

Deutsche Telekom

INTERIM GROUP REPORT

Q1 2022

JANUARY 1 TO MARCH 31



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Deutsche Telekom at a glance

millions of €

	Q1 2022	Q1 2021	Change %	FY 2021
Revenue and earnings				
Net revenue	28,023	26,390	6.2	108,794
Of which: domestic	23.3	23.6		23.0
Of which: international	76.7	76.4		77.0
Service revenue	22,287	20,257	10.0	84,057
EBITDA	13,092	10,361	26.4	40,539
EBITDA (adjusted for special factors)	11,436	10,698	6.9	43,175
EBITDA AL	11,087	8,798	26.0	33,893
EBITDA AL (adjusted for special factors)	9,873	9,245	6.8	37,330
EBITDA AL margin (adjusted for special factors)	35.2	35.0		34.3
Profit (loss) from operations (EBIT)	6,327	3,519	79.8	13,057
Net profit (loss)	3,949	936	n.a.	4,176
Net profit (loss) (adjusted for special factors)	2,238	1,201	86.3	5,862
Earnings per share (basic/diluted)	€ 0.79	€ 0.20	n.a.	0.87
Adjusted earnings per share (basic/diluted)	€ 0.45	€ 0.25	80.0	1.22
Statement of financial position				
Total assets	292,422	273,901	6.8	281,627
Shareholders' equity	87,656	77,484	13.1	81,469
Equity ratio	30.0	28.3		28.9
Net debt	135,947	129,530	5.0	132,142
Cash flows				
Net cash from operating activities	9,358	8,307	12.7	32,171
Cash capex	(7,173)	(12,272)	41.5	(26,366)
Cash capex (before spectrum investment)	(4,658)	(4,283)	(8.8)	(17,978)
Free cash flow (before dividend payments and spectrum investment)	4,750	4,072	16.7	14,332
Free cash flow AL (before dividend payments and spectrum investment)	3,781	2,585	46.3	8,810
Net cash (used in) from investing activities	(4,512)	(12,373)	63.5	(27,403)
Net cash (used in) from financing activities	(2,653)	588	n.a.	(10,779)

millions

	Mar. 31, 2022	Dec. 31, 2021	Change Mar. 31, 2022/ Dec. 31, 2021 %	Mar. 31, 2021	Change Mar. 31, 2022/ Mar. 31, 2021 %
Fixed-network and mobile customers					
Mobile customers ^a	248.3	248.2	0.0	242.9	2.2
Fixed-network lines	26.0	26.1	(0.1)	27.4	(4.8)
Broadband customers ^b	21.7	21.6	0.6	21.9	(0.7)

^a Including T-Mobile US wholesale customers.

^b Excluding wholesale.

