	92.0	(989)
Profit (loss) from financial activities	(2)	27	n.a.	0	(2)	0	3	(100.0)	(487)
Income taxes	1,270	1,415	(10.2)	876	154	240	633	(62.1)	1,936
Non-controlling interests	521	2,400	(78.3)	141	154	226	916	(75.3)	2,680
Special factors	**12,709**	**(108)**	**n.a.**	**13,401**	**(348)**	**(344)**	**(833)**	**58.7**	**(1,080)**
Net profit (loss) (adjusted for special factors)	**6,114**	**7,094**	**(13.8)**	**1,959**	**1,887**	**2,268**	**2,411**	**(5.9)**	**9,081**

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

millions of €

	EBITDA AL Q1-Q3 2023	EBIT Q1-Q3 2023	EBITDA AL Q1-Q3 2022	EBIT Q1-Q3 2022	EBITDA AL FY 2022	EBIT FY 2022
EBITDA AL/EBIT	**41,492**	**28,651**	**27,085**	**12,085**	**35,989**	**16,159**
Germany	**(376)**	**(376)**	**1,276**	**1,276**	**1,162**	**1,162**
Staff-related measures	(352)	(352)	(381)	(381)	(523)	(523)
Non-staff-related restructuring	(11)	(11)	(4)	(4)	(8)	(8)
Effects of deconsolidations, disposals and acquisitions	(1)	(1)	1,619	1,619	1,608	1,608
Impairment losses	0	0	0	0	0	0
Other	(12)	(12)	42	42	84	84
United States	**(1,329)**	**(1,329)**	**(5,327)**	**(6,017)**	**(5,949)**	**(6,637)**
Staff-related measures	(631)	(631)	(318)	(318)	(352)	(352)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(730)	(701)	(4,379)	(4,514)	(4,956)	(5,084)
Impairment losses	(8)	(36)	(271)	(827)	(275)	(836)
Other	40	40	(359)	(359)	(366)	(366)
Europe	**(63)**	**(63)**	**8**	**8**	**(31)**	**(147)**
Staff-related measures	(48)	(48)	(51)	(51)	(70)	(70)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	4	4	5	5	12	12
Impairment losses	0	0	0	0	0	(117)
Other	(18)	(18)	54	54	27	27

millions of €

	EBITDA AL Q1-Q3 2023	EBIT Q1-Q3 2023	EBITDA AL Q1-Q3 2022	EBIT Q1-Q3 2022	EBITDA AL FY 2022	EBIT FY 2022
Systems Solutions	**(86)**	**(132)**	**(106)**	**(156)**	**(159)**	**(270)**
Staff-related measures	(68)	(68)	(74)	(74)	(107)	(107)
Non-staff-related restructuring	(1)	(1)	0	0	(5)	(5)
Effects of deconsolidations, disposals and acquisitions	1	1	(2)	(2)	(2)	(2)
Impairment losses	0	(46)	0	(49)	0	(111)
Other	(17)	(17)	(30)	(30)	(44)	(44)
Group Development	**12,950**	**12,950**	**1,007**	**1,007**	**992**	**992**
Staff-related measures	(3)	(3)	(3)	(3)	(10)	(10)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	12,953	12,953	1,011	1,011	1,003	1,003
Impairment losses	0	0	0	0	0	0
Other	0	0	(1)	(1)	(1)	(1)
Group Headquarters & Group Services	**(92)**	**(93)**	**(17)**	**(46)**	**(234)**	**(270)**
Staff-related measures	(105)	(105)	(108)	(108)	(168)	(168)
Non-staff-related restructuring	(14)	(14)	(64)	(64)	(162)	(162)
Effects of deconsolidations, disposals and acquisitions	24	24	136	136	80	80
Impairment losses	0	0	(1)	(30)	0	(36)
Other	4	4	19	19	17	17
Group	**11,004**	**10,958**	**(3,159)**	**(3,927)**	**(4,219)**	**(5,171)**
Staff-related measures	(1,208)	(1,208)	(936)	(936)	(1,230)	(1,230)
Non-staff-related restructuring	(26)	(26)	(68)	(68)	(175)	(175)
Effects of deconsolidations, disposals and acquisitions	12,250	12,279	(1,610)	(1,744)	(2,256)	(2,384)
Impairment losses	(8)	(82)	(272)	(905)	(276)	(1,100)
Other	(4)	(4)	(274)	(274)	(283)	(283)
EBITDA AL/EBIT (adjusted for special factors)	**30,488**	**17,694**	**30,244**	**16,012**	**40,208**	**21,330**
Profit (loss) from financial activities (adjusted for special factors)		(4,406)		(2,579)		(3,931)
Profit (loss) before income taxes (adjusted for special factors)		**13,288**		**13,433**		**17,399**
Income taxes (adjusted for special factors)		(3,505)		(3,233)		(4,157)
Profit (loss) (adjusted for special factors)		**9,783**		**10,200**		**13,242**
Profit (loss) (adjusted for special factors) attributable to						
Owners of the parent (net profit (loss)) (adjusted for special factors)		6,114		7,094		9,081
Non-controlling interests (adjusted for special factors)		3,669		3,106		4,161

Financial position of the Group

Condensed consolidated statement of financial position

millions of €

	Sept. 30, 2023	%	Dec. 31, 2022	Change	Sept. 30, 2022
Assets					
Cash and cash equivalents	7,470	2.5	5,767	1,703	8,497
Trade receivables	15,713	5.2	16,766	(1,053)	17,087
Intangible assets	141,048	46.6	140,600	448	151,944
Property, plant and equipment	66,142	21.9	65,729	413	66,902
Right-of-use assets	34,536	11.4	33,727	809	37,767
Investments accounted for using the equity method	7,402	2.4	1,318	6,084	1,841
Current and non-current financial assets	10,448	3.5	9,910	538	11,205
Deferred tax assets	7,049	2.3	8,316	(1,267)	9,300
Non-current assets and disposal groups held for sale	245	0.1	4,683	(4,438)	4,584
Miscellaneous assets	12,460	4.1	11,774	686	12,230
Total assets	**302,513**	**100.0**	**298,590**	**3,923**	**321,357**
Liabilities and shareholders' equity					
Current and non-current financial liabilities	108,780	36.0	113,030	(4,250)	122,387
Current and non-current lease liabilities	42,620	14.1	38,792	3,828	42,833
Trade and other payables	10,223	3.4	12,035	(1,812)	11,545
Provisions for pensions and other employee benefits	3,625	1.2	4,150	(525)	4,250
Current and non-current other provisions	7,616	2.5	8,204	(588)	7,895
Deferred tax liabilities	23,116	7.6	22,800	316	24,751
Liabilities directly associated with non-current assets and disposal groups held for sale	0	0.0	3,347	(3,347)	3,409
Miscellaneous liabilities	9,963	3.3	8,912	1,051	9,812
Shareholders' equity	96,570	31.9	87,320	9,250	94,475
Total liabilities and shareholders' equity	**302,513**	**100.0**	**298,590**	**3,923**	**321,357**

Total assets amounted to EUR 302.5 billion as of September 30, 2023, up by EUR 3.9 billion against December 31, 2022. The main contributing factors were the cash proceeds from the sale of GD Towers, the sale-and-leaseback transaction concluded in this connection to lease the sold passive network infrastructure in Germany and Austria, and the inclusion of the remaining 49.0 % stake. Total assets were reduced in connection with the derecognition of the assets and liabilities that had been fully consolidated until the transaction was closed. Exchange rate effects, primarily from the translation of U.S. dollars into euros, increased the carrying amount of total assets.

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

On the assets side, **trade receivables** amounted to EUR 15.7 billion, down by EUR 1.1 billion against the 2022 year-end. This was due to lower receivables in the United States and Germany operating segments. By contrast, receivables increased in the Europe operating segment. Exchange rate effects, mainly from the translation from U.S. dollars into euros, also increased the carrying amount.

Intangible assets increased by EUR 0.4 billion compared to December 31, 2022 to EUR 141.0 billion. Additions of EUR 4.4 billion had an increasing effect on the carrying amount. Of these additions, EUR 0.9 billion related to the acquisition of mobile spectrum in the United States and Europe operating segments. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 1.0 billion. By contrast, amortization and impairment losses of EUR 4.9 billion reduced the carrying amount.

Property, plant and equipment increased by EUR 0.4 billion compared to December 31, 2022 to EUR 66.1 billion. Additions, primarily for the upgrade and build-out of the network (broadband, fiber-optic, and mobile infrastructure build-out) increased the carrying amount by EUR 9.0 billion. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 0.3 billion. Reclassifications of lease assets to property, plant and equipment upon expiry of the contractual lease term, in the United States operating segment in particular, also increased the carrying amount by EUR 0.3 billion. Depreciation charges of EUR 8.8 billion had a decreasing effect on the carrying amount, as did disposals in the amount of EUR 0.2 billion.

Compared with December 31, 2022, **right-of-use assets** increased by EUR 0.8 billion to EUR 34.5 billion. The carrying amount was increased by additions of EUR 5.1 billion, in part as a result of the sale and leaseback of passive network infrastructure in Germany and Austria in connection with the sale of GD Towers. In this context, retained right-of-use assets of EUR 2.0 billion were recognized in the consolidated statement of financial position. Exchange rate effects, primarily from the translation of U.S. dollars into euros, increased the carrying amount by EUR 0.2 billion. Depreciation and impairment losses decreased the carrying amount by EUR 4.1 billion. This included a EUR 0.2 billion increase in depreciation due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint. Reclassifications of lease assets to property, plant and equipment upon expiry of the contractual lease term, in the United States operating segment in particular, also reduced the carrying amount by EUR 0.3 billion. Disposals reduced the carrying amount by EUR 0.1 billion.

Investments accounted for using the equity method increased by EUR 6.1 billion compared to December 31, 2022, to EUR 7.4 billion, essentially as a result of the sale of the 51.0 % stake in GD Towers. Following the loss of control pursuant to the IFRSs as a result of the transaction, the companies were deconsolidated as of February 1, 2023. Since this date, the remaining 49.0 % of the shares have been included in the consolidated financial statements as an investment accounted for using the equity method. The carrying amount of the investment amounted to EUR 6.1 billion as of September 30, 2023.

Current and non-current **financial assets** increased by EUR 0.5 billion to EUR 10.4 billion. The net total of originated loans and receivables increased by EUR 0.3 billion to EUR 6.6 billion. The carrying amount was also increased by an existing shareholder loan to GD Towers, which must be reported in the consolidated statement of financial position as a result of the deconsolidation of the companies. As of September 30, 2023, this loan had a carrying amount of EUR 0.3 billion. In addition, government bonds were bought during the course of the year as short-term investments. As of September 30, 2023, they had a carrying amount of EUR 0.1 billion.

Non-current assets and disposal groups held for sale decreased by EUR 4.4 billion compared with December 31, 2022 to EUR 0.2 billion. The sale of GD Towers as of February 1, 2023 reduced the carrying amount by EUR 4.2 billion, and the sale of the wireline business at T-Mobile US as of May 1, 2023 by EUR 0.3 billion. The corresponding assets had previously been reported as held for sale on account of the sales agreements concluded.

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

Miscellaneous assets increased by EUR 0.7 billion to EUR 12.5 billion. Current and non-current other assets contributed EUR 0.4 billion to this increase, due in part to an increase in various advance payments, mainly in connection with agreements on services for certain mobile communications equipment. In addition, capitalized contract costs increased by EUR 0.3 billion and contract assets by EUR 0.1 billion. Inventories remained unchanged at the 2022 year-end level of EUR 2.6 billion.

On the liabilities and shareholders' equity side, current and non-current **financial liabilities** decreased by EUR 4.3 billion compared with the end of 2022 to a total of EUR 108.8 billion. Bonds and other securitized liabilities decreased by EUR 3.5 billion, due in part to early repayments of EUR 4.0 billion and scheduled repayments of EUR 5.4 billion. Net repayments of commercial paper also decreased the carrying amount by EUR 2.3 billion. The carrying amount was increased by the senior notes issued in the reporting period by T-Mobile US with a total volume of USD 8.5 billion (EUR 7.9 billion). In addition, the carrying amounts of liabilities to banks, liabilities with the right of creditors to priority repayment in the event of default, and other interest-bearing liabilities decreased by EUR 1.5 billion overall. By contrast, in connection with the resolution adopted by the T-Mobile US Board of Directors on September 25, 2023 to pay out a cash dividend of USD 0.65 per share for the fourth quarter of 2023, non-interest-bearing liabilities increased by EUR 0.3 billion, the amount of the stake attributable to non-controlling interests in T-Mobile US. Exchange rate effects, in particular from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 0.7 billion.

Current and non-current **lease liabilities** increased by EUR 3.8 billion to EUR 42.6 billion compared with December 31, 2022, mainly as a result of the sale and leaseback of passive network infrastructure in Germany and Austria in connection with the sale of GD Towers. As a result of this transaction, lease liabilities increased by EUR 5.0 billion. By contrast, lease liabilities in the United States operating segment decreased by EUR 1.2 billion due to the decommissioning of the former Sprint's wireless network, the closure of former Sprint shops, and a decline in network and build-out investments, primarily on account of higher capital efficiency resulting from the accelerated build-out of the nationwide 5G network in the prior year. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.3 billion.

Trade and other payables decreased by EUR 1.8 billion to EUR 10.2 billion, due in particular to lower liabilities in the United States operating segment, which primarily resulted from a lower procurement volume, and to lower liabilities in the Europe operating segment. By contrast, the Germany operating segment recorded an increase in liabilities. Exchange rate effects, in particular from the translation from U.S. dollars into euros, also increased the carrying amount.

Provisions for pensions and other employee benefits decreased by EUR 0.5 billion compared with December 31, 2022 to EUR 3.6 billion, mainly due to the increase in the discount rate compared with December 31, 2022 and the increase in the fair values of plan assets. Overall, the remeasurement of defined benefit plans resulted in an actuarial gain of EUR 0.5 billion to be recognized directly in equity.

Current and non-current **other provisions** decreased by EUR 0.6 billion compared with the end of 2022 to EUR 7.6 billion. Other provisions for personnel costs decreased by EUR 0.3 billion, partly in connection with the performance-based remuneration components for the prior year paid out to employees in the first half of 2023. Provisions for procurement and sales support decreased by EUR 0.2 billion, mainly in connection with the bonuses paid out to sales partners in the United States operating segment. Provisions for restoration obligations also decreased by EUR 0.2 billion and miscellaneous other provisions by EUR 0.2 billion, due in particular to the decommissioning of the former Sprint mobile network and due to shop closures. By contrast, provisions for termination benefits increased by EUR 0.4 billion. These provisions include expenses incurred for the workforce reduction begun in the United States operating segment. In August 2023, T-Mobile US began implementing an initiative to reduce its workforce by just under 7 % of the total employee base, primarily in corporate and back-office functions and some technology roles.

Liabilities directly associated with non-current assets and disposal groups held for sale decreased by EUR 3.3 billion against December 31, 2022 to EUR 0.0 billion. The sale of GD Towers as of February 1, 2023 reduced the carrying amount by EUR 3.0 billion, and the sale of the wireline business at T-Mobile US as of May 1, 2023 by EUR 0.4 billion. The corresponding liabilities had previously been reported as held for sale on account of the sales agreements concluded.

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

Miscellaneous liabilities increased from EUR 8.9 billion as of December 31, 2022 to EUR 10.0 billion, mainly due to an increase in other liabilities of EUR 0.5 billion, driven by an increase in liabilities from other taxes. In addition, contract liabilities increased by EUR 0.4 billion and income tax liabilities by EUR 0.2 billion.

Shareholders' equity increased from EUR 87.3 billion as of December 31, 2022 to EUR 96.6 billion, with profit of EUR 22.0 billion and capital increases from share-based payments of EUR 0.5 billion having an increasing effect. Other comprehensive income also increased the carrying amount by EUR 1.2 billion. Transactions with owners reduced the carrying amount of shareholders' equity by EUR 10.4 billion, mainly in connection with T-Mobile US' 2022 share buy-back program and the resolution adopted by the T-Mobile US Board of Directors on September 25, 2023 to pay out a cash dividend of USD 0.65 per share for the fourth quarter of 2023. The carrying amount was also reduced in connection with dividend payments for the 2022 financial year to Deutsche Telekom AG shareholders in the amount of EUR 3.5 billion and to other shareholders of subsidiaries in the amount of EUR 0.5 billion.

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

Calculation of net debt

millions of €

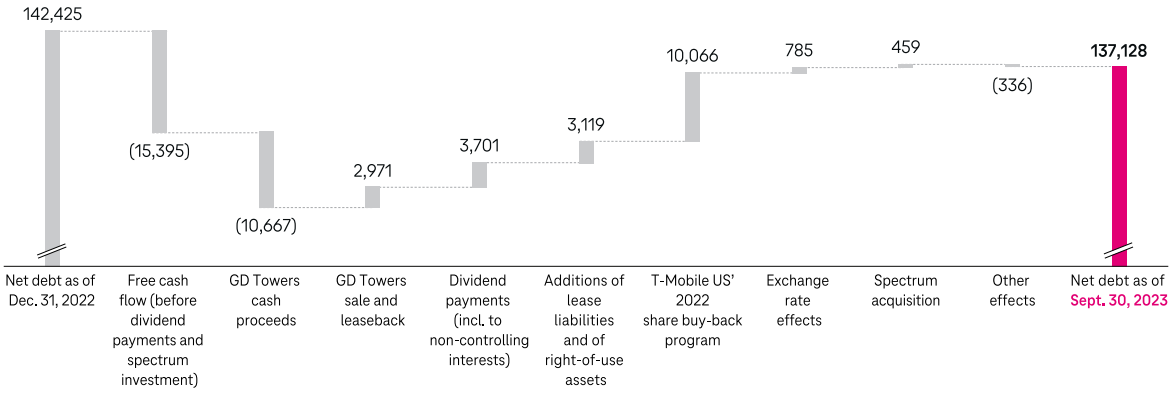
	Sept. 30, 2023	Dec. 31, 2022	Change	Change %	Sept. 30, 2022
Bonds and other securitized liabilities	90,339	93,802	(3,463)	(3.7)	101,181
Liabilities to banks	3,576	4,122	(546)	(13.2)	3,989
Other financial liabilities	14,865	15,107	(242)	(1.6)	17,216
Lease liabilities	42,620	41,063	1,557	3.8	45,111
Financial liabilities and lease liabilities	**151,400**	**154,093**	**(2,693)**	**(1.7)**	**167,497**
Accrued interest	(1,156)	(999)	(157)	(15.7)	(1,250)
Other	(1,205)	(805)	(400)	(49.7)	(972)
Gross debt	**149,039**	**152,289**	**(3,250)**	**(2.1)**	**165,275**
Cash and cash equivalents	7,470	5,767	1,703	29.5	8,497
Derivative financial assets	2,520	2,273	247	10.9	3,460
Other financial assets	1,921	1,824	97	5.3	1,611
Net debt[a]	**137,128**	**142,425**	**(5,297)**	**(3.7)**	**151,707**
Lease liabilities[b]	40,205	38,692	1,513	3.9	42,206
Net debt AL	**96,923**	**103,733**	**(6,810)**	**(6.6)**	**109,501**

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

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

Changes in net debt

millions of €



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

Calculation of free cash flow AL

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Net cash from operating activities	**28,556**	**27,302**	**4.6**	**9,558**	**9,306**	**9,692**	**9,323**	**4.0**	**35,819**
Cash outflows for investments in intangible assets	(3,711)	(6,204)	40.2	(1,187)	(1,254)	(1,270)	(1,525)	16.7	(7,551)
Cash outflows for investments in property, plant and equipment	(9,990)	(12,004)	16.8	(3,639)	(3,356)	(2,995)	(4,425)	32.3	(16,563)
Cash capex	(13,702)	(18,208)	24.7	(4,826)	(4,611)	(4,265)	(5,949)	28.3	(24,114)
Spectrum investment	459	2,984	(84.6)	67	189	203	367	(44.7)	3,096
Cash capex (before spectrum investment)	**(13,243)**	**(15,224)**	**13.0**	**(4,759)**	**(4,422)**	**(4,062)**	**(5,582)**	**27.2**	**(21,019)**
Proceeds from the disposal of intangible assets (excluding goodwill) and property, plant and equipment	82	243	(66.3)	23	34	25	158	(84.2)	439
Free cash flow (before dividend payments and spectrum investment)	**15,395**	**12,320**	**25.0**	**4,822**	**4,918**	**5,655**	**3,899**	**45.0**	**15,239**
Principal portion of repayment of lease liabilities[a]	(3,605)	(2,876)	(25.3)	(1,244)	(1,395)	(967)	(995)	2.8	(3,769)
Free cash flow AL (before dividend payments and spectrum investment)	**11,789**	**9,444**	**24.8**	**3,579**	**3,522**	**4,688**	**2,904**	**61.4**	**11,470**

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

Free cash flow AL (before dividend payments and spectrum investment) increased from EUR 9.4 billion in the prior-year period to EUR 11.8 billion. The following effects impacted on this development:

Net cash from operating activities increased by EUR 1.3 billion to EUR 28.6 billion on the back of the good business performance. Lower cash outflows in connection with the integration of Sprint in the United States also had an increasing effect. The increase in net interest payments of EUR 0.2 billion and the increase in tax payments of EUR 0.2 billion, in particular, had a reducing effect.

Cash capex (before spectrum investment) decreased by EUR 2.0 billion to EUR 13.2 billion. Cash capex in the United States operating segment decreased by EUR 2.5 billion to EUR 7.6 billion, mainly as a result of higher cash outflows in the prior year for the accelerated build-out of the 5G network and the integration of Sprint. In the Group Development operating segment, cash capex decreased, mainly due to the sales of T-Mobile Netherlands and GD Towers. In the Germany operating segment, capital expenditure totaled around EUR 3.4 billion in the first three quarters of 2023, EUR 0.5 billion more than in the prior-year period due to different seasonal effects, with much of this figure going towards the fiber-optic build-out. Cash outflows in the Europe operating segment increased by EUR 0.1 billion to EUR 1.3 billion, also largely due to the timing of the allocation of capital expenditure. We continue to invest here in the provision of broadband and fiber-optic technology and in 5G as part of our integrated network strategy. In the Systems Solutions operating segment, our capital expenditure was EUR 0.2 billion, primarily due to increased demand for on-board units in the Road Charging portfolio area and higher investments in the Digital portfolio area.

An increase of EUR 0.7 billion in cash outflows – in particular in the Germany and United States operating segments – for the repayment of lease liabilities reduced free cash flow AL.

> 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.

The rating of Deutsche Telekom AG

	Standard & Poor's	Moody's	Fitch
Long-term rating/outlook			
Dec. 31, 2022	BBB/positive	Baa1/stable	BBB+/stable
Sept. 30, 2023	**BBB+/stable**	**Baa1/stable**	**BBB+/stable**
Short-term rating	A-2	P-2	F2

On May 19, 2023, the rating agency Standard & Poor's raised the **long-term rating** from BBB to BBB+ with a stable outlook. We are therefore still a solid investment-grade company with access to the international capital markets.

> For more information on Deutsche Telekom AG's rating, please refer to the section "Profitability and financial position of the Group" in the 2022 Annual Report.

Development of business in the operating segments

Germany

Customer development

thousands

	Sept. 30, 2023	June 30, 2023	Change Sept. 30, 2023/ June 30, 2023 %	Dec. 31, 2022	Change Sept. 30, 2023/ Dec. 31, 2022 %	Sept. 30, 2022	Change Sept. 30, 2023/ Sept. 30, 2022 %
Mobile customers	59,778	57,695	3.6	54,249	10.2	52,991	12.8
Contract customers	24,811	24,391	1.7	23,791	4.3	23,544	5.4
Prepaid customers[a]	34,967	33,304	5.0	30,458	14.8	29,447	18.7
Fixed-network lines	17,352	17,332	0.1	17,363	(0.1)	17,396	(0.3)
Retail broadband lines	14,952	14,856	0.6	14,715	1.6	14,641	2.1
Of which: optical fiber[b]	12,620	12,486	1.1	12,112	4.2	11,740	7.5
Television (IPTV, satellite)	4,259	4,208	1.2	4,122	3.3	4,071	4.6
Unbundled local loop lines (ULLs)	2,690	2,877	(6.5)	3,136	(14.2)	3,231	(16.7)
Wholesale broadband lines	8,218	8,137	1.0	8,045	2.2	8,033	2.3
Of which: optical fiber	7,211	7,103	1.5	6,970	3.5	6,929	4.1

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

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

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. This success is attributable to our high-performance networks, a broad product portfolio, and good service. We want to offer our customers a seamless and technology-neutral telecommunications experience. We regularly adapt our product portfolio to address the needs of our customers.

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

Mobile communications

The number of high-value mobile contract customers under the Telekom and congstar brands grew by 943 thousand customers overall. Sustained high demand for mobile rate plans with data volumes continues to drive this trend. The number of prepaid customers grew by 4.5 million against the start of the year, primarily due to M2M SIM cards used in the automotive industry.

Fixed network

Demand remained high for our fiber-optic-based lines, with the total number increasing to 19.8 million since the end of 2022. Two key factors are driving this strong growth: demand for higher bandwidths, and the technical migration of customer lines to optical fiber under our "Turn customers into fans" (Kunden zu Fans machen) initiative, which concluded at the end of 2022.

The number of retail broadband lines remained at a high level, increasing by 237 thousand in the first nine months of 2023 to 15.0 million. 45 % of the customers have subscribed to a rate plan with speeds of 100 Mbit/s or higher. We recorded an increase of 137 thousand in the number of TV customers compared with year-end 2022. The number of fixed-network lines stood at 17.4 million.

Wholesale

As of September 30, 2023, fiber-optic-based lines accounted for 66.1 % of all lines – 3.8 percentage points more than at the end of 2022. This growth is a result of the demand for our commitment agreements. Ongoing demand among retail customers for higher-bandwidth lines also contributed to the increase. The number of unbundled local loop lines decreased by 446 thousand compared with the end of the prior year, partly as a result of the shift to higher-value fiber-optic-based lines and partly from consumers switching to other providers. In addition, our wholesale customers are migrating their retail customers to their own fiber-optic-based lines. The total number of wholesale lines at the end of September 2023 was 10.9 million.

Development of operations

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Revenue	**18,598**	**18,145**	**2.5**	**6,141**	**6,150**	**6,308**	**6,144**	**2.7**	**24,505**
Consumers	9,310	9,217	1.0	3,077	3,055	3,178	3,120	1.9	12,370
Business Customers	6,784	6,640	2.2	2,269	2,245	2,270	2,241	1.3	9,040
Wholesale	2,028	2,017	0.5	672	682	673	664	1.4	2,676
Other	476	271	75.6	123	167	186	119	56.3	419
Service revenue	**16,440**	**16,020**	**2.6**	**5,417**	**5,484**	**5,539**	**5,375**	**3.1**	**21,533**
EBITDA	7,679	8,655	(11.3)	2,483	2,509	2,687	2,413	11.4	11,025
Special factors affecting EBITDA	(376)	1,276	n.a.	(104)	(167)	(105)	(130)	19.2	1,162
EBITDA (adjusted for special factors)	8,055	7,379	9.2	2,587	2,676	2,792	2,543	9.8	9,864
EBITDA AL	7,278	8,634	(15.7)	2,385	2,360	2,533	2,405	5.3	10,998
Special factors affecting EBITDA AL	(376)	1,276	n.a.	(104)	(167)	(105)	(130)	19.2	1,162
EBITDA AL (adjusted for special factors)	**7,655**	**7,358**	**4.0**	**2,489**	**2,528**	**2,638**	**2,535**	**4.1**	**9,837**
EBITDA AL margin (adjusted for special factors) %	41.1	40.6		40.5	41.1	41.8	41.3		40.1
Depreciation, amortization and impairment losses	(3,155)	(2,993)	(5.4)	(1,036)	(1,054)	(1,065)	(1,001)	(6.4)	(4,019)
Profit (loss) from operations (EBIT)	**4,525**	**5,662**	**(20.1)**	**1,447**	**1,455**	**1,623**	**1,412**	**14.9**	**7,006**
EBIT margin %	24.3	31.2		23.6	23.7	25.7	23.0		28.6
Cash capex	(3,443)	(2,906)	(18.5)	(1,187)	(1,113)	(1,143)	(1,128)	(1.3)	(4,399)
Cash capex (before spectrum investment)	**(3,443)**	**(2,906)**	**(18.5)**	**(1,187)**	**(1,113)**	**(1,143)**	**(1,128)**	**(1.3)**	**(4,399)**

Revenue, service revenue

In the first nine months of 2023, we generated revenue of EUR 18.6 billion, which was up by 2.5 % year-on-year. This was mainly attributable to growth in service revenues of 2.6 %, due to increased revenue in the fixed-network core business, largely broadband-driven, and to higher mobile service revenues. Another revenue driver was the partnership business. In organic terms, revenue increased by 1.8 % year-on-year and service revenue by 1.9 %.

Revenue from **Consumers** increased by 1.0 % compared with the prior year. Revenue from broadband business continued to grow, due in part to the positive effects from customer appreciation for reliable networks and high bandwidths. Volume-driven declines in revenue from voice components continued to impact on traditional fixed-network business. Mobile business declined on account of terminal equipment business. Mobile service revenues increased year-on-year.

Revenue from **Business Customers** was up by 2.2 % year-on-year. IT business and mobile business, the latter driven by sustained growth in the customer base, contributed to this uptrend. In organic terms, revenue increased by 0.7 % year-on-year.

Wholesale revenue was up slightly at the end of September 2023 by 0.5 % year-on-year.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased by EUR 0.3 billion or 4.0 % year-on-year to EUR 7.7 billion. In organic terms, adjusted EBITDA AL grew by 3.1 % year-on-year. Our adjusted EBITDA AL margin increased to 41.1 %. The main reasons for this increase are a sound operational development, driven by high-value revenue growth, and enhanced cost efficiency. Organic factors also included the lower headcount and ongoing implementation of efficiency enhancement and digitalization measures.

EBITDA AL decreased by EUR 1.4 billion to EUR 7.3 billion. In the prior-year period, special factors included the gain on deconsolidation of GlasfaserPlus (EUR 1.7 billion) and payments on account received from insurance companies in connection with damage sustained in the catastrophic flooding in July 2021 (EUR 0.1 billion).

Profit/loss from operations (EBIT)

Profit from operations amounted to EUR 4.5 billion, a decrease of 20.1 % year-on-year. This decline is primarily attributable to the gain recognized in the prior year on the deconsolidation of GlasfaserPlus. Depreciation, amortization and impairment losses were up against the prior-year level, mainly as a result of the sale and leaseback of passive network infrastructure in Germany in connection with the sale of GD Towers.

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

Cash capex (before spectrum investment), cash capex

Cash capex increased by EUR 537 million or 18.5 % compared with the prior-year period, primarily due to different seasonal effects. Capital expenditure totaled around EUR 3.4 billion in the first nine months of 2023, in particular for the fiber-optic build-out. The number of households passed by our fiber-optic network had increased to around 6.9 million by the end of September 2023. In mobile communications, 95.4 % of German households can already use 5G.

United States

Customer development

thousands

	Sept. 30, 2023	June 30, 2023	Change Sept. 30, 2023/ June 30, 2023 %	Dec. 31, 2022	Change Sept. 30, 2023/ Dec. 31, 2022 %	Sept. 30, 2022	Change Sept. 30, 2023/ Sept. 30, 2022 %
Customers	117,907	116,602	1.1	113,598	3.8	111,755	5.5
Postpaid customers	96,312	95,086	1.3	92,232	4.4	90,414	6.5
Postpaid phone customers[a]	74,982	74,132	1.1	72,834	2.9	71,907	4.3
Other postpaid customers[a]	21,330	20,954	1.8	19,398	10.0	18,507	15.3
Prepaid customers[a]	21,595	21,516	0.4	21,366	1.1	21,341	1.2

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

Customers

At September 30, 2023, the United States operating segment (T-Mobile US) had 117.9 million customers, compared to 113.6 million customers at December 31, 2022. Net customer additions were 4.3 million in the nine months ended September 30, 2023, compared to 4.9 million in the nine months ended September 30, 2022 due to the factors described below.

Postpaid net customer additions were 4.1 million in the nine months ended September 30, 2023, compared to 4.6 million in the nine months ended September 30, 2022. Postpaid net customer additions decreased primarily from lower postpaid other net customer additions, primarily due to deactivations from mobile internet devices in the educational sector that were originally activated during the coronavirus pandemic and no longer needed and lower net additions from other connected devices. This decrease was partially offset by higher High Speed Internet net customer additions, primarily due to continued growth in gross additions driven by increasing customer demand, partially offset by increased deactivations from a growing customer base. In addition, the decrease in postpaid net customer additions resulted from slightly lower postpaid phone net customer additions, primarily due to increased deactivations from a growing customer base despite slightly lower churn, mostly offset by higher gross additions. High Speed Internet net customer additions included in postpaid other net customer additions were 1.4 million and 1.3 million for the nine months ended September 30, 2023 and 2022, respectively.

Prepaid net customer additions were 229 thousand in the nine months ended September 30, 2023, compared to 313 thousand in the nine months ended September 30, 2022. This decrease was primarily due to continued moderation of industry growth and continued industry migration of prepaid to postpaid, partially offset by growth in High Speed Internet. High Speed Internet net customer additions included in prepaid net customer additions were 192 thousand and 162 thousand for the nine months ended September 30, 2023 and 2022, respectively.

Development of operations

millions of €	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Revenue	**53,455**	**55,636**	**(3.9)**	**18,262**	**17,555**	**17,638**	**19,316**	**(8.7)**	**75,436**
Service revenue	**43,508**	**43,035**	**1.1**	**14,475**	**14,428**	**14,606**	**15,226**	**(4.1)**	**58,219**
EBITDA	22,469	19,488	15.3	7,545	7,488	7,436	6,479	14.8	26,707
Special factors affecting EBITDA	(1,090)	(3,642)	70.1	(234)	(282)	(574)	(1,518)	62.2	(4,155)
EBITDA (adjusted for special factors)	23,559	23,130	1.9	7,779	7,770	8,010	7,998	0.2	30,862
EBITDA AL	18,552	13,872	33.7	6,173	6,195	6,184	4,817	28.4	19,665
Special factors affecting EBITDA AL	(1,329)	(5,327)	75.1	(363)	(359)	(608)	(1,873)	67.5	(5,949)
EBITDA AL (adjusted for special factors)	**19,882**	**19,198**	**3.6**	**6,536**	**6,554**	**6,791**	**6,690**	**1.5**	**25,614**
Core EBITDA AL (adjusted for special factors)[a]	19,640	18,101	8.5	6,401	6,494	6,745	6,384	5.7	24,280
EBITDA AL margin (adjusted for special factors) %	37.2	34.5		35.8	37.3	38.5	34.6		34.0
Depreciation, amortization and impairment losses	(11,578)	(15,008)	22.9	(3,970)	(3,800)	(3,808)	(4,962)	23.3	(19,237)
Profit (loss) from operations (EBIT)	**10,891**	**4,480**	**n.a.**	**3,575**	**3,688**	**3,628**	**1,518**	**n.a.**	**7,470**
EBIT margin %	20.4	8.1		19.6	21.0	20.6	7.9		9.9
Cash capex	(7,830)	(13,008)	39.8	(2,862)	(2,589)	(2,378)	(4,005)	40.6	(16,340)
Cash capex (before spectrum investment)	**(7,577)**	**(10,039)**	**24.5**	**(2,799)**	**(2,561)**	**(2,218)**	**(3,646)**	**39.2**	**(13,361)**

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

Revenue, service revenue

Total revenue for the United States operating segment of EUR 53.5 billion in the nine months ended September 30, 2023 decreased by 3.9 %, compared to EUR 55.6 billion in the nine months ended September 30, 2022. In U.S. dollars, T-Mobile US' total revenues decreased by 2.1 % during the same period. Total revenues decreased primarily due to lower equipment revenues partially offset by higher service revenues. The components of these changes are described below.

Service revenues increased in the nine months ended September 30, 2023 by 1.1 % to EUR 43.5 billion. This increase resulted from higher postpaid revenues, primarily due to higher average postpaid accounts and higher postpaid Average Revenue per Account (ARPA). This increase was partially offset by lower wholesale and other service revenues, primarily from lower MVNO revenues and lower Wireline revenues due to the sale of the Wireline Business on May 1, 2023.

Equipment revenues decreased in the nine months ended September 30, 2023 primarily from a decrease in the number of devices and accessories sold, primarily driven by higher postpaid upgrades in the prior year period related to facilitating the migration of Sprint customers to the T-Mobile US network, as well as longer device lifecycles, and lower prepaid sales. In addition, equipment revenues decreased due to a decrease in lease revenues and customer purchases of leased devices, primarily due to a lower number of customer devices under lease as a result of the continued strategic shift in device financing from leasing to equipment installment plans (EIP). The decrease in equipment revenues was partially offset by slightly higher average revenue per device sold, primarily driven by higher promotions in the prior year period, which included promotions for Sprint customers to facilitate their migration to the T-Mobile US network, partially offset by a decrease in the high-end phone mix.

Adjusted EBITDA AL, EBITDA AL

In euros, adjusted EBITDA AL increased by 3.6 % to EUR 19.9 billion in the nine months ended September 30, 2023, compared to EUR 19.2 billion in the nine months ended September 30, 2022. The adjusted EBITDA AL margin increased to 37.2 % in the nine months ended September 30, 2023, compared to 34.5 % in the nine months ended September 30, 2022. In U.S. dollars, adjusted EBITDA AL increased by 5.5 % during the same period. Adjusted EBITDA AL increased primarily due to lower costs as a result of lower number of devices and accessories sold, primarily driven by longer device lifecycles and lower prepaid sales, slightly lower average cost per device sold driven by a decrease in the high-end phone mix, higher service revenues as discussed above, higher realized Sprint Merger-related synergies and lower costs due to the sale of the Wireline Business on May 1, 2023. This increase was partially offset by lower equipment revenues as described above and higher site costs related to the continued build-out of our nationwide 5G network. In U.S. dollars, lease revenues decreased as a result of the continued strategic shift in device financing from leasing to EIP by 77.8 % in the nine months ended September 30, 2023.

In euros, adjusted core EBITDA AL increased by 8.5 % to EUR 19.6 billion in the nine months ended September 30, 2023, compared to EUR 18.1 billion in the nine months ended September 30, 2022. In U.S. dollars, adjusted core EBITDA AL increased by 10.6 % during the same period. The change was primarily due to the fluctuation in adjusted EBITDA AL, discussed above, excluding the change in lease revenues.

EBITDA AL in the nine months ended September 30, 2023 included special factors of EUR -1.3 billion compared to EUR -5.3 billion in the nine months ended September 30, 2022. The change in special factors was primarily due to lower Sprint Merger-related costs, lower expenses related to the sale of the Wireline Business, lower legal-related expenses, net of recoveries, including the settlement of certain litigation associated with the cyberattack on T-Mobile US in August 2021, and lower impairment expense due to the non-cash impairment of certain Wireline Business-related right-of-use assets recognized during the nine months ended September 30, 2022. These lower expenses were partially offset by higher severance and related costs associated with the August 2023 workforce reduction. Special factors include Sprint Merger-related costs predominantly associated with the integration of Sprint and are comprised of integration costs to achieve efficiencies in network, retail, information technology and back office operations, migrate customers to the T-Mobile US network and billing systems and the impact of legal matters assumed as part of the Sprint Merger. In addition, Sprint Merger-related special factors include restructuring costs, including severance, store rationalization and network decommissioning as well as transaction costs, including legal and professional services related to the completion of transactions. Overall, EBITDA AL increased by 33.7 % to EUR 18.6 billion in the nine months ended September 30, 2023, compared to EUR 13.9 billion in the nine months ended September 30, 2022, primarily due to the factors described above, including special factors.

Profit/loss from operations (EBIT)

EBIT increased to EUR 10.9 billion in the nine months ended September 30, 2023, compared to EUR 4.5 billion in the nine months ended September 30, 2022. In U.S. dollars, EBIT increased by USD 7.0 billion during the same period primarily due to higher EBITDA AL and lower depreciation, amortization and impairment losses. In U.S. dollars, depreciation, amortization and impairment losses decreased by 21.3 % primarily due to lower depreciation expense on leased devices, resulting from a lower number of total customer devices under lease, certain 4G-related network assets becoming fully depreciated, including assets impacted by the decommissioning of the legacy Sprint CDMA and LTE networks in 2022, and the non-cash impairment of certain Wireline network assets recognized during the nine months ended September 30, 2022. These decreases were partially offset by higher depreciation expense (excluding leased devices) from the continued build-out of our nationwide 5G network and higher amortization of capitalized software driven by increased in-service internally developed and purchased software.

Cash capex (before spectrum investment), cash capex

Cash capex (before spectrum investment) decreased by 24.5 % to EUR 7.6 billion in the nine months ended September 30, 2023, compared to EUR 10.0 billion in the nine months ended September 30, 2022. In U.S. dollars, cash capex (before spectrum investment) decreased by 22.9 % due to decrease in purchases of property and equipment primarily due to increased capital efficiencies from accelerated investments in the T-Mobile US nationwide 5G network in 2022.

Cash capex decreased by 39.8 % to EUR 7.8 billion in the nine months ended September 30, 2023, compared to EUR 13.0 billion in the nine months ended September 30, 2022. In U.S. dollars, cash capex decreased by 39.2 % primarily due to USD 2.8 billion paid for spectrum licenses won at the conclusion of Auction 110 in February 2022 and USD 0.3 billion paid in total for spectrum licenses won at the conclusion of Auction 108 in September 2022 compared to no spectrum licenses won during the nine months ended September 30, 2023 and lower purchases of property and equipment as discussed above.

Europe

Customer development

thousands

		Sept. 30, 2023	June 30, 2023	Change Sept. 30, 2023/ June 30, 2023 %	Dec. 31, 2022	Change Sept. 30, 2023/ Dec. 31, 2022 %	Sept. 30, 2022	Change Sept. 30, 2023/ Sept. 30, 2022 %
Europe, total	Mobile customers	47,949	47,582	0.8	47,336	1.3	47,301	1.4
	Contract customers	26,976	26,753	0.8	26,476	1.9	26,297	2.6
	Prepaid customers	20,973	20,829	0.7	20,860	0.5	21,003	(0.1)
	Fixed-network lines[a]	7,997	7,970	0.3	7,907	1.1	7,866	1.7
	Broadband customers	6,913	6,837	1.1	6,682	3.5	6,590	4.9
	Television (IPTV, satellite, cable)	4,246	4,194	1.2	4,131	2.8	4,099	3.6
	Unbundled local loop lines (ULL)/ Wholesale PSTN	1,651	1,690	(2.3)	1,768	(6.6)	1,808	(8.7)
	Wholesale broadband lines	1,099	1,078	1.9	1,011	8.7	963	14.1
Greece	Mobile customers	7,317	7,325	(0.1)	7,323	(0.1)	7,367	(0.7)
	Fixed-network lines[a]	2,615	2,623	(0.3)	2,622	(0.3)	2,616	0.0
	Broadband customers	2,392	2,387	0.2	2,359	1.4	2,339	2.3
Romania	Mobile customers	3,899	4,063	(4.0)	4,166	(6.4)	4,082	(4.5)
Hungary	Mobile customers	6,168	6,089	1.3	5,950	3.7	5,914	4.3
	Fixed-network lines	1,924	1,911	0.7	1,886	2.0	1,865	3.2
	Broadband customers	1,573	1,553	1.3	1,507	4.4	1,480	6.3
Poland	Mobile customers	12,545	12,460	0.7	12,512	0.3	12,321	1.8
	Fixed-network lines	29	29	0.0	30	(3.3)	30	(3.3)
	Broadband customers	234	205	14.1	154	51.9	129	81.4
Czech Republic	Mobile customers	6,497	6,464	0.5	6,423	1.2	6,409	1.4
	Fixed-network lines	752	741	1.5	704	6.8	690	9.0
	Broadband customers	456	447	2.0	430	6.0	421	8.3
Croatia	Mobile customers	2,391	2,323	2.9	2,305	3.7	2,384	0.3
	Fixed-network lines	870	869	0.1	868	0.2	870	0.0
	Broadband customers	659	654	0.8	648	1.7	646	2.0
Slovakia	Mobile customers	2,503	2,480	0.9	2,446	2.3	2,449	2.2
	Fixed-network lines	862	854	0.9	856	0.7	857	0.6
	Broadband customers	654	647	1.1	643	1.7	639	2.3
Austria	Mobile customers	4,805	4,645	3.4	4,510	6.5	4,656	3.2
	Fixed-network lines	609	608	0.2	605	0.7	599	1.7
	Broadband customers	664	664	0.0	663	0.2	658	0.9
Other[b]	Mobile customers	1,824	1,733	5.3	1,702	7.2	1,721	6.0
	Fixed-network lines	337	336	0.3	336	0.3	339	(0.6)
	Broadband customers	283	280	1.1	277	2.2	276	2.5

[a] In the second quarter of 2023, fixed-network lines in Greece were adjusted retrospectively for the first quarter of 2023 due to changes in definitions.

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

Total

In the Europe operating segment, almost all key performance indicators for customer development improved compared with the end of 2022. Our convergent product portfolio, in particular, generated growth compared with year-end 2022 of 7.2 % in FMC customers thanks to ongoing demand. As a consequence, we are working flat out to build out our fixed-network infrastructure with state-of-the-art optical fiber. The number of broadband customers has increased by 3.5 %. The number of mobile customers increased by 1.3 % compared with the end of 2022. Our build-out of the 5G network is making good progress.

Mobile communications

We had a total of 47.9 million mobile customers at the end of the first nine months, an increase of 1.3 % compared with the end of 2022. The number of contract customers increased by 1.9 %. The contract customer base grew in all of our national companies, but in particular in Greece, the Czech Republic, Poland, Croatia, Austria, and Slovakia. Overall, contract customers accounted for 56.3 % of the total customer base. Our customers benefited from greater coverage with fast mobile broadband – a result of our integrated network strategy. The footprint countries of our operating segment are also making excellent headway with 5G. As of September 30, 2023, our national companies covered 63.0 % of the population on average with 5G.

The prepaid customer base grew slightly compared with the end of 2022. In addition, as part of our regular business activities we offer our prepaid customers high-value contract plans with the resulting number of contract conversions also contributing positively to contract customer business.

Fixed network

The broadband business increased by 3.5 % compared with the end of 2022 to a total of 6.9 million customers. This growth is mainly driven by the national companies in Poland, Hungary, Greece, and the Czech Republic. By continuing to invest in optical fiber, we are systematically building out our fixed-network infrastructure. As of the end of the first nine months of 2023, around 8.7 million households have access to our high-performance fiber-optic network offering gigabit speeds. We have already won some 34 % of the households in these areas as active customers for one of our fiber-optic broadband products. The total number of fixed-network lines subscribed to increased again slightly by 1.1 %, reaching 8.0 million as of September 30, 2023.

The TV and entertainment business had a total of 4.2 million customers as of the end of the third quarter of 2023, up by 2.8 % compared with the end of the prior year. This was attributable among other things to the acquisition of exclusive rights to broadcast sports events in the prior year. With both telecommunications providers and OTT players offering TV services, the TV market is already saturated in many countries of our segment. In order to remain competitive here, we are constantly developing our offerings and integrate these OTT services in our platforms. This includes both local (e.g., Voyo in Slovakia and in the Czech Republic) and international (Disney+ in Austria) offerings.

FMC – fixed-mobile convergence and digitalization

Our portfolio of convergent products, MagentaOne, was highly popular with consumers across all of our national companies. As of September 30, 2023, we had 7.5 million FMC customers; this corresponds to growth of 7.2 % compared with the end of the prior year. Our national companies in particular in Poland, Greece, Hungary, and the Czech Republic contributed to this growth. At the end of the first nine months of 2023, FMC customers accounted for 62.0 % of the broadband customer base. We have also seen rising customer numbers from the marketing of our MagentaOne Business product to business customers.

We continue to expand our digital interaction with customers, which means we can meet customer needs in a more personalized and efficient way, and position products and innovative services on the market more quickly. Around 67 % of our consumers use our service app.

Development of operations

millions of €	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Revenue	**8,678**	**8,259**	**5.1**	**2,784**	**2,899**	**2,995**	**2,848**	**5.2**	**11,158**
Greece	2,334	2,341	(0.3)	736	787	812	830	(2.2)	3,155
Romania	209	233	(10.3)	69	69	71	77	(7.8)	306
Hungary	1,479	1,279	15.6	457	510	513	423	21.3	1,715
Poland	1,113	1,036	7.4	365	365	383	351	9.1	1,413
Czech Republic	982	898	9.4	321	329	333	308	8.1	1,226
Croatia	709	676	4.9	222	230	257	251	2.4	905
Slovakia	602	588	2.4	202	199	201	200	0.5	806
Austria	1,068	1,025	4.2	352	348	367	349	5.2	1,391
Other[a]	241	241	0.0	77	80	83	82	1.2	320
Service revenue[b]	**7,209**	**6,931**	**4.0**	**2,298**	**2,416**	**2,494**	**2,380**	**4.8**	**9,296**
EBITDA	3,394	3,287	3.3	1,088	1,109	1,197	1,163	2.9	4,296
Special factors affecting EBITDA	(63)	8	n.a.	(5)	(39)	(18)	26	n.a.	(31)
EBITDA (adjusted for special factors)	3,456	3,279	5.4	1,094	1,148	1,215	1,137	6.9	4,327
EBITDA AL	3,040	3,016	0.8	978	985	1,078	1,072	0.6	3,933
Special factors affecting EBITDA AL	(63)	8	n.a.	(5)	(39)	(18)	26	n.a.	(31)
EBITDA AL (adjusted for special factors)	**3,102**	**3,007**	**3.2**	**983**	**1,024**	**1,095**	**1,046**	**4.7**	**3,964**
Greece	988	978	1.0	319	322	348	346	0.6	1,310
Romania	13	38	(65.8)	4	5	5	13	(61.5)	38
Hungary	443	370	19.7	110	164	169	127	33.1	493
Poland	299	294	1.7	93	103	103	96	7.3	378
Czech Republic	354	375	(5.6)	129	116	108	123	(12.2)	503
Croatia	274	263	4.2	80	83	111	103	7.8	349
Slovakia	255	257	(0.8)	84	86	85	83	2.4	350
Austria	411	393	4.6	133	130	148	141	5.0	506
Other[a]	65	39	66.7	31	15	19	14	35.7	37
EBITDA AL margin (adjusted for special factors) %	35.7	36.4		35.3	35.3	36.6	36.7		35.5
Depreciation, amortization and impairment losses	(1,880)	(1,837)	(2.3)	(610)	(641)	(629)	(602)	(4.5)	(2,572)
Profit (loss) from operations (EBIT)	**1,513**	**1,450**	**4.3**	**478**	**468**	**567**	**561**	**1.1**	**1,724**
EBIT margin %	17.4	17.6		17.2	16.1	18.9	19.7		15.5
Cash capex	(1,529)	(1,190)	(28.5)	(439)	(614)	(476)	(423)	(12.5)	(1,872)
Cash capex (before spectrum investment)	**(1,322)**	**(1,175)**	**(12.5)**	**(436)**	**(453)**	**(433)**	**(415)**	**(4.3)**	**(1,755)**

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

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

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

Revenue, service revenue

Our Europe operating segment generated revenue of EUR 8.7 billion in the first nine months of 2023, a year-on-year increase of 5.1 %. In organic terms, revenue increased by 4.5 %. Service revenues grew by 4.0 % year-on-year, or by 3.5 % in organic terms.

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

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

Revenue from **Consumers** increased in organic terms by 5.4 % year-on-year, due to the mobile business, where both service revenues and sales of mobile terminal equipment increased. In the fixed network, revenue from broadband and TV business increased thanks to our continuous fiber-optic build-out and our TV and entertainment offerings. This more than offset the decline in revenue from voice telephony. In addition, the higher number of FMC customers had a positive impact on revenue.

Revenue from **Business Customers** grew by 5.4 % against the first three quarters of 2022, with Hungary, Poland, and Greece making the most significant contributions in core business. All product areas – mobile communications, fixed network and systems solutions – recorded growth. The number of mobile contract customers increased by 1.9 %, with almost all national companies contributing to growth, in particular Poland, Austria, and Greece, which offset the census-driven decline in Hungary. In the fixed-network business, the number of broadband customers rose by 4.9 %. Growth was reported across all customer segments, with the highest growth recorded in the segment of smaller business customers. ICT revenue grew strongly compared with the prior-year period due to an increase in systems solutions business and data communication, especially in Hungary, Greece, and Poland. Digital Infrastructure developed positively as a result of the expansion of capacities and strong growth in the cloud and security solutions business.

Adjusted EBITDA AL, EBITDA AL

Our Europe operating segment generated adjusted EBITDA AL of EUR 3.1 billion in the first nine months of 2023, up 3.2 % against the level in the prior-year period. In organic terms, adjusted EBITDA AL grew by 2.4 %, again making a positive contribution to earnings, with a positive net margin more than sufficient to offset the rise in indirect costs. This rise in costs is mainly driven by inflation-induced cost increases (especially energy and personnel costs). In Hungary, the supplementary telecommunications tax continues to have an adverse impact on our EBITDA AL.

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

At EUR 3.0 billion, EBITDA AL increased slightly by 0.8 % against the prior-year level. The net expense arising from special factors was higher than in the prior-year.

Development of operations in selected countries

Greece. Revenues in Greece amounted to EUR 2.3 billion in the first nine months of 2023, almost on a par with the level in the prior-year period. This trend is due to higher mobile revenues. Alongside higher service revenues, the addition of new contract customers drove an increase in terminal equipment revenues. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. Revenue declined in the fixed-network business, where traditional voice telephony revenues are tapering off. Wholesale revenues also decreased as a result of lower volumes of international traffic. Our convergence products, however, performed well, with further customer additions and corresponding revenue. Systems solutions business recorded a further substantial rise in revenue.

Adjusted EBITDA AL stood at EUR 988 million, up 1.0 % year-on-year, driven by lower indirect costs.

Hungary. Revenues in Hungary totaled EUR 1.5 billion in the first three quarters of 2023, which corresponds to substantial growth of 15.6 %. Excluding positive exchange rate effects, revenue increased by 14.9 % against the prior-year period in organic terms. The biggest driver of this increase was mobile business, mainly on account of significantly higher service revenues. Fixed-network revenue also increased markedly against the prior-year period. We also recorded higher service revenues in the broadband and TV business, both driven again by larger customer bases. Thanks to our increased investments in the build-out of fiber-optic lines, our offerings have won over large numbers of customers. Our convergence products also continued to perform well, with further customer additions and corresponding revenue. Systems solutions business also recorded a significant increase in revenue.

Adjusted EBITDA AL stood at EUR 443 million, up 19.7 % year-on-year. In organic terms, the increase was 19.3 %. The increase in indirect costs, especially for energy, was more than offset by the higher net margin.

Poland. Revenues in Poland increased by 7.4 % in the first nine months of 2023 to EUR 1.1 billion. Excluding positive exchange rate effects, revenues increased by 5.3 % in organic terms. Mobile business was the main driver of this uptrend in revenue, with growth in the contract customer base also having a positive effect on terminal equipment business. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. The number of FTTH customers in the fixed-network business also increased significantly, creating the basis for further broadband growth. This is reflected in higher broadband service revenues, and is also thanks to our successful partnership agreements on network infrastructure. The number of FMC customers increased again substantially in the first nine months of 2023. This had a corresponding positive impact on revenues. We recorded substantial revenue growth in the systems solutions business.

Adjusted EBITDA AL stood at EUR 299 million, 1.7 % above the prior-year period level. In organic terms, it remained stable. The revenue-driven increase in the net margin was entirely offset by the increase in indirect costs, in particular as a result of higher energy costs.

Czech Republic. Revenues in the Czech Republic stood at EUR 982 million in the first nine months of 2023, an increase of 9.4 % against the prior-year period. Excluding positive exchange rate effects, organic growth was 5.8 %. This is largely attributable to our mobile business, which recorded higher service revenues and increased revenues from terminal equipment sales, the latter driven in part by renewed growth in the number of contract customers. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. The fixed-network business also contributed to revenue growth. Thanks to our investments in the build-out of fiber-optic lines, our offerings have won over large numbers of customers. Our convergence products recorded further customer additions and corresponding revenue growth.

Adjusted EBITDA AL decreased by 5.6 % year-on-year to EUR 354 million. In organic terms, earnings fell by 8.6 %. The decrease was attributable to a slight decrease in the net margin and higher indirect costs, in particular as a result of higher energy and personnel costs.

Austria. In the first three quarters of 2023, we recorded revenue of EUR 1.1 billion in Austria. This increase of 4.2 % was mainly attributable to growth in mobile revenues, despite the adverse effects from the termination rate cuts. Alongside higher service revenues, terminal equipment revenues also increased, driven in part by growth in the contract customer base. Broadband revenues in the fixed-network business recorded substantial growth. Revenues from systems solutions business increased slightly.

Adjusted EBITDA AL increased by 4.6 % year-on-year to EUR 411 million. In organic terms, earnings grew by 3.4 %, driven mainly by a revenue-related increase in the net margin.

Profit/loss from operations (EBIT)

Our Europe operating segment recorded an increase in EBIT of 4.3 % to EUR 1.5 billion in the first nine months of 2023, mainly due to the 3.3 % increase in EBITDA. Depreciation, amortization and impairment losses were up 2.3 % against the prior-year period.

Cash capex (before spectrum investment), cash capex

In the first three quarters of 2023, our Europe operating segment reported cash capex (before spectrum investment) of EUR 1.3 billion, up 12.5 % year-on-year, largely due to the timing of the allocation of capital expenditure. Cash capex increased by 28.5 % against the prior-year period as a result of the acquisition of spectrum licenses in Croatia, Poland and the Czech Republic. We continue to invest in the provision of broadband, fiber-optic technology, and 5G as part of our integrated network strategy.

Systems Solutions

Order entry

millions of €

	Q1-Q3 2023	H1 2023	FY 2022	Q1-Q3 2022	Change Q1-Q3 2023/ Q1-Q3 2022 %
Order entry	2,241	1,500	3,952	2,769	(19.1)

Development of business

The first nine months of 2023 continued to be dominated by the focusing of our systems solutions business on growth and future viability and the continuation of our transformation program. As communicated at the Capital Markets Day in May 2021, we have established four portfolio areas in line with market needs: Advisory, Cloud, Digital, and Security.

We have also defined selected industries (automotive, healthcare, public sector, and public transport), for which we have increased our offer of vertical solutions based on our expertise. In addition, we have agreed partnerships with leading cloud service providers (e.g., Amazon Web Services, Google Cloud, and Microsoft Azure), so as to be able to offer our customers an even broader and more flexible range of cloud solutions. We are also increasingly expanding our portfolio with AI (artificial intelligence)-based solutions and data room offerings.

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

Order entry in our Systems Solutions operating segment was down by 19.1 % year-on-year in the first nine months of 2023, which also fell short of our expectations. This development was largely attributable to the high-volume deals concluded in the prior year. Furthermore, the prior-year figure includes order entry for Multimedia Solutions (MMS), which was reassigned to the Germany segment as of January 1, 2023. This development also impacts on order entry for the entire 2023 financial year.

Development of operations

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Revenue	**2,865**	**2,796**	**2.5**	**946**	**959**	**960**	**927**	**3.6**	**3,811**
Of which: external revenue	2,390	2,284	4.6	792	796	802	757	5.9	3,106
Service revenue[a]	**2,792**	**2,755**	**1.3**	**921**	**934**	**937**	**912**	**2.7**	**3,751**
EBITDA	229	202	13.4	72	82	75	70	7.1	229
Special factors affecting EBITDA	(86)	(106)	18.9	(26)	(25)	(35)	(40)	12.5	(159)
EBITDA (adjusted for special factors)	315	309	1.9	99	107	109	110	(0.9)	388
EBITDA AL	159	123	29.3	49	59	51	43	18.6	125
Special factors affecting EBITDA AL	(86)	(106)	18.9	(26)	(25)	(35)	(40)	12.5	(159)
EBITDA AL (adjusted for special factors)	**245**	**230**	**6.5**	**75**	**84**	**86**	**83**	**3.6**	**284**
EBITDA AL margin (adjusted for special factors) %	8.6	8.2		7.9	8.8	9.0	9.0		7.5
Depreciation, amortization and impairment losses	(209)	(220)	5.0	(61)	(57)	(91)	(90)	(1.1)	(340)
Profit (loss) from operations (EBIT)	**20**	**(18)**	**n.a.**	**11**	**25**	**(16)**	**(20)**	**20.0**	**(110)**
Special factors affecting EBIT	(132)	(156)	15.4	(35)	(27)	(70)	(71)	1.4	(270)
EBIT (adjusted for special factors)	152	138	10.1	46	52	54	51	5.9	160
EBIT margin (adjusted for special factors) %	5.3	4.9		4.9	5.4	5.6	5.5		4.2
Cash capex	(166)	(161)	(3.1)	(60)	(59)	(46)	(65)	29.2	(221)
Cash capex (before spectrum investment)	**(166)**	**(161)**	**(3.1)**	**(60)**	**(59)**	**(46)**	**(65)**	**29.2**	**(221)**

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

Revenue, service revenue

Revenue in our Systems Solutions operating segment developed more strongly than expected, increasing by 2.5 % year-on-year in the first nine months of 2023 to EUR 2.9 billion. This positive revenue trend is driven by growth in the Digital (up 10.2 %), Road Charging (up 37.2 %) and Advisory (up 7.5 %) portfolio areas, and by a stable performance in the Cloud portfolio area (up 1.4 %), which includes our declining traditional IT infrastructure business. External revenue increased by 4.6 %, mainly driven by the Digital and Road Charging portfolio areas. Service revenue also developed positively, increasing by 1.3 %. In organic terms, revenue increased by 5.5 % year-on-year and service revenue by 4.3 %.

Adjusted EBITDA AL, EBITDA AL

In the first nine months of 2023, adjusted EBITDA AL at our Systems Solutions operating segment increased by 6.5 % year-on-year to EUR 245 million, which was in line with our expectations. Efficiency effects from our transformation program and effects from increased revenue in the Road Charging portfolio area exceeded the decline in earnings in the Cloud portfolio area, which includes our traditional IT infrastructure business. In organic terms, adjusted EBITDA AL grew by 2.5 % year-on-year. EBITDA AL increased by EUR 36 million compared with the prior year to EUR 159 million. The expense arising from special factors decreased by EUR 20 million year-on-year, to EUR 86 million, as a result of lower restructuring costs.

Profit/loss from operations (EBIT), adjusted EBIT

Adjusted EBIT in our Systems Solutions operating segment grew by EUR 14 million year-on-year in the first nine months of 2023, coming in at EUR 152 million, due to the reasons described under adjusted EBITDA AL. EBIT increased by EUR 38 million year-on-year to EUR 20 million. The expense arising from special factors decreased by EUR 24 million year-on-year, to EUR 132 million, as a result of lower restructuring costs and lower depreciation, amortization and impairment losses.

Cash capex (before spectrum investment), cash capex

Cash capex in the Systems Solutions operating segment stood at EUR 166 million in the first nine months of 2023, up EUR 5 million year-on-year, primarily due to increased demand for on-board units in the Road Charging portfolio area and higher investments in the Digital portfolio area.

Group Development

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

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

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

The sale of T-Mobile Netherlands was consummated on March 31, 2022. T-Mobile Netherlands has not been part of the Group since April 1, 2022. The development of operations contains the contributions for the first quarter of 2022.

Development of operations

millions of €	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Revenue	**108**	**1,409**	**(92.3)**	**102**	**4**	**2**	**293**	**(99.3)**	**1,708**
Of which: T-Mobile Netherlands	0	536	(100.0)	0	0	0	0	n.a.	536
Of which: GD Towers	99	858	(88.5)	99	0	0	289	(100.0)	1,154
Service revenue	**0**	**411**	**(100.0)**	**0**	**0**	**0**	**0**	**n.a.**	**411**
EBITDA	13,008	1,883	n.a.	13,011	1	(5)	333	n.a.	2,106
Special factors affecting EBITDA	12,950	1,007	n.a.	12,941	6	3	101	(97.0)	992
EBITDA (adjusted for special factors)	58	875	(93.4)	70	(5)	(7)	232	n.a.	1,113
Of which: T-Mobile Netherlands	0	201	(100.0)	0	0	0	0	n.a.	201
Of which: GD Towers	78	702	(88.9)	78	0	0	240	(100.0)	943
EBITDA AL	13,003	1,747	n.a.	13,006	1	(5)	322	n.a.	1,956
Special factors affecting EBITDA AL	12,950	1,007	n.a.	12,941	6	3	101	(97.0)	992
EBITDA AL (adjusted for special factors)	**53**	**740**	**(92.8)**	**65**	**(5)**	**(7)**	**221**	**n.a.**	**964**
Of which: T-Mobile Netherlands	0	190	(100.0)	0	0	0	0	n.a.	190
Of which: GD Towers	73	577	(87.3)	73	0	0	230	(100.0)	804
EBITDA AL margin (adjusted for special factors) %	49.1	52.5		63.7	(125.0)	(350.0)	75.4		56.4
Depreciation, amortization and impairment losses	(2)	(194)	99.0	(1)	0	(1)	(1)	0.0	(195)
Profit (loss) from operations (EBIT)	**13,006**	**1,688**	**n.a.**	**13,010**	**1**	**(5)**	**332**	**n.a.**	**1,911**
Cash capex	(22)	(230)	90.4	(18)	(1)	(3)	(72)	95.8	(343)
Cash capex (before spectrum investment)	**(22)**	**(230)**	**90.4**	**(18)**	**(1)**	**(3)**	**(72)**	**95.8**	**(343)**

Revenue, service revenue

Revenue in our Group Development operating segment decreased in the first nine months of 2023 by 92.3 % year-on-year to EUR 108 million. This decline was mainly attributable to the sale of T-Mobile Netherlands and GD Towers. In organic terms, revenue remained stable year-on-year. The GD Towers business did not generate any service revenues.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL decreased by 92.8 % to EUR 53 million. Here too, the decline was attributable to the sale of T-Mobile Netherlands and GD Towers. In organic terms, adjusted EBITDA AL grew by 61.8 %. The suspension of the depreciation on right-of-use assets due to the fact that the GD Towers business entity had been held for sale starting the third quarter of 2022 had a positive effect. EBITDA AL was positively influenced by net special factors of EUR 13.0 billion, mainly due to the deconsolidation of GD Towers. EBITDA AL increased by EUR 11.3 billion compared with the prior-year period to EUR 13.0 billion.

Profit/loss from operations (EBIT)

EBIT increased by EUR 11.3 billion year-on-year to EUR 13.0 billion, mainly as a result of the development described under EBITDA AL. Depreciation, amortization and impairment losses were down year-on-year, primarily in connection with the fact that the GD Towers business entity had been held for sale starting the third quarter of 2022, and, accordingly, the related depreciation and amortization had been suspended, and its subsequent sale.

Cash capex (before spectrum investment), cash capex

Cash capex stood at EUR 22 million, well below the prior-year level. The decline is mainly attributable to the sale of T-Mobile Netherlands and GD Towers.

Group Headquarters & Group Services

Development of operations

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change %	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change %	FY 2022
Revenue	**1,718**	**1,802**	**(4.7)**	**578**	**552**	**588**	**582**	**1.0**	**2,407**
Service revenue[a]	**756**	**772**	**(2.1)**	**242**	**240**	**274**	**258**	**6.2**	**1,026**
EBITDA	(297)	(58)	n.a.	(146)	(107)	(44)	(30)	(46.7)	(361)
Special factors affecting EBITDA	(92)	(17)	n.a.	(42)	(38)	(12)	(18)	33.3	(234)
EBITDA (adjusted for special factors)	(205)	(41)	n.a.	(104)	(69)	(32)	(12)	n.a.	(128)
EBITDA AL	(514)	(291)	(76.6)	(218)	(179)	(117)	(107)	(9.3)	(672)
Special factors affecting EBITDA AL	(92)	(17)	n.a.	(42)	(38)	(12)	(18)	33.3	(234)
EBITDA AL (adjusted for special factors)	**(422)**	**(274)**	**(54.0)**	**(176)**	**(141)**	**(105)**	**(89)**	**(18.0)**	**(437)**
Depreciation, amortization and impairment losses	(995)	(1,105)	10.0	(354)	(317)	(325)	(367)	11.4	(1,476)
Profit (loss) from operations (EBIT)	**(1,293)**	**(1,163)**	**(11.2)**	**(499)**	**(424)**	**(370)**	**(397)**	**6.8**	**(1,837)**
Cash capex	(721)	(731)	1.4	(259)	(234)	(228)	(258)	11.6	(973)
Cash capex (before spectrum investment)	**(721)**	**(731)**	**1.4**	**(259)**	**(234)**	**(228)**	**(258)**	**11.6**	**(973)**

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

Revenue, service revenue

Revenue in our Group Headquarters & Group Services segment decreased in the reporting period by 4.7 %, mainly as a result of lower intragroup revenues from land and buildings due to the ongoing optimized use of space as well as to lower intragroup service revenues at Deutsche Telekom IT on account of a reduced revenue-relevant cost basis. By contrast, the reassignment of units in connection with the bundling of finance functions that were still assigned to the Germany operating segment in the first quarter of 2022 had an increasing effect on revenue. Against this background, organic revenue decreased by 3.0 % compared with the prior-year period.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL in the Group Headquarters & Group Services segment declined by EUR 148 million in the reporting period to EUR -422 million, primarily due to higher intragroup reimbursements and lower revenue from land and buildings due to the ongoing optimized use of space. Overall, EBITDA AL was negatively impacted in the reporting period by special factors amounting to EUR 92 million, especially for staff-related measures. In the prior-year period, EBITDA AL had been reduced by negative net special factors of EUR 17 million, with expenses for staff-related measures being offset by the positive effect from the reduction in other provisions, in particular in connection with a measurement effect arising from the obligation to make additional capital contributions for defined benefit obligations vis-à-vis former employees and with the termination of legal proceedings.

Profit/loss from operations (EBIT)

The year-on-year decrease of EUR 130 million in EBIT to EUR -1,293 million was largely due to the decline in EBITDA AL. Depreciation, amortization and impairment losses were down by contrast, largely due to lower capitalization in connection with declines both in the licensing of the Group-wide ERP system and in land and buildings due to the ongoing optimization of our real estate portfolio.

Cash capex (before spectrum investment), cash capex

Cash capex decreased by EUR 10 million year-on-year, primarily owing to lower capital expenditure in the Technology and Innovation Board of Management department.

Events after the reporting period

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

Forecast

The statements in this section reflect the current views of our management. Contrary to the forecasts published in the 2022 combined management report (2022 Annual Report) and the Interim Group Report as of June 30, 2023, we now expect to post higher adjusted EBITDA AL. Adjusted EBITDA AL for full-year 2023 was originally expected to come in at around EUR 41.0 billion. We now expect adjusted EBITDA AL for the Group to come in at around EUR 41.1 billion in the 2023 financial year. This is largely attributable to stronger-than-expected business performance in the United States operating segment, where we now anticipate adjusted EBITDA AL of around USD 28.6 billion, up from USD 28.5 billion. Due to the increased guidance for adjusted EBITDA AL, we now expect to record free cash flow AL for the Group (before dividend payments and spectrum investment) of over EUR 16.1 billion, up from our previous guidance of over EUR 16 billion.

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

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

Risks and opportunities

This section provides important additional information and explains recent changes in the risks and opportunities compared to those described in the 2022 combined management report (2022 Annual Report). Readers are also referred to the "Disclaimer" at the end of this report.

Corporate risks

Strategic implementation and integration. Collaboration with Chinese suppliers is being impeded by the enduring trade conflict between the United States and China. Since 1997, the United States has restricted the use of U.S. technology for various countries, as well as, since 2020, for some Chinese companies, on account of security concerns. The United States also puts pressure on other countries to do the same. In Germany, the legislator adopted the Second Act to Increase the Security of Information Technology Systems, or the IT Security Act 2.0 (IT-Sicherheitsgesetz 2.0), in 2021. The Act does not include any ban on individual manufacturers. All 5G operators must notify the authorities of new critical components and the suppliers thereof in accordance with the catalog of security requirements pursuant to the Telecommunications Act and prior to first-time operation. If the Federal Government has security concerns, it can introduce a blanket ban on using certain manufacturers. Deutsche Telekom itself has long been scrutinizing security-critical components prior to installation and on an ongoing basis once in operation. In March 2023, under the IT Security Act 2.0, the Federal Ministry of the Interior and Community (BMI) asked German network operators to identify all 5G components from the Chinese suppliers Huawei and ZTE that have already been installed and map critical functions, and to notify the authority accordingly. In September 2023, the authority additionally asked the network operators to identify all installed components from the manufacturers Huawei and ZTE. Although BMI speaks of an impartial review, there is public speculation over the possibility that, in the fourth quarter of 2023, the findings could lead to a ban or restrictions on deploying Chinese equipment in parts of the German network, within certain time frames. The replacement of these components could incur high costs. In other countries, such as Austria, the Czech Republic, and Poland, it is still possible that critical infrastructure suppliers will have to be replaced within specific deadlines. Compared to the end of 2022, we already raised the risk significance of the risk category "Strategic implementation and integration" from high to very high in the first quarter of 2023, due to the extensive costs that could be incurred should there be a retrospective order to remove components.

Procurement and suppliers. Deutsche Telekom's supply chains could currently be negatively impacted by a number of factors, such as geopolitical tensions, e.g., the United States' technology sanctions against China, as well as cyberattacks and supply chain restructuring. At T-Mobile US, in certain areas such as terminal equipment, there are few suppliers who can provide adequate support, which may lead to unfavorable contract terms and decreased flexibility to switch to alternative third parties. Unexpected termination or difficulties in renewing the commercial arrangements with the suppliers, or any business disruptions at the suppliers could have a material adverse effect on T-Mobile US. We are therefore raising the risk significance of the risk category "Procurement and suppliers" from low to medium.

Data privacy and data security. All Group companies are subject to specific data privacy regulations (in the EU especially the General Data Protection Regulation (GDPR)). These requirements must be implemented and their compliance must be monitored. Data privacy incidents can be sanctioned with very high administrative fines (up to between 2 and 4 % of the total worldwide annual revenue of an undertaking). The European supervisory authorities' concept for administrative fines applies. Under this concept, high fines may be imposed even for infringements with a low criticality. The supervisory authorities' practice with respect to fines demonstrates that more and higher fines are being imposed. Despite mitigation measures and well-established data privacy management structures, it is not possible to fundamentally rule out data privacy incidents as almost all procedures/processes in the Group are relevant in terms of data protection. Errors may occur that are linked to reputation, cost, and sanction risks. Cybercrime and industrial espionage are on the rise and they are becoming ever more complex due to rapidly advancing technologies and attack methods. As a result, we face constant challenges and adjustments to protect our customer and business partner data, as well as our networks, technologies, products, and services against these attacks. Such incidents can lead, among other things, to business disruptions, embezzlement, or unauthorized access to confidential or personal information, and to loss of reputation. Due to the rise in successful cyberattacks against Deutsche Telekom in recent years, predominantly in the United States, and the growing overall threat level imposed by cyberattacks, as well as the supervisory authorities' tougher practice with respect to data privacy-related fines, the risk significance of the risk category "Data privacy and data security" is rising from high to very high.

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

Litigation

Claims relating to charges for the shared use of cable ducts. In the claims filed by Vodafone Deutschland GmbH and Vodafone Hessen et al. (now Vodafone West GmbH) against Telekom Deutschland GmbH alleging excessive charges for the use of cable ducts, which were referred by the Federal Court of Justice back to the responsible Higher Regional Courts, the plaintiff Vodafone Deutschland GmbH has since updated its demand for relief, which it now puts at approximately EUR 826 million plus interest for the period from January 1, 2012 to December 31, 2022. It is currently not possible to estimate the financial impact with sufficient certainty.

Proceedings against T-Mobile US in consequence of the cyberattack on T-Mobile US in August 2021. In the proceedings against T-Mobile US in relation to the cyberattack on T-Mobile US in August 2021, the competent court issued an order on June 29, 2023 granting final approval of the agreement dated July 22, 2022 to settle the federal class action lawsuit. The order has been appealed, leading to a delay in the conclusion of the proceedings.

Assessment of the aggregate risk position

The aggregate risk position has deteriorated compared with the risks and opportunities as described in the 2022 combined management report (2022 Annual Report) due to a potential expansion of the ban on Chinese network components, the enduring pressures on global economic development, and the tense geopolitical situation. At the time of preparing this report, neither our risk management system nor our management could identify any material risks to the continued existence of Deutsche Telekom AG or a significant Group company as a going concern.

Interim consolidated financial statements

Consolidated statement of financial position

millions of €

	Sept. 30, 2023	Dec. 31, 2022	Change	Change %	Sept. 30, 2022
Assets					
Current assets	**36,260**	**39,144**	**(2,884)**	**(7.4)**	**42,540**
Cash and cash equivalents	7,470	5,767	1,703	29.5	8,497
Trade receivables	15,713	16,766	(1,053)	(6.3)	17,087
Contract assets	2,513	2,410	103	4.3	2,134
Current recoverable income taxes	170	213	(43)	(20.2)	225
Other financial assets	5,333	4,865	468	9.6	4,985
Inventories	2,577	2,639	(62)	(2.3)	3,154
Other assets	2,239	1,800	439	24.4	1,875
Non-current assets and disposal groups held for sale	245	4,683	(4,438)	(94.8)	4,584
Non-current assets	**266,253**	**259,446**	**6,807**	**2.6**	**278,817**
Intangible assets	141,048	140,600	448	0.3	151,944
Property, plant and equipment	66,142	65,729	413	0.6	66,902
Right-of-use assets	34,536	33,727	809	2.4	37,767
Capitalized contract costs	3,487	3,205	282	8.8	3,202
Investments accounted for using the equity method	7,402	1,318	6,084	n.a.	1,841
Other financial assets	5,115	5,044	71	1.4	6,220
Deferred tax assets	7,049	8,316	(1,267)	(15.2)	9,300
Other assets	1,476	1,507	(31)	(2.1)	1,640
Total assets	**302,513**	**298,590**	**3,923**	**1.3**	**321,357**
Liabilities and shareholders' equity					
Current liabilities	**36,479**	**45,389**	**(8,910)**	**(19.6)**	**48,649**
Financial liabilities	9,285	14,389	(5,104)	(35.5)	17,122
Lease liabilities	5,792	5,126	666	13.0	5,450
Trade and other payables	10,223	12,035	(1,812)	(15.1)	11,545
Income tax liabilities	995	801	194	24.2	882
Other provisions	3,968	4,412	(444)	(10.1)	4,169
Other liabilities	4,180	3,412	768	22.5	4,245
Contract liabilities	2,036	1,868	168	9.0	1,826
Liabilities directly associated with non-current assets and disposal groups held for sale	0	3,347	(3,347)	(100.0)	3,409
Non-current liabilities	**169,464**	**165,881**	**3,583**	**2.2**	**178,232**
Financial liabilities	99,495	98,641	854	0.9	105,265
Lease liabilities	36,828	33,666	3,162	9.4	37,383
Provisions for pensions and other employee benefits	3,625	4,150	(525)	(12.7)	4,250
Other provisions	3,648	3,792	(144)	(3.8)	3,725
Deferred tax liabilities	23,116	22,800	316	1.4	24,751
Other liabilities	1,896	2,171	(275)	(12.7)	2,122
Contract liabilities	856	663	193	29.1	736
Liabilities	**205,943**	**211,270**	**(5,327)**	**(2.5)**	**226,881**
Shareholders' equity	**96,570**	**87,320**	**9,250**	**10.6**	**94,475**
Issued capital	12,765	12,765	0	0.0	12,765
Treasury shares	(27)	(35)	8	22.9	(36)
	12,738	**12,730**	**8**	**0.1**	**12,730**
Capital reserves	58,660	61,532	(2,872)	(4.7)	62,161
Retained earnings including carryforwards	(29,609)	(34,489)	4,880	14.1	(34,441)
Total other comprehensive income	1,432	783	649	82.9	3,998
Net profit (loss)	18,823	8,001	10,822	n.a.	6,987
Issued capital and reserves attributable to owners of the parent	**62,044**	**48,558**	**13,486**	**27.8**	**51,435**
Non-controlling interests	34,526	38,762	(4,236)	(10.9)	43,040
Total liabilities and shareholders' equity	**302,513**	**298,590**	**3,923**	**1.3**	**321,357**

Consolidated income statement

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change %	Q3 2023	Q3 2022	Change %	FY 2022
Net revenue	**82,601**	**84,453**	**(2.2)**	**27,556**	**28,925**	**(4.7)**	**114,197**
Of which: interest income calculated using the effective interest method	495	419	18.1	161	154	4.5	589
Other operating income	922	3,956	(76.7)	294	501	(41.3)	4,653
Changes in inventories	28	44	(36.4)	7	15	(53.3)	26
Own capitalized costs	2,027	2,140	(5.3)	681	745	(8.6)	2,852
Goods and services purchased	(34,004)	(38,525)	11.7	(11,158)	(13,091)	14.8	(52,926)
Personnel costs	(14,431)	(14,585)	1.1	(4,845)	(4,900)	1.1	(19,371)
Other operating expenses	(3,693)	(4,741)	22.1	(1,205)	(2,012)	40.1	(6,383)
Impairment losses on financial assets	(836)	(908)	7.9	(312)	(306)	(2.0)	(1,235)
Gains (losses) from the write-off of financial assets measured at amortized cost	(6)	(20)	70.0	(2)	(2)	0.0	(24)
Other	(2,850)	(3,813)	25.3	(891)	(1,703)	47.7	(5,124)
EBITDA	**33,451**	**32,741**	**2.2**	**11,330**	**10,182**	**11.3**	**43,049**
Depreciation, amortization and impairment losses	(17,804)	(21,165)	15.9	(5,904)	(7,021)	15.9	(27,635)
Profit (loss) from operations (EBIT)	**15,647**	**11,576**	**35.2**	**5,426**	**3,161**	**71.7**	**15,414**
Finance costs	(4,249)	(3,881)	(9.5)	(1,379)	(1,354)	(1.8)	(5,292)
Interest income	534	328	62.8	149	100	49.0	387
Interest expense	(4,783)	(4,209)	(13.6)	(1,529)	(1,454)	(5.2)	(5,679)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	14	(12)	n.a.	23	(13)	n.a.	(524)
Other financial income (expense)	(195)	1,316	n.a.	(136)	329	n.a.	1,379
Profit (loss) from financial activities	**(4,430)**	**(2,577)**	**(71.9)**	**(1,492)**	**(1,039)**	**(43.6)**	**(4,437)**
Profit (loss) before income taxes	**11,217**	**8,998**	**24.7**	**3,934**	**2,122**	**85.4**	**10,977**
Income taxes	(2,941)	(1,608)	(82.9)	(1,000)	(287)	n.a.	(1,937)
Profit (loss) after taxes from continuing operations	**8,276**	**7,391**	**12.0**	**2,933**	**1,835**	**59.8**	**9,039**
Profit (loss) after taxes from discontinued operation	**13,694**	**302**	**n.a.**	**3**	**108**	**(97.2)**	**443**
Profit (loss)	**21,970**	**7,692**	**n.a.**	**2,936**	**1,944**	**51.0**	**9,482**
Profit (loss) attributable to							
Owners of the parent (net profit (loss))	18,823	6,987	n.a.	1,924	1,578	21.9	8,001
Non-controlling interests	3,147	706	n.a.	1,013	366	n.a.	1,481

Earnings per share

		Q1-Q3 2023	Q1-Q3 2022	Change %	Q3 2023	Q3 2022	Change %	FY 2022
Profit (loss) from continuing operations attributable to the owners of the parent (net profit (loss))	millions of €	5,129	6,685	(23.3)	1,921	1,470	30.7	7,558
Profit (loss) from discontinued operation attributable to the owners of the parent (net profit (loss))	millions of €	13,694	302	n.a.	3	108	(97.2)	443
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	18,823	6,987	n.a.	1,924	1,578	21.9	8,001
Adjusted weighted average number of ordinary shares outstanding (basic and diluted)	millions	4,975	4,972	0.1	4,976	4,972	0.1	4,972
Earnings per share from continuing operations (basic and diluted)	€	**1.03**	**1.34**	**(23.1)**	**0.39**	**0.30**	**30.0**	**1.52**
Earnings per share from discontinued operation (basic and diluted)	€	**2.75**	**0.06**	**n.a.**	**0.00**	**0.02**	**(100.0)**	**0.09**
Earnings per share (basic and diluted)	€	**3.78**	**1.41**	**n.a.**	**0.39**	**0.32**	**21.9**	**1.61**

Consolidated statement of comprehensive income

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change	Q3 2023	Q3 2022	Change	FY 2022
Profit (loss)	**21,970**	**7,692**	**14,278**	**2,936**	**1,944**	**992**	**9,482**
Items not subsequently reclassified to profit or loss (not recycled)							
Gains (losses) from the remeasurement of equity instruments	(35)	63	(98)	(18)	12	(30)	(46)
Gains (losses) from the remeasurement of defined benefit plans	467	1,825	(1,358)	251	(317)	568	1,841
Income taxes relating to components of other comprehensive income	(112)	(785)	673	(97)	(166)	69	(835)
	320	**1,103**	**(783)**	**136**	**(472)**	**608**	**961**
Items subsequently reclassified to profit or loss (recycled), if certain reasons are given							
Exchange differences on translating foreign operations							
Recognition of other comprehensive income in income statement	4	0	4	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	568	10,781	(10,213)	1,434	4,806	(3,372)	4,071
Gains (losses) from the remeasurement of debt instruments							
Recognition of other comprehensive income in income statement	667	778	(111)	236	266	(30)	1,037
Change in other comprehensive income (not recognized in income statement)	(640)	(858)	218	(236)	(266)	30	(1,060)
Gains (losses) from hedging instruments (designated risk components)							
Recognition of other comprehensive income in income statement	(106)	(126)	20	(67)	(76)	9	123
Change in other comprehensive income (not recognized in income statement)	601	924	(323)	532	377	155	762
Gains (losses) from hedging instruments (hedging costs)							
Recognition of other comprehensive income in income statement	1	1	0	0	0	0	1
Change in other comprehensive income (not recognized in income statement)	(34)	(46)	12	(35)	(24)	(11)	(51)
Share of profit (loss) of investments accounted for using the equity method							
Recognition of other comprehensive income in income statement	0	0	0	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	20	0	20	17	0	17	0
Income taxes relating to components of other comprehensive income	(156)	(193)	37	(136)	(88)	(48)	(231)
	925	**11,262**	**(10,337)**	**1,746**	**4,996**	**(3,250)**	**4,654**
Other comprehensive income	**1,245**	**12,365**	**(11,120)**	**1,882**	**4,525**	**(2,643)**	**5,615**
Total comprehensive income	**23,216**	**20,057**	**3,159**	**4,818**	**6,468**	**(1,650)**	**15,097**
Total comprehensive income attributable to							
Owners of the parent	19,759	13,565	6,194	3,025	3,546	(521)	11,272
Non-controlling interests	3,457	6,492	(3,035)	1,794	2,922	(1,128)	3,825

Consolidated statement of changes in equity

millions of €

	Issued capital and reserves attributable to owners of the parent						
	Equity contributed			Consolidated shareholders' equity generated			
	Issued capital	Treasury shares	Capital reserves	Retained earnings including carryforwards	Net profit (loss)	Translation of foreign operations	Revaluation surplus
Balance at January 1, 2022	**12,765**	**(37)**	**63,773**	**(36,358)**	**4,176**	**(1,747)**	**(7)**
Changes in the composition of the Group							
Transactions with owners			(1,871)			17	(12)
Unappropriated profit (loss) carried forward				4,176	(4,176)		
Dividends				(3,182)			
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			259				
Share buy-back/shares held in a trust deposit		2					
Profit (loss)					6,987		
Other comprehensive income				938		5,125	
Total comprehensive income							
Transfer to retained earnings				(14)			5
Balance at September 30, 2022	**12,765**	**(36)**	**62,161**	**(34,441)**	**6,987**	**3,395**	**(15)**
Balance at January 1, 2023	**12,765**	**(35)**	**61,532**	**(34,489)**	**8,001**	**221**	**0**
Changes in the composition of the Group							
Transactions with owners			(3,139)			106	
Unappropriated profit (loss) carried forward				8,001	(8,001)		
Dividends				(3,483)			
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			267				
Share buy-back/shares held in a trust deposit		8					
Profit (loss)					18,823		
Other comprehensive income				356		320	
Total comprehensive income							
Transfer to retained earnings				6			
Balance at September 30, 2023	**12,765**	**(27)**	**58,660**	**(29,609)**	**18,823**	**648**	**0**

Issued capital and reserves attributable to owners of the parent						Total	Non-controlling interests	Total shareholders' equity
Total other comprehensive income								
Equity instruments measured at fair value through other comprehensive income (IFRS 9)	Debt instruments measured at fair value through other comprehensive income (IFRS 9)	Hedging instruments: designated risk components (IFRS 9)	Hedging instruments: hedging costs (IFRS 9)	Investments accounted for using the equity method	Taxes			
143	**(37)**	**(56)**	**86**	**0**	**(22)**	**42,679**	**38,790**	**81,469**
						0	(583)	(583)
	(2)	(27)			8	(1,887)	(1,734)	(3,621)
						0	0	0
						(3,182)	(197)	(3,379)
						0	0	0
						259	273	531
						2	0	2
						6,987	706	7,692
64	(38)	726	(45)		(191)	6,578	5,786	12,365
						13,565	**6,492**	**20,057**
12					(2)	0	0	0
218	**(77)**	**643**	**40**	**0**	**(207)**	**51,435**	**43,040**	**94,475**
109	**(50)**	**695**	**35**	**0**	**(227)**	**48,558**	**38,762**	**87,320**
						0	(4)	(4)
	(3)	(44)			14	(3,065)	(7,350)	(10,415)
						0	0	0
						(3,483)	(545)	(4,028)
						0	0	0
						267	207	474
						8	0	8
						18,823	3,147	21,970
(35)	14	424	(34)	20	(130)	936	310	1,245
						19,759	**3,457**	**23,216**
(6)						0	0	0
69	**(39)**	**1,075**	**2**	**20**	**(342)**	**62,044**	**34,526**	**96,570**

Consolidated statement of cash flows

millions of €

	Q1-Q3 2023	Q1-Q3 2022	Change	Q3 2023	Q3 2022	Change	FY 2022
Profit (loss) before income taxes	**24,205**	**9,510**	**14,695**	**3,937**	**2,350**	**1,587**	**11,703**
Depreciation, amortization and impairment losses	17,804	21,357	(3,553)	5,904	7,021	(1,117)	27,827
(Profit) loss from financial activities	4,446	2,574	1,872	1,492	1,051	441	4,455
(Profit) loss on the disposal of fully consolidated subsidiaries	(12,927)	(2,655)	(10,272)	(3)	(102)	99	(2,661)
(Income) loss from the sale of stakes accounted for using the equity method	(15)	(71)	56	0	(4)	4	(71)
Other non-cash transactions	485	1,261	(776)	137	946	(809)	1,508
(Gains) losses from the disposal of intangible assets and property, plant and equipment	15	29	(14)	12	(27)	39	(76)
Change in assets carried as operating working capital	1,206	(167)	1,373	(106)	267	(373)	(600)
Change in other operating assets	(452)	(431)	(21)	(100)	(358)	258	(813)
Change in provisions	(845)	(250)	(595)	390	104	286	117
Change in liabilities carried as operating working capital	(1,206)	61	(1,267)	(403)	(311)	(92)	789
Change in other operating liabilities	816	661	155	51	18	33	(60)
Income taxes received (paid)	(785)	(590)	(195)	(317)	(333)	16	(902)
Dividends received	9	7	2	5	4	1	11
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	(31)	0	(31)	0	0	0	0
Cash generated from operations	**32,725**	**31,296**	**1,429**	**11,000**	**10,625**	**375**	**41,228**
Interest paid	(5,706)	(4,884)	(822)	(1,823)	(1,524)	(299)	(6,756)
Interest received	1,537	890	647	514	222	292	1,347
Net cash from operating activities	**28,556**	**27,302**	**1,254**	**9,692**	**9,323**	**369**	**35,819**
Of which: from discontinued operation	80	536	(456)	0	79	(79)	712
Cash outflows for investments in							
Intangible assets	(3,711)	(6,204)	2,493	(1,270)	(1,525)	255	(7,551)
Property, plant and equipment	(9,990)	(12,004)	2,014	(2,995)	(4,425)	1,430	(16,563)
Non-current financial assets	(230)	(635)	405	(26)	(134)	108	(683)
Payments for publicly funded investments in the broadband build-out	(237)	(267)	30	(91)	(105)	14	(377)
Proceeds from public funds for investments in the broadband build-out	244	249	(5)	126	121	5	435
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(4)	(52)	48	0	0	0	(52)
Proceeds from disposal of							
Intangible assets	0	2	(2)	0	0	0	3
Property, plant and equipment	81	241	(160)	25	158	(133)	436
Non-current financial assets	160	210	(50)	18	54	(36)	173
Changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	7,625	4,189	3,436	2	100	(98)	4,208
Net change in short-term investments and marketable securities and receivables	(38)	(1,241)	1,203	386	392	(6)	(2,335)
Other	(1)	1	(2)	0	0	0	1
Net cash (used in) from investing activities	**(6,100)**	**(15,511)**	**9,411**	**(3,827)**	**(5,364)**	**1,537**	**(22,306)**
Of which: from discontinued operation	(17)	(168)	151	0	(70)	70	(277)
Proceeds from issue of current financial liabilities	783	2,933	(2,150)	(30)	1,721	(1,751)	9,686
Repayment of current financial liabilities	(11,986)	(7,250)	(4,736)	(5,248)	(3,812)	(1,436)	(15,528)
Proceeds from issue of non-current financial liabilities	10,973	3,172	7,801	1,876	3,171	(1,295)	4,534
Repayment of non-current financial liabilities	(1,976)	0	(1,976)	0	0	0	0
Dividend payments (including to other shareholders of subsidiaries)	(3,701)	(3,385)	(316)	(138)	(138)	0	(3,385)
Principal portion of repayment of lease liabilities	(4,442)	(3,715)	(727)	(1,241)	(1,300)	59	(4,951)
Cash inflows from transactions with non-controlling entities	22	27	(5)	9	2	7	29
Cash outflows from transactions with non-controlling entities	(10,572)	(3,287)	(7,285)	(2,557)	(658)	(1,899)	(5,823)
Net cash (used in) from financing activities	**(20,899)**	**(11,505)**	**(9,394)**	**(7,329)**	**(1,014)**	**(6,315)**	**(15,438)**
Of which: from discontinued operation	(74)	(177)	103	0	(36)	36	(192)
Effect of exchange rate changes on cash and cash equivalents	121	616	(495)	192	300	(108)	93
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	25	(21)	46	0	(28)	28	(18)
Net increase (decrease) in cash and cash equivalents	**1,703**	**880**	**823**	**(1,272)**	**3,216**	**(4,488)**	**(1,850)**
Cash and cash equivalents, at the beginning of the period	**5,767**	**7,617**	**(1,850)**	**8,742**	**5,281**	**3,461**	**7,617**
Cash and cash equivalents, at the end of the period	**7,470**	**8,497**	**(1,027)**	**7,470**	**8,497**	**(1,027)**	**5,767**

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

Significant events and transactions

Accounting policies

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

Statement of compliance

The interim consolidated financial statements for the period ended September 30, 2023 are in compliance with International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements as of December 31, 2022. All IFRSs applied by Deutsche Telekom AG have been adopted by the European Commission for use within the EU.

In the opinion of the Board of Management, the reviewed quarterly financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the results of operations and financial position of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2022 for the accounting policies applied for the Group's financial reporting.

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

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

For further information on standards, interpretations, and amendments that have been issued but not yet applied, as well as disclosures on the recognition and measurement of items in the statement of financial position and discretionary decisions and estimation uncertainties, please refer to the section "Summary of accounting policies" in the notes to the consolidated financial statements in the 2022 Annual Report.

Changes in accounting policies and changes in the reporting structure
Deutsche Telekom did not make any major changes to its accounting policies in the reporting period. The following change was made to the reporting structure:

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

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

Development of the economic environment and impact on financial reports

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

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

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

€

	Rate at the reporting date			Annual average rate	
	Sept. 30, 2023	Dec. 31, 2022	Sept. 30, 2022	Q1-Q3 2023	Q1-Q3 2022
100 Czech korunas (CZK)	4.11075	4.14345	4.07258	4.19446	4.06132
100 Croatian kuna (HRK)[a]	n.a.	13.27230	13.28700	n.a.	13.27410
1,000 Hungarian forints (HUF)	2.56522	2.49707	2.36779	2.61803	2.59927
100 Macedonian denars (MKD)	1.62618	1.62299	1.62260	1.62354	1.62326
100 Polish zlotys (PLN)	21.60740	21.34570	20.63050	21.81770	21.39670
1 U.S. dollar (USD)	0.94402	0.93655	1.02617	0.92311	0.94005

[a] Croatia joined the eurozone as of January 1, 2023.

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

%

	Sept. 30, 2023	Dec. 31, 2022
Germany	4.49	4.13
United States	6.08	5.59
Switzerland	2.06	2.42

Changes in the composition of the Group and other transactions

In the first nine months of 2023, Deutsche Telekom conducted the following transactions, which had an impact on the composition of the Group. Other changes to the composition of the Group not shown here were of no material significance for Deutsche Telekom's interim consolidated financial statements.

Sale of the GD tower companies

On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 % stake in the cell tower business companies in Germany and Austria (GD tower companies), hitherto assigned to the Group Development operating segment, to DigitalBridge and Brookfield. The sale price is based on an enterprise value of EUR 17.5 billion. Since closing of the transaction on February 1, 2023, Deutsche Telekom has lost control over the GD tower companies. All necessary regulatory approvals had been duly granted and all other closing conditions met. The total gain on deconsolidation resulting from the sale amounts to EUR 15.9 billion, of which EUR 12.9 billion is included as other operating income in profit/loss after taxes from discontinued operation as of the deconsolidation date. The remaining EUR 3.0 billion will be recognized pro rata in later periods due to the sale-and-leaseback transaction described below. The stake retained by Deutsche Telekom of 49.0 % has been included in the consolidated financial statements using the equity method since February 1, 2023. The carrying amount of the investment amounted to EUR 6.1 billion as of September 30, 2023.

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

> For further information on the assets and liabilities of the GD tower companies included in the consolidated financial statements as of December 31, 2022, please refer to Note 5 "Non-current assets and disposal groups held for sale and liabilities directly associated with non-current assets and disposal groups held for sale" in the notes to the consolidated financial statements in the 2022 Annual Report.

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

The cash inflow totaling EUR 10.7 billion resulting from the sale of the GD tower companies is recognized in the consolidated statement of cash flows as of September 30, 2023, with EUR 7.6 billion relating to the sale of the business operation recognized under net cash from/used in investing activities and EUR 3.1 billion relating to the sale and leaseback of the passive mobile infrastructure recognized under net cash used in/from financing activities.

Sale of the U.S. wireline business

On September 6, 2022, T-Mobile US reached an agreement with Cogent Infrastructure (Cogent) on the sale of T-Mobile US' fiber-optic-based wireline business. Under the agreement, Cogent will take over all shares in the entity that holds all of the assets and liabilities related to the former Sprint's fiber-optic-based wireline network. The transaction was consummated on May 1, 2023. All necessary regulatory approvals had been duly granted and all other closing conditions met. The sale price was USD 1 and was subject to customary adjustments laid down in the purchase agreement. The cash proceeds received upon completion of the transaction amounted to USD 14 million (EUR 13 million). The loss on deconsolidation resulting from the sale amounted to EUR 4 million. In addition, upon completion of the transaction, T-Mobile US undertook to enter into a separate agreement on IP transit services, according to which T-Mobile US will pay a total of USD 0.7 billion (around EUR 0.6 billion) in agreed installments in subsequent periods to Cogent. In connection with the payment obligations entered into as part of the transaction, total liabilities of EUR 0.7 billion had already been recognized in the 2022 financial year. These liabilities included, under financial liabilities, the present value of the future payments for IP transit services. Since a specific use for these services has not been identified, the corresponding expense was already recognized in full in the 2022 financial year under other operating expenses.

As a result of the concluded sales agreement, the assets and liabilities of the wireline business were reported in the consolidated statement of financial position as "held for sale" from September 30, 2022 up until their sale on May 1, 2023.

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

Agreement on the acquisition of Ka'ena in the United States
On March 9, 2023, T-Mobile US entered into a Merger and Unit Purchase Agreement for the acquisition of 100 % of the outstanding equity of Ka'ena Corporation and its subsidiaries including, among others, Mint Mobile, for a maximum purchase price of USD 1.35 billion to be paid out 39 % in cash and 61 % in shares of T-Mobile US common stock. Ka'ena Corporation is currently one of the wholesale partners of T-Mobile US, offering wireless telecommunications services to customers. The purchase price is variable dependent upon specified performance indicators of Ka'ena Corporation during certain periods before and after closing and consists of an upfront payment at deal close, subject to certain agreed-upon adjustments, and a variable earnout payable 24 months after the close of the transaction. The upfront payment is expected to be a revised amount of around USD 1.2 billion (before working capital adjustments). The acquisition is subject to certain customary closing conditions, including certain regulatory approvals, and the transaction is expected to close around the end of the first quarter of 2024.

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

End of the T-Mobile US share buy-back program from September 2022
In the period from January 1, 2023 to September 30, 2023, T-Mobile US bought back around 77.5 million additional shares with a total volume of USD 11.0 billion (EUR 10.3 billion) under the share buy-back program announced on September 8, 2022. This puts the total number of shares that have been repurchased since the program's inception in September 2022 at around 98.8 million at a price of USD 14.0 billion (EUR 13.2 billion). The budget for the share buy-back program was therefore fully exhausted by the end of September 2023.

As of September 30, 2023, Deutsche Telekom's stake in T-Mobile US amounted to 47.9 %. Taking the treasury shares held by T-Mobile US into account, Deutsche Telekom had a 52.1 % stake in T-Mobile US as of September 30, 2023. The percentage of T-Mobile US shares for which Deutsche Telekom can exercise voting rights, based on an agreement concluded with SoftBank in connection with the acquisition of Sprint, amounted to 55.9 % as of September 30, 2023.

T-Mobile US shareholder return program from September 2023
On September 6, 2023, T-Mobile US announced that its Board of Directors has authorized a shareholder return program of up to USD 19 billion that will run from October 1, 2023 through December 31, 2024. The program comprises additional share buy-backs and dividends to be paid out on a quarterly basis. The amount available for share buy-backs will be reduced by the amount of any dividends approved by the Board of Directors of T-Mobile US.

On September 25, 2023, the T-Mobile US Board of Directors declared an initial cash dividend of USD 0.65 per share for the fourth quarter of 2023, which will be paid out on December 15, 2023. EUR 0.4 billion of the cash dividend is attributable to Deutsche Telekom's stake and EUR 0.3 billion to non-controlling interests in T-Mobile US.

In the period from October 1, 2023 to October 20, 2023, T-Mobile US bought back around 5.5 million shares with a total volume of USD 0.8 billion (EUR 0.7 billion) under the share buy-back program.

> For further information on the overview of dividend payments attributable to non-controlling interests in T-Mobile US, please refer to the section "Shareholders' equity."

Selected notes to the consolidated statement of financial position

Trade receivables
At EUR 15.7 billion, trade receivables decreased by EUR 1.1 billion against the 2022 year-end level. This was due to lower receivables in the United States and Germany operating segments. By contrast, receivables increased in the Europe operating segment. Exchange rate effects, mainly from the translation from U.S. dollars into euros, also increased the carrying amount.

Contract assets
The carrying amount of contract assets at the reporting date totaled EUR 2.5 billion compared with EUR 2.4 billion as of December 31, 2022. Contract assets relate to receivables that have not yet legally come into existence, which arise from the earlier – as compared to billing – recognition of revenue, in particular from the sale of goods and merchandise. Furthermore, receivables from long-term construction contracts are recognized under contract assets.

Inventories
The carrying amount of inventories remained unchanged at the 2022 year-end level of EUR 2.6 billion. The sale of older terminal equipment and reduced stocks due to the closure of former Sprint sites in the United States operating segment reduced the carrying amount. Stockpiling in the fixed network for the fiber-optic build-out in Germany and for terminal equipment in the Germany operating segment had an offsetting effect.

Intangible assets
The carrying amount of intangible assets increased by EUR 0.4 billion compared to December 31, 2022 to EUR 141.0 billion. Additions amounted to EUR 4.4 billion, of which EUR 0.9 billion related to the acquisition of mobile spectrum in the United States and Europe operating segments. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 1.0 billion. By contrast, amortization and impairment losses of EUR 4.9 billion reduced the carrying amount.

The following transactions will have an impact on the presentation of Deutsche Telekom's results of operations and financial position in the future:

On August 8, 2022, T-Mobile US entered into agreements with Channel 51 License Co LLC and LB License Co, LLC (Sellers) for the acquisition of spectrum licenses in the 600 MHz band for an aggregate purchase price of USD 3.5 billion (EUR 3.4 billion). The licenses are to be acquired without any associated network assets. T-Mobile US currently utilizes these licenses under an existing arrangement with the Sellers covering fixed-term spectrum leases. On March 30, 2023, the contractual parties further agreed that the transaction be divided into two separate tranches. The transfer of the licenses in accordance with the agreements is subject to regulatory approvals and certain other customary closing conditions. The first tranche is not expected to be closed before the first half of 2024, while the second tranche is expected to be closed in late 2024 or early 2025.

On July 1, 2020, T-Mobile US and DISH Network Corporation (DISH) reached an agreement on the sale of spectrum licenses, under which DISH receives an option to purchase certain 800 MHz spectrum licenses from T-Mobile US for USD 3.6 billion (EUR 3.4 billion). The transaction is subject to approval by the Federal Communications Commission (FCC). On October 15, 2023, T-Mobile US and DISH modified the agreement to include, among other changes, a non-refundable extension fee of USD 100 million which DISH will pay to T-Mobile US, as well as the requirement that the purchase of the spectrum licenses must be finalized by April 1, 2024. The extension fee is fully creditable against the purchase price provided DISH exercises its option to purchase the spectrum by this date. If DISH does not purchase the spectrum licenses, T-Mobile US is obligated to put the licenses up for sale at auction. Should bidding not reach the defined minimum purchase price of USD 3.6 billion, T-Mobile US would be released from its obligation to sell the licenses.

On September 12, 2023, T-Mobile US agreed with U.S. cable network operator Comcast to acquire spectrum in the 600 MHz band in exchange for total cash consideration of between USD 1.2 billion and USD 3.3 billion (EUR 1.1 billion and EUR 3.1 billion). The final purchase price will be determined at the time the parties make the required transfer filings with the FCC once it is decided which spectrum Comcast intends to sell. The transaction is expected to close in the first half of 2028, pending approval from the FCC. At the same time, T-Mobile US and Comcast have agreed exclusive leasing arrangements. The leasing rights for T-Mobile US will apply for at least two years, even if Comcast elects to remove some of its licenses from the purchase agreement.

Property, plant and equipment
The carrying amount of property, plant and equipment increased by EUR 0.4 billion compared to December 31, 2022 to EUR 66.1 billion. Additions, primarily for the upgrade and build-out of the network (broadband, fiber-optic, and mobile infrastructure build-out) increased the carrying amount by EUR 9.0 billion. Exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 0.3 billion. Reclassifications of lease assets to property, plant and equipment upon expiry of the contractual lease term, primarily for network technology, in the United States operating segment in particular, also increased the carrying amount by EUR 0.3 billion. Depreciation charges of EUR 8.8 billion decreased the carrying amount, as did disposals in the amount of EUR 0.2 billion.

Right-of-use assets
The carrying amount of the right-of-use assets increased by EUR 0.8 billion compared to December 31, 2022 to EUR 34.5 billion. The carrying amount was increased by additions of EUR 5.1 billion, resulting in part from the sale and leaseback of passive network infrastructure in Germany and Austria in connection with the sale of the GD tower companies. In this context, retained right-of-use assets of EUR 2.0 billion were recognized in the consolidated statement of financial position. Exchange rate effects, primarily from the translation of U.S. dollars into euros, increased the carrying amount by EUR 0.2 billion. Depreciation and impairment losses decreased the carrying amount by EUR 4.1 billion. This included a EUR 0.2 billion increase in depreciation due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint. Reclassifications of lease assets to property, plant and equipment upon expiry of the contractual lease term, primarily for network technology, in the United States operating segment in particular, also reduced the carrying amount by EUR 0.3 billion. Disposals reduced the carrying amount by EUR 0.1 billion.

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

Capitalized contract costs

As of September 30, 2023, the carrying amount of capitalized contract costs was up by EUR 0.3 billion against the level of December 31, 2022 to EUR 3.5 billion. The capitalized contract costs primarily relate to the United States and Germany operating segments.

Investments accounted for using the equity method

The carrying amount of investments accounted for using the equity method increased by EUR 6.1 billion compared to December 31, 2022, to EUR 7.4 billion, essentially as a result of the sale of the 51.0 % stake in the GD tower companies. Following the loss of control pursuant to the IFRSs as a result of the transaction, the companies were deconsolidated as of February 1, 2023. Since this date, the remaining 49.0 % of the shares have been included in the consolidated financial statements as an investment accounted for using the equity method. The carrying amount of the investment amounted to EUR 6.1 billion as of September 30, 2023.

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

Other financial assets

millions of €

	Sept. 30, 2023	Dec. 31, 2022
	Total	Total
Originated loans and receivables	6,645	6,337
Of which: collateral paid	1,503	1,484
Of which: other receivables – publicly funded projects	2,010	2,019
Debt instruments – measured at fair value through profit or loss	688	646
Derivative financial assets	2,520	2,273
Of which: derivatives with a hedging relationship	1,392	1,034
Of which: derivatives without a hedging relationship	1,128	1,239
Equity instruments – measured at fair value through profit or loss	4	3
Equity instruments – measured at fair value through other comprehensive income	412	446
Lease assets	179	205
	10,448	**9,910**

The carrying amount of current and non-current other financial assets increased by EUR 0.5 billion compared to December 31, 2022 to EUR 10.4 billion.

The net total of originated loans and receivables increased by EUR 0.3 billion to EUR 6.6 billion. The carrying amount was increased by an existing shareholder loan to the GD tower companies, which must be recognized in the consolidated statement of financial position as a result of the deconsolidation of the companies. As of September 30, 2023, this loan had a carrying amount of EUR 0.3 billion. In addition, government bonds were bought during the course of the year as short-term investments. As of September 30, 2023, they had a carrying amount of EUR 0.1 billion.

In connection with receivables from grants still to be received from funding projects for the broadband build-out in Germany, the carrying amount of other receivables stood at the 2022 year-end level of EUR 2.0 billion.

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

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

Other assets

The carrying amount of current and non-current other assets increased by EUR 0.4 billion to EUR 3.7 billion. As of September 30, 2023, the carrying amount included various advance payments, totaling EUR 2.9 billion (December 31, 2022: EUR 2.7 billion), mainly including advance payments for maintenance, repairs, and in connection with agreements on services for certain mobile communications equipment that do not fall under the scope of IFRS 16. Receivables from other taxes also increased by EUR 0.1 billion.

Non-current assets and disposal groups held for sale

The carrying amount of non-current assets and disposal groups held for sale decreased by EUR 4.4 billion compared with December 31, 2022 to EUR 0.2 billion. The sale of the GD tower companies as of February 1, 2023 reduced the carrying amount by EUR 4.2 billion, and the sale of the wireline business at T-Mobile US as of May 1, 2023 by EUR 0.3 billion. The corresponding assets had previously been reported as held for sale on account of the sales agreements concluded.

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

Financial liabilities and lease liabilities

The following table shows the composition and maturity structure of **financial liabilities** as of September 30, 2023:

millions of €

	Sept. 30, 2023	Due within 1 year	Due > 1 ≤ 5 years	Due > 5 years	Dec. 31, 2022
Bonds and other securitized liabilities	90,339	3,464	29,276	57,598	93,802
Liabilities to banks	3,576	1,308	1,217	1,051	4,122
Liabilities with the right of creditors to priority repayment in the event of default	2,376	843	1,533	0	2,925
Other interest-bearing liabilities	7,127	1,399	2,698	3,030	7,526
Liabilities from deferred interest	1,156	1,156	0	0	999
Other non-interest-bearing liabilities	1,161	1,011	123	27	769
Derivative financial liabilities	3,046	105	876	2,064	2,889
Financial liabilities	**108,780**	**9,285**	**35,724**	**63,771**	**113,030**
Lease liabilities	**42,620**	**5,792**	**16,818**	**20,010**	**38,792**

The carrying amount of current and non-current financial liabilities decreased by EUR 4.3 billion compared with year-end 2022 to EUR 108.8 billion, primarily due to the factors described below. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.7 billion.

The carrying amount of bonds and other securitized liabilities decreased by EUR 3.5 billion to EUR 90.3 billion. Early repayments of bonds with terms ending between 2023 and 2028, made in February, March, and July 2023, including EUR bonds of EUR 2.4 billion, GBP bonds of GBP 0.2 billion (EUR 0.3 billion), and USD bonds of USD 1.4 billion (EUR 1.3 billion), reduced the carrying amount. The carrying amount was further reduced by scheduled repayments of bonds, including EUR bonds of EUR 1.3 billion, USD bonds of USD 4.3 billion (EUR 4.0 billion), and NOK bonds of NOK 0.7 billion (EUR 0.1 billion). Net repayments of commercial paper also decreased the carrying amount by EUR 2.3 billion. The carrying amount was increased by senior notes issued in the reporting period by T-Mobile US with a total volume of USD 8.5 billion (EUR 7.9 billion) with terms ending between 2028 and 2054 and bearing interest of between 4.80 % and 6.00 %. In addition, the carrying amount decreased by EUR 0.2 billion in connection with measurement effects from derivatives with a hedging relationship, the offsetting entry for which is posted under bonds and other securitized liabilities. Exchange rate effects increased the carrying amount of bonds and other securitized liabilities by EUR 0.7 billion.

The carrying amount of liabilities to banks decreased by EUR 0.5 billion compared with December 31, 2022 to EUR 3.6 billion, mainly due to scheduled repayments of EUR 0.3 billion and by the net increase of EUR 0.2 billion in the balance of short-term borrowings.

The liabilities with the right of creditors to priority repayment in the event of default of EUR 2.4 billion (December 31, 2022: EUR 2.9 billion) relate primarily to bonds issued by Sprint. Collateral was provided for these bonds, hence they constitute a separate class of financial instruments. The main factor reducing the carrying amount was repayments made in the reporting period in the amount of EUR 0.5 billion when translated into euros. At the reporting date, cash and cash equivalents with a carrying amount of EUR 71 million (December 31, 2022: EUR 63 million) when translated into euros were pledged as collateral for these bonds.

The carrying amount of other interest-bearing liabilities decreased by EUR 0.4 billion compared with December 31, 2022 to EUR 7.1 billion. Repayments by T-Mobile US reduced the carrying amount by EUR 0.3 billion, of which EUR 0.2 billion, when translated into euros, related to payments made in connection with the existing agreement on IP transit services, concluded with Cogent as part of the sale of the wireline business.

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

The carrying amount of other non-interest-bearing liabilities increased by EUR 0.4 billion to EUR 1.2 billion. In connection with the resolution adopted by the T-Mobile US Board of Directors on September 25, 2023 to pay out a cash dividend of USD 0.65 per share for the fourth quarter of 2023, non-interest-bearing liabilities increased by EUR 0.3 billion, the amount of the stake attributable to non-controlling interests in T-Mobile US.

> For further information on the shareholder return program at T-Mobile US, please refer to the section "Other transactions that had no effect on the composition of the Group."

The carrying amount of derivative financial liabilities increased by EUR 0.2 billion to EUR 3.0 billion, primarily in connection with interest rate swaps to hedge the fair value of bonds.

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

The carrying amount of current and non-current **lease liabilities** increased by EUR 3.8 billion to EUR 42.6 billion compared with December 31, 2022, mainly resulting from the sale and leaseback of passive network infrastructure in Germany and Austria in connection with the sale of the GD tower companies. As a result of this transaction, lease liabilities increased by EUR 5.0 billion. By contrast, lease liabilities in the United States operating segment decreased by EUR 1.2 billion due to the decommissioning of the former Sprint's wireless network, the closure of former Sprint shops, and a decline in network and build-out investments, primarily on account of higher capital efficiency resulting from the accelerated build-out of the nationwide 5G network in the prior year. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.3 billion.

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

Trade and other payables

The carrying amount of trade and other payables decreased by EUR 1.8 billion to EUR 10.2 billion, due in particular to lower liabilities in the United States operating segment, which primarily resulted from a lower procurement volume, and to lower liabilities in the Europe operating segment. By contrast, the Germany operating segment recorded an increase in liabilities. Exchange rate effects, in particular from the translation from U.S. dollars into euros, also increased the carrying amount.

Provisions for pensions and other employee benefits

The carrying amount of provisions for pensions and other employee benefits decreased by EUR 0.5 billion compared with December 31, 2022 to EUR 3.6 billion, mainly due to the increase in the discount rate compared with December 31, 2022 and the increase in the fair values of plan assets. Overall, the remeasurement of defined benefit plans resulted in an actuarial gain of EUR 0.5 billion to be recognized directly in equity.

Current and non-current other provisions

The carrying amount of current and non-current other provisions decreased by EUR 0.6 billion compared with the end of 2022 to EUR 7.6 billion. Other provisions for personnel costs decreased by EUR 0.3 billion, partly in connection with the performance-based remuneration components for the prior year paid out to employees in 2023. Provisions for procurement and sales support decreased by EUR 0.2 billion, mainly in connection with the bonuses paid out to sales partners in the United States operating segment. Provisions for restoration obligations also decreased by EUR 0.2 billion and miscellaneous other provisions by EUR 0.2 billion, due in particular to the decommissioning of the former Sprint mobile network and due to shop closures. By contrast, provisions for termination benefits increased by EUR 0.4 billion. In August 2023, T-Mobile US began implementing an initiative to reduce its workforce by just under 7 % of the total employee base, primarily targeting corporate and back-office functions and some technology roles. T-Mobile US does not expect this program to incur substantial additional expenses in subsequent periods. The associated cash outflows will continue essentially until mid-2024.

Other liabilities

The carrying amount of current and non-current other liabilities increased by EUR 0.5 billion to EUR 6.1 billion, mainly due to an increase in liabilities from other taxes. Liabilities due to existing build-out obligations in connection with grants still to be received from funding projects for the broadband build-out in Germany declined by EUR 0.1 billion compared with December 31, 2022 to EUR 1.6 billion.

Contract liabilities

The carrying amount of current and non-current contract liabilities increased by EUR 0.4 billion compared with December 31, 2022 to EUR 2.9 billion. These substantially include deferred revenues. The increase was mainly due to higher contract liabilities in the Germany and United States operating segments.

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

The carrying amount of liabilities directly associated with non-current assets and disposal groups held for sale decreased by EUR 3.3 billion against December 31, 2022 to EUR 0.0 billion. The sale of the GD tower companies as of February 1, 2023 reduced the carrying amount by EUR 3.0 billion, and the sale of the wireline business at T-Mobile US as of May 1, 2023 by EUR 0.4 billion. The corresponding liabilities had previously been reported as held for sale on account of the sales agreements concluded.

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

Shareholders' equity

The carrying amount of shareholders' equity increased from EUR 87.3 billion as of December 31, 2022 to EUR 96.6 billion, with profit of EUR 22.0 billion and capital increases from share-based payments of EUR 0.5 billion having an increasing effect. Other comprehensive income also increased the carrying amount by EUR 1.2 billion, mainly as a result of currency translation effects of EUR 0.6 billion recognized directly in equity and the remeasurement of defined benefit plans accounting for EUR 0.5 billion, as well as gains from hedging instruments of EUR 0.5 billion. Income taxes relating to components of other comprehensive income of EUR 0.3 billion had an offsetting effect. Transactions with owners reduced the carrying amount of shareholders' equity by EUR 10.4 billion, mainly in connection with T-Mobile US' 2022 share buy-back program and the resolution adopted by the T-Mobile US Board of Directors on September 25, 2023 to pay out a cash dividend of USD 0.65 per share for the fourth quarter of 2023. The carrying amount was also reduced in connection with dividend payments for the 2022 financial year to Deutsche Telekom AG shareholders in the amount of EUR 3.5 billion and to other shareholders of subsidiaries in the amount of EUR 0.5 billion.

> For further information on the share buy-back/shareholder return programs at T-Mobile US, please refer to the section "Other transactions that had no effect on the composition of the Group."

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

millions of €

	Sept. 30, 2023			Dec. 31, 2022		
	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Changes in the composition of the Group	**0**	**(4)**	**(4)**	**0**	**(583)**	**(583)**
Sale of T-Mobile Netherlands	0	0	0	0	(583)	(583)
Other effects	0	(4)	(4)	0	0	0
Transactions with owners	**(3,065)**	**(7,350)**	**(10,415)**	**(2,569)**	**(3,428)**	**(5,997)**
T-Mobile US – share buy-back/shareholder return/share-based payment	(3,037)	(7,190)	(10,227)	(978)	(1,994)	(2,972)
OTE – share buy-back	(43)	(87)	(130)	(100)	(190)	(290)
Hrvatski Telekom – share buy-back	(2)	(16)	(19)	(2)	(22)	(24)
Increase of the stake in T-Mobile US	0	0	0	(1,493)	(1,178)	(2,672)
Magyar Telekom – share buy-back	17	(56)	(39)	15	(53)	(38)
Other effects	0	0	0	(10)	9	(1)

Selected notes to the consolidated income statement

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

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

Net revenue

Net revenue breaks down into the following revenue categories:

millions of €

	Q1-Q3 2023	Q1-Q3 2022
Service revenues	**69,029**	**68,268**
Germany	16,440	16,020
United States	43,508	43,035
Europe	7,209	6,931
Systems Solutions	2,792	2,755
Group Development	0	411
Group Headquarters & Group Services	756	772
Reconciliation	(1,676)	(1,658)
Non-service revenues	**13,572**	**16,184**
Germany	2,158	2,125
United States	9,947	12,600
Europe	1,469	1,328
Systems Solutions	73	41
Group Development	9	139
Group Headquarters & Group Services	962	1,030
Reconciliation	(1,046)	(1,079)
Net revenue	**82,601**	**84,453**

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

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

The service revenues essentially comprise predictable and/or recurring revenues from Deutsche Telekom's core activities. These relate to revenues that are generated from services (i.e., revenues from fixed and mobile network voice services, incoming and outgoing calls, as well as data services) plus roaming revenues, monthly basic charges and visitor revenues, as well as revenues from the ICT business. Service revenues also include revenues earned in connection with premium services for customers, such as reinsurance for device insurance policies and extended warranties. Revenue from insurance contracts in the scope of IFRS 17 in the Group amounted to EUR 3.4 billion (Q1-Q3 2022: EUR 3.4 billion).

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

Net revenue includes revenue from the use of entity assets by others in the scope of IFRS 16 in the amount of EUR 0.9 billion (Q1-Q3 2022: EUR 1.8 billion). Of the revenue from the use of entity assets by others reported in net revenue, EUR 0.6 billion (Q1-Q3 2022: EUR 0.6 billion) relates to service revenues and EUR 0.3 billion (Q1-Q3 2022: EUR 1.2 billion) to non-service revenues.

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

Other operating income

millions of €	Q1-Q3 2023	Q1-Q3 2022
Income from the reversal of impairment losses on non-current assets	1	2
Income from the disposal of non-current assets	186	211
Income from reimbursements	97	101
Income from insurance compensation	119	202
Income from ancillary services	34	18
Miscellaneous other operating income	484	3,422
Of which: gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method	19	2,725
	922	**3,956**

Income from insurance compensation in the first three quarters of 2023 mainly relates to further refunds from insurance companies for expenses incurred in connection with the cyberattack on T-Mobile US in August 2021. In the prior year, this income mainly resulted from payments from insurance companies in connection with damage sustained in the catastrophic flooding in North Rhine-Westphalia and Rhineland-Palatinate in July 2021. Gains resulting in the prior year from the deconsolidation and sale of stakes accounted for using the equity method were attributable to the loss of control over the GlasfaserPlus entities (EUR 1.7 billion), the sale of T-Mobile Netherlands (EUR 0.9 billion), and the loss of control over DIV II (EUR 0.1 billion). Other operating income in the prior year also included a payment of EUR 0.2 billion in connection with the settlement of a series of patent disputes between T-Mobile US and a competitor.

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

Other operating expenses

millions of €	Q1-Q3 2023	Q1-Q3 2022
Impairment losses on financial assets	(836)	(908)
Gains (losses) from the write-off of financial assets measured at amortized cost	(6)	(20)
Other	(2,850)	(3,813)
Legal and audit fees	(314)	(649)
Losses from asset disposals	(201)	(224)
Income (losses) from the measurement of factoring receivables	0	(2)
Other taxes	(468)	(469)
Cash and guarantee transaction costs	(455)	(458)
Insurance expenses	(136)	(122)
Miscellaneous other operating expenses	(1,276)	(1,889)
Of which: losses resulting from deconsolidations and from the sale of stakes accounted for using the equity method	(4)	0
	(3,693)	**(4,741)**

Expenses for legal and audit fees in the prior year included, among other factors, expenses in connection with the proceedings brought in consequence of the cyberattack on T-Mobile US in August 2021. Miscellaneous other operating expenses include expenses of EUR 0.4 billion for data storage in data centers, in cloud applications, or other IT services, and of EUR 0.3 billion for regulatory duties in the United States. Miscellaneous other operating expenses in the prior year included expenses of EUR 0.7 billion in connection with the payment obligations entered into in that period under the agreement to sell the wireline business in the United States.

Depreciation, amortization and impairment losses

At EUR 17.8 billion, depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets were EUR 3.4 billion lower in the first three quarters of 2023 than in the prior-year period, with the decrease being mainly attributable to the United States operating segment. Depreciation and amortization at T-Mobile US were lower due to the ongoing strategic withdrawal from the terminal equipment lease business. Depreciation and amortization also decreased due to the complete write-off of certain 4G network components, including assets affected by the decommissioning of the former Sprint's legacy CDMA and LTE networks in 2022. The decrease was offset by increased depreciation and amortization in connection with the further build-out of the nationwide 5G network in the United States. In addition, a further 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 0.2 billion. In the Germany operating segment, depreciation and amortization increased, partly as a result of the sale and leaseback of passive network infrastructure in Germany and Austria in connection with the sale of the GD tower companies and the associated recognition of retained right-of-use assets. Impairment losses amounted to EUR 0.1 billion in the reporting period. The impairment losses recorded in the

prior-year period of EUR 0.9 billion were mainly attributable to the former Sprint's fiber-optic-based wireline assets in the United States operating segment and related in part to the sale of the business to Cogent agreed in September 2022.

Profit/loss from financial activities

Loss from financial activities increased year-on-year from EUR 2.6 billion to EUR 4.4 billion, with other financial income declining from EUR 1.3 billion to a financial expense of EUR 0.2 billion, in particular in connection with the interest component from the measurement of provisions and liabilities. This decrease was mainly attributable to the subsequent measurement using actuarial principles of the present value of the provision recognized for the Civil Service Health Insurance Fund. In the prior year, the measurement was affected by the significant increase in the interest rate level in that period. Gains/losses from financial instruments also declined, partly due to less pronounced positive measurement effects from derivatives compared with the prior-year period. Finance costs increased from EUR 3.9 billion to EUR 4.2 billion, mainly due to the sale and leaseback of passive network infrastructure in Germany and Austria in connection with the sale of the GD tower companies, which resulted in an increase in the carrying amounts of the lease liabilities, and due to an increase in the average interest rates of financial liabilities.

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

Income taxes

A tax expense of EUR 2.9 billion was recorded in the first three quarters of 2023. The tax amount reflects the shares of the different countries in profit before income taxes and their respective national tax rates. In the prior-year period, a tax expense of EUR 1.6 billion was recognized on the lower profit/loss before income taxes, which also essentially reflects the respective national tax rates. However, the tax rate was reduced in the prior year by the realization of tax-free income from the sale of T-Mobile Netherlands and the shares in GlasfaserPlus.

Profit/loss after taxes from discontinued operation

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

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

millions of €

	Q1-Q3 2023	Q1-Q3 2022
Net revenue	**15**	**160**
Other operating income	12,926	15
Changes in inventories	0	5
Own capitalized costs	0	18
Goods and services purchased	69	570
Personnel costs	(6)	(52)
Other operating expenses	0	(15)
EBITDA	**13,004**	**700**
Depreciation, amortization and impairment losses	0	(192)
Profit (loss) from operations (EBIT)	**13,004**	**509**
Finance costs	(14)	(23)
Other financial income (expense)	(2)	26
Profit (loss) from financial activities	**(16)**	**3**
Profit (loss) before income taxes	**12,989**	**512**
Income taxes	706	(210)
Profit (loss) after taxes from discontinued operation	**13,694**	**302**

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

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

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

Other disclosures

Notes to the consolidated statement of cash flows

Net cash from operating activities

Net cash from operating activities increased by EUR 1.3 billion year-on-year to EUR 28.6 billion. This positive trend is attributable to sound business development. Lower cash outflows in connection with the integration of Sprint in the United States also had a positive effect. The increase in net interest payments of EUR 0.2 billion and the increase in tax payments of EUR 0.2 billion had a reducing effect.

Net cash used in/from investing activities

millions of €

	Q1-Q3 2023	Q1-Q3 2022
Cash outflows for investments in intangible assets	(3,711)	(6,204)
Cash outflows for investments in property, plant and equipment	(9,990)	(12,004)
Proceeds from the disposal of property, plant and equipment, and intangible assets	82	243
Payments for publicly funded investments in the broadband build-out	(237)	(267)
Proceeds from public funds for investments in the broadband build-out	244	249
Cash outflows for short-term investments in government bonds, net	(100)	0
Net cash flows for collateral deposited and hedging transactions	68	(1,224)
Other changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(4)	(52)
Changes in cash and cash equivalents in connection with the sale of the 51 % stake in the GD tower companies[a]	7,598	0
Changes in cash and cash equivalents in connection with the sale of the 75 % stake in T-Mobile Netherlands[b]	0	3,642
Changes in cash and cash equivalents in connection with the sale of the 50 % stake in GlasfaserPlus[c]	0	432
Changes in cash and cash equivalents in connection with the loss of control over DIV II[d]	0	108
Changes in cash and cash equivalents in connection with the sale of T-Mobile US' fiber-optic-based wireline business[e]	13	0
Other changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	15	7
Other	(76)	(441)
Net cash (used in) from investing activities	**(6,100)**	**(15,511)**
Of which: from discontinued operation	(17)	(168)

[a] Includes, in addition to the cash inflow of EUR 7,695 million for the sale of the 51 % stake, outflows of cash and cash equivalents in the amount of EUR 97 million.

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

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

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

[e] Includes, in addition to the cash inflow of EUR 56 million for the sale of the wireline business, outflows of cash and cash equivalents in the amount of EUR 43 million.

At EUR 13.7 billion, cash outflows for investments in intangible assets and property, plant and equipment were EUR 4.5 billion lower than in the prior year. In the United States operating segment, mobile spectrum licenses were acquired for a total of EUR 0.3 billion and in the Europe operating segment, mobile spectrum licenses were acquired for a total of EUR 0.2 billion in the reporting period. In the prior year, this item had included cash outflows for the acquisition of mobile spectrum licenses of EUR 3.0 billion in the United States operating segment. Excluding investments in mobile spectrum licenses, cash outflows for investments in intangible assets and property, plant and equipment were down EUR 2.0 billion year-on-year. Cash outflows in the United States operating segment decreased by EUR 2.5 billion, in particular due to higher cash outflows for investments in the prior year in connection with the accelerated build-out of the 5G network and the integration of Sprint. By contrast, cash outflows increased by EUR 0.5 billion in the Germany operating segment, in particular for the fiber-optic build-out, due to different seasonal effects, and by EUR 0.1 billion in the Europe operating segment.

Net cash used in/from financing activities

millions of €	Q1-Q3 2023	Q1-Q3 2022
Issuance of bonds	7,880	3,020
Repayment of bonds	(9,224)	(2,997)
Commercial paper, net	(2,280)	0
Loans taken out with the EIB	0	150
Repayment of EIB loans	(298)	(523)
Overnight borrowings from banks, net	(200)	509
Repayment of liabilities with the right of creditors to priority repayment in the event of default	(537)	(376)
Repayment of liabilities from 5G spectrum acquired in Germany	(195)	(195)
Repayment of financial liabilities for media broadcasting rights	(260)	(279)
Principal portion of repayment of lease liabilities	(4,442)	(3,715)
Changes in cash and cash equivalents in connection with the sale and leaseback of the passive network infrastructure of the GD tower companies	3,069	0
Net cash flows for hedging transactions	23	122
Cash flows from continuing involvement factoring, net	4	17
Dividend payments (including to other shareholders of subsidiaries)	(3,701)	(3,385)
Cash inflows from transactions with non-controlling entities		
T-Mobile US stock options	8	5
Cellnex Netherlands capital contributions	0	17
Other cash inflows	15	6
	22	**27**
Cash outflows from transactions with non-controlling entities		
Increase of the stake in T-Mobile US	0	(2,210)
T-Mobile US share buy-back/share-based payment	(10,313)	(764)
OTE share buy-back	(129)	(215)
Other payments	(130)	(97)
	(10,572)	**(3,287)**
Other	(187)	(592)
Net cash (used in) from financing activities	**(20,899)**	**(11,505)**
Of which: from discontinued operation	(74)	(177)

Non-cash transactions

In the reporting period, Deutsche Telekom leased assets totaling EUR 5.1 billion, mainly network equipment, cell sites, and land and buildings. These assets are recognized in the statement of financial position under right-of-use assets and the related liabilities under lease liabilities. Future repayments of the liabilities will be recognized in net cash used in/from financing activities. In the prior-year period, EUR 6.6 billion had related to the modification of the arrangements with Crown Castle, resulting in an increase in the same amount in the carrying amount of the right-of-use assets and the lease liabilities. Excluding this effect, asset leases were up EUR 1.3 billion against the prior-year period, mainly due to the leaseback of passive network infrastructure in Germany and Austria under the sale-and-leaseback agreement in connection with the sale of the GD tower companies. In the United States operating segment, asset leases were down by EUR 0.2 billion year-on-year, mainly due to synergies from the decommissioning of Sprint's old mobile network and the associated lower lease liabilities for network technology.

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

Consideration for the acquisition of broadcasting rights is paid by Deutsche Telekom in accordance with the terms of the contract on the date of its conclusion or spread over the term of the contract. Financial liabilities of EUR 0.2 billion were recognized in the reporting period for future consideration for acquired broadcasting rights (prior-year period: EUR 0.3 billion). The payment of the consideration will be recognized in net cash used in/from financing activities.

In the United States operating segment, EUR 0.1 billion was recognized for mobile terminal equipment under property, plant and equipment in the reporting period (prior-year period: EUR 0.3 billion). This relates to the terminal equipment lease model at T-Mobile US, under which customers do not purchase the devices but lease them. The cash outflows are presented under net cash from operating activities. The decline was primarily due to the strategic withdrawal from the terminal equipment lease model.

Segment reporting

The following table provides an overview of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first three quarters of 2023 and 2022.

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

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

T-Systems International GmbH transferred all obligations from the company pension scheme vis-à-vis former employees and current beneficiaries, and the proportion of plan assets endowed for these obligations, to Deutsche Telekom AG with retroactive effect from January 1, 2023 by way of a spin-off under the law governing corporate reorganizations. Under this spin-off, net segment liabilities totaling EUR 0.1 billion were transferred from the Systems Solutions operating segment to the Group Headquarters & Group Services segment. Prior-year comparatives were not adjusted retrospectively.

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

Segment information in the first three quarters

millions of €

		Comparative period						Reporting date		
		Net revenue	Inter-segment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets[a]	Segment liabilities[a]	Investments accounted for using the equity method[a]
Germany	Q1-Q3 2023	18,112	486	18,598	4,525	(3,146)	(9)	53,065	38,832	473
	Q1-Q3 2022	17,702	443	18,145	5,662	(2,990)	(3)	49,366	33,167	511
United States	Q1-Q3 2023	53,451	4	53,455	10,891	(11,542)	(37)	213,193	145,651	393
	Q1-Q3 2022	55,630	6	55,636	4,480	(14,158)	(850)	215,581	143,900	368
Europe	Q1-Q3 2023	8,524	154	8,678	1,513	(1,871)	(9)	23,666	8,622	50
	Q1-Q3 2022	8,100	159	8,259	1,450	(1,829)	(8)	23,449	8,202	36
Systems Solutions	Q1-Q3 2023	2,390	475	2,865	20	(163)	(46)	4,069	3,005	21
	Q1-Q3 2022	2,284	512	2,796	(18)	(171)	(49)	4,087	3,240	23
Group Development	Q1-Q3 2023	29	79	108	13,006	(2)	0	14,218	4,161	6,450
	Q1-Q3 2022	753	656	1,409	1,688	(194)	0	6,444	8,572	365
Group Headquarters & Group Services	Q1-Q3 2023	111	1,607	1,718	(1,293)	(995)	0	42,983	54,285	15
	Q1-Q3 2022	144	1,658	1,802	(1,163)	(1,075)	(30)	40,522	55,067	15
Total from continuing operations and discontinued operation	**Q1-Q3 2023**	**82,616**	**2,806**	**85,422**	**28,662**	**(17,719)**	**(101)**	**351,194**	**254,556**	**7,402**
	Q1-Q3 2022	**84,613**	**3,434**	**88,047**	**12,099**	**(20,417)**	**(940)**	**339,449**	**252,148**	**1,318**
Reconciliation	Q1-Q3 2023	0	(2,806)	(2,806)	(11)	16	0	(48,681)	(48,613)	0
	Q1-Q3 2022	0	(3,434)	(3,434)	(14)	1	(1)	(40,859)	(40,878)	0
Consolidated total from continuing operations and discontinued operation	**Q1-Q3 2023**	**82,616**	**0**	**82,616**	**28,651**	**(17,703)**	**(101)**	**302,513**	**205,943**	**7,402**
	Q1-Q3 2022	**84,613**	**0**	**84,613**	**12,085**	**(20,416)**	**(941)**	**298,590**	**211,270**	**1,318**
Discontinued operation	Q1-Q3 2023	(15)	(84)	(99)	(13,004)	0	0	n.a.	n.a.	n.a.
	Q1-Q3 2022	(160)	(698)	(858)	(509)	192	0	n.a.	n.a.	n.a.
Reconciliation	Q1-Q3 2023	0	84	84	0	0	0	n.a.	n.a.	n.a.
	Q1-Q3 2022	0	698	698	0	0	0	n.a.	n.a.	n.a.
Group total	**Q1-Q3 2023**	**82,601**	**0**	**82,601**	**15,647**	**(17,703)**	**(101)**	**302,513**	**205,943**	**7,402**
	Q1-Q3 2022	**84,453**	**0**	**84,453**	**11,576**	**(20,225)**	**(941)**	**298,590**	**211,270**	**1,318**

[a] Figures relate to the reporting dates of September 30, 2023 and December 31, 2022, respectively.

Contingencies

This section provides additional information and explains recent changes in the contingent liabilities and assets as described in the consolidated financial statements for the 2022 financial year.

Claims relating to charges for the shared use of cable ducts. In the claims filed by Vodafone Deutschland GmbH and Vodafone Hessen et al. (now Vodafone West GmbH) against Telekom Deutschland GmbH alleging excessive charges for the use of cable ducts, which were referred by the Federal Court of Justice back to the responsible Higher Regional Courts, the plaintiff Vodafone Deutschland GmbH has since updated its demand for relief, which it now puts at approximately EUR 826 million plus interest for the period from January 1, 2012 to December 31, 2022. At present, the financial impact cannot be assessed with sufficient certainty.

Proceedings against T-Mobile US in consequence of the cyberattack on T-Mobile US in August 2021. In the proceedings against T-Mobile US in relation to the cyberattack on T-Mobile US in August 2021, the competent court issued an order on June 29, 2023 granting final approval of the agreement dated July 22, 2022 to settle the federal class action lawsuit. The order has been appealed, leading to a delay in the conclusion of the proceedings.

Other financial obligations

The following table provides an overview of Deutsche Telekom's other financial obligations as of September 30, 2023:

millions of €

	Sept. 30, 2023
Purchase commitments regarding property, plant and equipment	5,820
Purchase commitments regarding intangible assets	8,140
Firm purchase commitments for inventories	5,927
Other purchase commitments and similar obligations	25,968
Payment obligations to the Civil Service Pension Fund	754
Obligations arising in connection with business combinations	1,311
Miscellaneous other obligations	0
	47,920

The purchase commitment regarding intangible assets includes, among others, obligations in connection with the agreement between T-Mobile US and Comcast entered into on September 12, 2023 on the acquisition of licenses in the 600 MHz spectrum. In this connection, the maximum purchase price of USD 3.3 billion (EUR 3.1 billion) was included in the disclosure. Other purchase commitments and similar obligations mainly comprise obligations for the procurement of services, such as maintenance and servicing, IT services, marketing measures, and outsourcing. Of the obligations arising in connection with business combinations, USD 1.2 billion (EUR 1.1 billion) relates to obligations arising from the agreed acquisition of Ka'ena in the United States.

For further information on the agreement concluded with Comcast, please refer to the section "Intangible assets."

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

Disclosures on financial instruments

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

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount Sept. 30, 2023	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Sept. 30, 2023[b]
Assets								
Cash and cash equivalents	AC	7,470	7,470					
Trade receivables								
At amortized cost	AC	7,216	7,216					
At fair value through other comprehensive income	FVOCI	8,497			8,497			8,497
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	6,645	6,645					6,655
Of which: collateral paid	AC	1,503	1,503					
Of which: publicly funded projects	AC	2,010	2,010					
At fair value through profit or loss	FVTPL	688				688		688
Equity instruments								
At fair value through other comprehensive income	FVOCI	412		412				412
At fair value through profit or loss	FVTPL	4				4		4
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,128				1,128		1,128
Of which: termination rights embedded in bonds issued	FVTPL	104				104		104
Of which: energy forward agreements embedded in contracts	FVTPL	159				159		159
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	348				348		348
Derivatives with a hedging relationship	n.a.	1,392			1,392			1,392
Lease assets	n.a.	179					179	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	0	0					
Equity instruments within non-current assets and disposal groups held for sale	FVOCI	12	0	12				12
Liabilities								
Trade payables	AC	10,223	10,223					
Bonds and other securitized liabilities	AC	90,339	90,339					82,633
Liabilities to banks	AC	3,576	3,576					3,396
Liabilities with the right of creditors to priority repayment in the event of default	AC	2,376	2,376					2,274
Other interest-bearing liabilities	AC	7,127	7,127					6,932
Of which: collateral received	AC	287	287					
Liabilities from deferred interest	AC	1,156	1,156					
Other non-interest-bearing liabilities	AC	1,161	1,161					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	27	27					

[a] For energy forward agreements embedded in contracts please refer to the detailed comments in the following section.

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

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount Sept. 30, 2023	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Sept. 30, 2023[b]
Lease liabilities	n.a.	42,620					42,620	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	362				362		362
Of which: energy forward agreements embedded in contracts	FVTPL	31				31		31
Derivatives with a hedging relationship	n.a.	2,684			36	2,648		2,684
Of which: energy forward agreements	n.a.	25			25			25
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	0	0					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	21,331	21,331					6,655
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	8,497			8,497			8,497
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	424		424				424
Financial assets at fair value through profit or loss	FVTPL	1,820				1,820		1,820
Liabilities								
Financial liabilities at amortized cost	AC	115,958	115,958					95,235
Financial liabilities at fair value through profit or loss	FVTPL	362				362		362

[a] For energy forward agreements embedded in contracts please refer to the detailed comments in the following section.

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

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

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount Dec. 31, 2022	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2022[b]
Assets								
Cash and cash equivalents	AC	5,767	5,767					
Trade receivables								
At amortized cost	AC	6,926	6,926					
At fair value through other comprehensive income	FVOCI	9,841			9,841			9,841
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	6,337	6,337					6,347
Of which: collateral paid	AC	1,484	1,484					
Of which: publicly funded projects	AC	2,019	2,019					
At fair value through profit or loss	FVTPL	646				646		646
Equity instruments								
At fair value through other comprehensive income	FVOCI	446		446				446
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,239				1,239		1,239
Of which: termination rights embedded in bonds issued	FVTPL	117				117		117
Of which: energy forward agreements embedded in contracts	FVTPL	204				204		204
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	402				402		402
Derivatives with a hedging relationship	n.a.	1,034			1,034	0		1,034
Lease assets	n.a.	205					205	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	75	75					
Equity instruments within non-current assets and disposal groups held for sale	FVOCI	0		0				0
Liabilities								
Trade payables	AC	12,035	12,035					
Bonds and other securitized liabilities	AC	93,802	93,802					87,642
Liabilities to banks	AC	4,122	4,122					3,926
Liabilities with the right of creditors to priority repayment in the event of default	AC	2,924	2,924					2,799
Other interest-bearing liabilities	AC	7,526	7,526					7,311
Of which: collateral received	AC	156	156					
Liabilities from deferred interest	AC	999	999					
Other non-interest-bearing liabilities	AC	769	769					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	13	13					

[a] For energy forward agreements embedded in contracts please refer to the detailed comments in the following section.

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

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount Dec. 31, 2022	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2022[b]
Lease liabilities	n.a.	38,792					38,792	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	368				368		368
Of which: energy forward agreements embedded in contracts	FVTPL	59				59		59
Derivatives with a hedging relationship	n.a.	2,521			44	2,477		2,521
Of which: energy forward agreements	n.a.	0			0			0
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	2,431	2,431					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	19,105	19,105					6,347
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	9,841			9,841			9,841
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	446		446				446
Financial assets at fair value through profit or loss	FVTPL	1,888				1,888		1,888
Liabilities								
Financial liabilities at amortized cost	AC	124,608	124,608					101,678
Financial liabilities at fair value through profit or loss	FVTPL	368				368		368

[a] For energy forward agreements embedded in contracts please refer to the detailed comments in the following section.

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

Trade receivables include receivables amounting to EUR 2.1 billion (December 31, 2022: EUR 2.8 billion) due in more than one year. The fair value generally equals the carrying amount.

Disclosures on fair value

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

Financial instruments measured at fair value

millions of €

	Sept. 30, 2023				Dec. 31, 2022			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Assets								
Trade receivables								
At fair value through other comprehensive income			8,497	**8,497**			9,841	**9,841**
Other financial assets – Originated loans and other receivables								
At fair value through profit or loss	220		468	**688**	206	0	440	**646**
Equity instruments								
At fair value through other comprehensive income	10		414	**424**	9		437	**446**
At fair value through profit or loss			4	**4**			3	**3**
Derivative financial assets								
Derivatives without a hedging relationship		832	296	**1,128**		884	355	**1,239**
Derivatives with a hedging relationship		1,392		**1,392**		1,034		**1,034**
Liabilities								
Derivative financial liabilities								
Derivatives without a hedging relationship		331	31	**362**		309	59	**368**
Derivatives with a hedging relationship		2,659	25	**2,684**		2,521		**2,521**

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

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

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

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

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

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

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets at fair value through profit or loss: energy forward agreements	Derivative financial liabilities at fair value through profit or loss: energy forward agreements	Originated loans and other receivables at fair value through profit or loss: contingent consideration receivable
Carrying amount as of January 1, 2023	**436**	**117**	**204**	**(59)**	**415**
Additions (including first-time classification as Level 3)	31	21	0	0	0
Decreases in fair value recognized in profit/loss (including losses on disposal)	0	(142)	(59)	(26)	0
Increases in fair value recognized in profit/loss (including gains on disposal)	0	106	24	49	9
Decreases in fair value recognized directly in equity	(97)	0	0	0	0
Increases in fair value recognized directly in equity	57	0	0	0	0
Disposals (including last classification as Level 3)[a]	(14)	0	(11)	5	0
Currency translation effects recognized directly in equity	1	2	1	0	0
Carrying amount as of September 30, 2023	**414**	**104**	**159**	**(31)**	**424**

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

The equity instruments assigned to Level 3 that are measured at fair value through other comprehensive income and carried under other financial assets are equity investments with a carrying amount of EUR 414 million measured using the best information available at the reporting date. As a rule, Deutsche Telekom considers transactions involving shares in those companies to have the greatest relevance. Transactions involving shares in comparable companies are also considered. The proximity of the relevant transaction to the reporting date, and the question of whether it was conducted at arm's length, are relevant for deciding which information is used for the measurement. Furthermore, the degree of similarity between the object being measured and comparable companies must be taken into consideration. Based on Deutsche Telekom's own assessment, the fair values of the equity investments at the reporting date could be determined with sufficient reliability. For the development of the carrying amounts in the reporting period, please refer to the table above. As of the reporting date, equity investments of EUR 12 million were held for sale. In the case of investments with a carrying amount of EUR 50 million, transactions involving shares in these companies took place at arm's length sufficiently close to the reporting date, which is why the share prices agreed in the transactions were to be used without adjustment for the measurement as of the current reporting date. In the case of investments with a carrying amount of EUR 31 million, an analysis of operational indicators (especially revenue, EBIT, and liquidity) revealed that the carrying amounts were equivalent to current fair values. Due to better comparability, previous arm's length transactions involving shares in these companies are preferable to more recent transactions involving shares in similar companies. In the case of investments with a carrying amount of EUR 271 million, for which the last arm's length transactions relating to shares in these companies took place further in the past, a measurement performed more recently relating to shares in similar companies provides the most reliable representation of the fair values. Here, multiples to the reference variable of expected revenue (ranging between 3 and 29) were applied and a range of equally distributed percentiles in intervals of 16.7 % around the median were taken as a basis. For each investment, the appropriate percentile was used depending on the specific circumstances. If other values had been used for the multiples and for the expected revenue amounts, the calculated fair values would have been different. These hypothetical deviations (sensitivities) are shown in the table below. In addition, non-material individual items with a carrying amount of EUR 62 million when translated into euros are included with differences in value of minor relevance.

The derivatives without a hedging relationship assigned to Level 3 and carried under derivative financial assets relate to options embedded in bonds issued by T-Mobile US with a carrying amount of EUR 104 million when translated into euros. The options, which can be exercised by T-Mobile US at any time, allow early redemption of the bonds at fixed exercise prices. Observable market prices are available regularly and also at the reporting date for the bonds as entire instruments, but not for the options embedded therein. The termination rights are measured using an option pricing model. Historical interest rate volatilities of bonds issued by T-Mobile US and comparable issuers are used for the measurement because these provide a more reliable estimate at the reporting date than current market interest rate volatilities. The spread curve, which is also unobservable, was derived on the basis of current market prices of bonds issued by T-Mobile US and debt instruments of comparable issuers. Risk-free interest rates and spreads were simulated separately from each other. At the current reporting date, the following interest rate volatility and spreads were used for the various rating levels of the bonds:

Interest rate volatilities and spreads used by rating levels

%

	Interest volatility (absolute figure)	Spread
BBB+	0 – 0.1	1.2 – 1.6
BBB-	0 – 0.1	1.6 – 2.0
BB+	0 – 0.1	1.8 – 2.3

For the mean reversion input, which is unobservable, 3 % was used. In our opinion, the values used constitute the best estimate in each case. If other values had been used for interest rate volatility, spread curve, or mean reversion, the calculated fair values would have been different. These hypothetical deviations (sensitivities) are shown in the table below. If the risk-free interest rate had been 50 basis points higher (lower) at the reporting date, the fair value of the options would have been EUR 35 million lower (EUR 47 million higher). In the reporting period, a net expense of EUR 36 million when translated into euros was recognized under the Level 3 measurement in other financial income/expense for unrealized losses for the options in the portfolio at the reporting date. In the reporting period, no option was exercised. Please refer to the table above for the development of the carrying amounts in the reporting period. The changes in value recognized in profit or loss in the reporting period were mainly attributable to fluctuations in the interest rates and historical interest rate volatilities in absolute terms that are relevant for measurement. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

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

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets at fair value through profit or loss: energy forward agreements	Derivative financial liabilities at fair value through profit or loss: energy forward agreements	Originated loans and other receivables at fair value through profit or loss: contingent consideration receivable
Multiple next-level-up quantile	75				
Multiple next-level-down quantile	(53)				
Expected revenues +10 %	23				
Expected revenues -10 %	(23)				
Interest rate volatility[b] +10 %		16			
Interest rate volatility[b] -10 %		(16)			
Spread curve[c] +50 basis points		(43)			(7)
Spread curve[c] -50 basis points		63			7
Mean reversion[d] +100 basis points		(5)			
Mean reversion[d] -100 basis points		6			
Future energy prices +10 %			42	5	
Future energy prices -10 %			(49)	(5)	
Future energy output +5 %			29	(1)	
Future energy output -5 %			(36)	1	
Future prices for renewable energy credits[e] +100 %			25	2	
Future prices for renewable energy credits[e] from zero			(31)	(2)	
Planned fiber-optic build-out is completed one year earlier than expected					18
Planned fiber-optic build-out is completed one year later than expected					(17)
Actual fiber-optic build-out is 5 % higher than planned each year					42
Actual fiber-optic build-out is 5 % lower than planned each year					(42)

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

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

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

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

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

With a carrying amount of EUR 159 million when translated into euros, the derivatives without a hedging relationship assigned to Level 3 and carried under derivative financial assets relate to energy forward agreements embedded in contracts entered into by T-Mobile US. The same applies to derivative financial liabilities with a carrying amount of EUR 31 million when translated into euros. These agreements consist of two components: the energy forward agreement and the acquisition of renewable energy credits by T-Mobile US. In the case of one energy forward agreement, commercial operation is set to begin in 2025; with the others, it has already begun. Under the energy forward agreements, which are accounted for separately as derivatives, T-Mobile US receives variable amounts based on the actual energy output and the then current energy prices, and pays fixed amounts per unit of energy generated from the start of commercial operations throughout the term of the contract. The energy forward agreements are measured using valuation models because no observable market prices are available. The value of the derivatives is significantly influenced by the future energy output, the future energy prices on the relevant markets, and the future prices of renewable energy credits. The main contract parameters, including the assumptions made for unobservable parameters and periods, are set out in the following table. In our opinion, these assumptions made constitute the best estimate in each case. In the view of T-Mobile US, the contracts were entered into at current market conditions, and the most appropriate parameters for the unobservable inputs were used for measurement purposes. The transaction price at inception was zero in each case. Since the unobservable inputs have a significant influence on the measurement of the derivatives, the respective amount resulting from initial measurement (day 1 gain) – with the exception of the agreements concluded by Sprint that are explained below – was not recognized in profit or loss on initial recognition. Instead, these day 1 gains are amortized in profit or loss on a straight-line basis over the period of commercial energy production. This amortization adjusts the effects from measuring the derivatives in each accounting period using the respective valuation models and updated parameters. All amounts from the measurement of the derivatives are presented in net terms per contract in the statement of financial position (derivative financial assets/liabilities) and in the income statement (other operating income/expenses). Sprint also has agreements of this kind in its portfolio. These were concluded before the business combination with T-Mobile US and, for these agreements too, unobservable inputs have a material influence on the measurement of the derivatives. However, under the requirements for business combinations, the respective amounts resulting from the measurement are recognized as derivative financial assets, as a result of which there are no amounts yet to be amortized for these agreements. On the following reporting dates, the effects from the periodic measurement of the derivatives will be recorded in full in the income statement (other operating expenses or other operating income). At the reporting date, the calculated fair value from Deutsche Telekom's perspective for one of the energy forward agreements described above is negative and amounts to EUR -7 million when translated into euros. All the rest are positive and amount to EUR 260 million when translated into euros. If other values had been used for future energy prices, future energy output, or future prices of renewable energy credits, the calculated fair values would have been different. These hypothetical deviations (sensitivities) are shown in the table above. In the reporting period, net income of EUR 7 million when translated into euros was recognized under the Level 3 measurement in other operating income/expense for unrealized gains for the derivatives for all the above energy forward agreements. Please refer to the corresponding table for the development of the carrying amounts in the reporting period. The market-price changes in the reporting period were attributable in part to changes in observable and unobservable energy prices and to interest rate effects. On the other hand, contract adjustments gave rise to income of EUR 33 million. The development of the day 1 gain yet to be amortized in the income statement in the reporting period is shown in the following table. The straight-line amortization of the day 1 gains through profit or loss over the period of commercial energy production amounts to a total of EUR 11 million per year when translated into euros. In addition, similar energy forward agreements were concluded in Europe for which, however, no significant volatility in fair value is to be expected. At the reporting date, their carrying amount when translated into euros was EUR 25 million (liability), and they were designated as hedging instruments in hedge relationships. Due to their distinctiveness, the energy forward agreements constitute a separate class of financial instruments.

	United States
Term of the contract from the start of commercial operation in years	12 to 15
End of the term of contracts for which commercial operation has already begun	2029 to 2035
Expected energy output in GWh per year	4,057
Expected energy prices per MWh for the unobservable portion of the term in €	
On-peak (i.e., times of relatively high energy demand) in €	28 to 89
Off-peak (i.e., times of relatively low energy demand) in €	17 to 93
On-peak/off-peak ratio	52 %
Length of time in years, for which energy prices are regularly observable	up to 10
Length of time in years, for which the prices of renewable energy credits are regularly observable	around 3

Development of the not yet amortized amounts

millions of €

	Energy forward agreements[a]
Measurement amounts on initial recognition	**173**
Measurement amounts on initial recognition (additions during the reporting period)	72
Measurement amounts amortized in profit or loss in prior periods	(40)
Measurement amounts amortized in profit or loss in the current reporting period	(6)
Currency translation adjustments	11
Disposals in prior periods	0
Disposals in the current reporting period	(85)
Measurement amounts not amortized as of September 30, 2023	**125**

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

The financial assets assigned to Level 3 (originated loans and other receivables) include the contingent consideration receivable from the sale of a 50 % stake in GlasfaserPlus with a carrying amount of EUR 424 million, which arises in stages upon achieving certain fiber-optic build-out milestones and is measured at fair value through profit or loss. Deutsche Telekom measures this receivable on the basis of GlasfaserPlus' current build-out plans. At the current reporting date, it can be assumed that payments will fall due from 2025 to 2029. The spread of the debtor IFM constitutes an unobservable input; at the current reporting date, values of between 1.1 % and 1.5 % were used for the discounting of the individual payments. In our opinion, the assumptions used constitute the best estimate in each case. If other assumptions had been used for the amount and due dates of the payments and for the spread, the calculated fair value would have been different. These hypothetical deviations (sensitivities) are shown in the table above. In the reporting period, net income of EUR 9 million was recognized under the Level 3 measurement of the receivable in other operating income/expense for unrealized discounting effects. Please refer to the table above for the development of the carrying amounts in the reporting period. The market-price change in the reporting period is largely attributable to a change in the interest rates that are relevant for measurement. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments. The other financial assets assigned to Level 3 (originated loans and other receivables) with a carrying amount of EUR 44 million relate to immaterial items for which no significant volatility in fair value is to be expected.

For the trade receivables measured at fair value through other comprehensive income assigned to Level 3 and for the originated loans and other receivables measured at fair value through profit or loss, the main factor in determining fair value is the credit risk of the relevant counterparties. If the default rates applied as of the reporting date had been 1 % higher (lower) with no change in the reference variables, the fair values of the instruments would have been 1 % lower (higher). The financial assets assigned to Level 3 include trade receivables measured at fair value through other comprehensive income, for which the credit risk of customers constitutes an unobservable input for the measurement, with a carrying amount of EUR 8,497 million (December 31, 2022: EUR 9,841 million) when translated into euros. As a rule, a credit scoring model is used for receivables paid in installments. The cash flows are discounted on the basis of the weighted average of the original effective interest rates of the financial assets in the relevant portfolio. A weighted average credit-risk spread of 7.57 % (December 31, 2022: 6.28 %) was applied to the respective receivables portfolios at the reporting date. The credit-risk spreads applied are derived from the expected future credit loss of the relevant portfolio and are updated on an ongoing basis. Changes in the fair value of these trade receivables are caused mainly by changes in observable Level 2 inputs (in particular market interest rates).

The financial assets measured at fair value through profit or loss and assigned to Level 3 include additional options acquired from third parties for the purchase of company shares, with a carrying amount of EUR 32 million. No notable fluctuations in value are expected from these individual items. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

Disclosures on credit risk

In line with the contractual provisions, in the event of insolvency, all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. The net amounts are normally recalculated every bank working day and offset against each other. When the netting of the positive and negative fair values of all derivatives was positive from Deutsche Telekom's perspective, Deutsche Telekom received unrestricted cash collateral from counterparties pursuant to collateral agreements in the amount of EUR 287 million (December 31, 2022: EUR 156 million). The credit risk was thus reduced by EUR 284 million (December 31, 2022: EUR 134 million) because, on the reporting date, the cash collateral received was offset by corresponding net derivative positions in the same amount. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 1,908 million as of the reporting date (December 31, 2022: EUR 1,549 million) had a residual credit risk of EUR 19 million as of September 30, 2023 (December 31, 2022: EUR 0.6 million).

When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral in the amount of EUR 1,391 million as of the reporting date (December 31, 2022: EUR 1,411 million) to counterparties pursuant to collateral agreements. The cash collateral paid is offset by corresponding net derivative positions of EUR 1,366 million at the reporting date (December 31, 2022: EUR 1,392 million), which is why it was not exposed to any credit risks in this amount.

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

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

In connection with auctions for the acquisition of spectrum licenses, subsidiaries of Deutsche Telekom have deposited additional cash collateral of EUR 40 million when translated into euros as of the reporting date (December 31, 2022: EUR 2 million). At the reporting date, cash and cash equivalents of EUR 70 million (December 31, 2022: EUR 63 million) when translated into euros were pledged as cash collateral for liabilities issued by Sprint with the right of creditors to priority repayment in the event of default. This cash collateral is not exposed to any significant credit risk.

Related-party disclosures

The following significant changes to the related-party disclosures reported in the consolidated financial statements as of December 31, 2022 were in effect as of September 30, 2023:

Joint ventures. On February 1, 2023, Deutsche Telekom transferred 51.0 % of the shares in the cell tower business companies in Germany and Austria (GD tower companies). Since then, the stake retained by Deutsche Telekom of 49.0 % has been included in the consolidated financial statements as a joint venture using the equity method. The carrying amount of the investment amounted to EUR 6.1 billion as of September 30, 2023. Once the transaction was consummated, Deutsche Telekom leased back the majority of the sold passive network infrastructure in Germany and Austria under a sale-and-leaseback agreement with a non-cancellable lease term of eight years. As of September 30, 2023, there were lease liabilities to the GD tower companies of EUR 4.9 billion.

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

Executive bodies

Board of Management

By resolution of February 23, 2022, Adel Al-Saleh was reappointed as the Board member responsible for T-Systems for the period from January 1, 2023 to December 31, 2027. Furthermore, in the meeting on May 19, 2022, Dr. Christian P. Illek was reappointed as the Board member responsible for Finance from April 1, 2023 to March 31, 2028.

By resolution of October 13, 2023, Ferri Abolhassan was appointed as the Board member responsible for T-Systems for the period from January 1, 2024 to December 31, 2026. Mr. Abolhassan thereby succeeds Adel Al-Saleh, who had asked for his contract to be terminated and will leave the Group as of December 31, 2023.

Supervisory Board

Shareholders' representatives. The term of office of Dr. Günther Bräunig, Harald Krüger, and Margret Suckale expired at the end of the shareholders' meeting on April 5, 2023. Harald Krüger and Margret Suckale were reelected to the Supervisory Board by the shareholders' meeting of April 5, 2023. Furthermore, the shareholders' meeting of April 5, 2023 elected Dr. Reinhard Ploss to the Supervisory Board; he succeeds Dr. Günther Bräunig, who left the Supervisory Board.

Employees' representatives. The term of office of all employee representatives on the Supervisory Board expired at the end of the shareholders' meeting on April 5, 2023. At the request of the Board of Management, the existing employee representatives Odysseus D. Chatzidis, Constantin Greve, Nicole Koch, Petra Steffi Kreusel, Kerstin Marx, Frank Sauerland, Susanne Schöttke, Lothar Schröder, Nicole Seelemann-Wandtke, and Karin Topel were reappointed as employee representatives on the Supervisory Board by order of the Bonn District Court dated April 3, 2023 with effect from the end of the shareholders' meeting on April 5, 2023.

Events after the reporting period

T-Mobile US shareholder return program from September 2023. In the period from October 1, 2023 to October 20, 2023, T-Mobile US bought back around 5.5 million shares with a total volume of USD 0.8 billion (EUR 0.7 billion) under the share buy-back program.

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

Amendments to the agreement between T-Mobile US and DISH. On October 15, 2023, T-Mobile US and DISH entered into an amendment to the agreement on the sale of spectrum licenses.

> For further information on the agreement between T-Mobile US and DISH, please refer to the section "Intangible assets."

Deutsche Telekom AG's shareholder remuneration. On November 2, 2023 the Board of Management of Deutsche Telekom AG resolved to propose to the shareholders' meeting the distribution of a dividend of EUR 0.77 per share for the 2023 financial year, and the buy-back of Deutsche Telekom AG shares for up to EUR 2 billion in the 2024 financial year. The Supervisory Board will make its decision on the Board of Management's dividend planning as soon as the definitive business figures for the 2023 financial year are available.

Responsibility statement

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

Bonn, November 9, 2023

Deutsche Telekom AG
The Board of Management

Timotheus Höttges

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

Thorsten Langheim
Dominique Leroy
Claudia Nemat

Review report

To Deutsche Telekom AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to September 30, 2023 which are part of the quarterly financial report pursuant to § (Article) 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

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

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

Düsseldorf, November 9, 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christoph Schenk
Wirtschaftsprüfer
(German Public Auditor)

Dr. Tim Hoffmann
Wirtschaftsprüfer
(German Public Auditor)

Additional information

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

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

millions of €

					Reconciliation to organic figures		Organic change		
	Q1-Q3 2023	Q1-Q3 2022	Change	Change %	Reconciliation Q1-Q3 2022	Of which: exchange rate effects	Organic Q1-Q3 2022	Change	Change %
Revenue	**82,616**	**84,613**	**(1,997)**	**(2.4)**	**(1,941)**	**(979)**	**82,673**	**(56)**	**(0.1)**
Germany	18,598	18,145	453	2.5	121	(4)	18,265	332	1.8
United States	53,455	55,636	(2,181)	(3.9)	(1,262)	(1,031)	54,374	(919)	(1.7)
Europe	8,678	8,259	419	5.1	44	59	8,303	375	4.5
Systems Solutions	2,865	2,796	69	2.5	(79)	(5)	2,717	148	5.5
Group Development	108	1,409	(1,301)	(92.3)	(1,301)	0	108	0	0.1
Group Headquarters & Group Services	1,718	1,802	(84)	(4.7)	(31)	(1)	1,771	(54)	(3.0)
Service revenue	**69,025**	**68,256**	**769**	**1.1**	**(1,428)**	**(790)**	**66,828**	**2,197**	**3.3**
Germany	16,440	16,020	420	2.6	121	(3)	16,141	299	1.9
United States	43,508	43,035	473	1.1	(1,063)	(832)	41,972	1,536	3.7
Europe	7,209	6,931	278	4.0	36	49	6,968	241	3.5
Systems Solutions	2,792	2,755	37	1.3	(79)	(5)	2,676	116	4.3
Group Development	0	411	(411)	(100.0)	(411)	0	0	0	0.0
Group Headquarters & Group Services	756	772	(16)	(2.1)	6	(1)	778	(22)	(2.9)
EBITDA AL	**41,492**	**27,085**	**14,407**	**53.2**	**(1,686)**	**(202)**	**25,399**	**16,092**	**63.4**
Germany	7,278	8,634	(1,356)	(15.7)	69	(1)	8,703	(1,425)	(16.4)
United States	18,552	13,872	4,680	33.7	(111)	(233)	13,760	4,792	34.8
Europe	3,040	3,016	24	0.8	23	20	3,039	1	0.0
Systems Solutions	159	123	36	29.3	11	5	134	25	19.0
Group Development	13,003	1,747	11,256	n.a.	(1,685)	0	63	12,940	n.a.
Group Headquarters & Group Services	(514)	(291)	(223)	(76.6)	(3)	6	(293)	(221)	(75.2)
EBITDA AL (adjusted for special factors)	**30,488**	**30,244**	**244**	**0.8**	**(845)**	**(338)**	**29,399**	**1,088**	**3.7**
Germany	7,655	7,358	297	4.0	70	(1)	7,427	227	3.1
United States	19,882	19,198	684	3.6	(246)	(368)	18,953	929	4.9
Europe	3,102	3,007	95	3.2	23	20	3,030	72	2.4
Systems Solutions	245	230	15	6.5	9	4	239	6	2.5
Group Development	53	740	(687)	(92.8)	(708)	0	32	20	61.8
Group Headquarters & Group Services	(422)	(274)	(148)	(54.0)	(3)	5	(277)	(145)	(52.5)

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

Glossary

For definitions, please refer to the 2022 Annual Report and the glossary therein.

Disclaimer

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

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

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

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

> For further information on alternative performance measures, please refer to the section "Management of the Group" in the 2022 combined management report (2022 Annual Report) and our Investor Relations website.

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

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

Financial calendar

November 9, 2023	February 23, 2024	April 10, 2024
Publication of the Interim Group Report as of September 30, 2023	Press conference on the 2023 financial year and publication of the 2023 Annual Report	2024 shareholders' meeting

May 16, 2024	August 8, 2024	November 14, 2024
Publication of the Interim Group Report as of March 31, 2024	Publication of the Interim Group Report as of June 30, 2024	Publication of the Interim Group Report as of September 30, 2024

All dates are subject to change.

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

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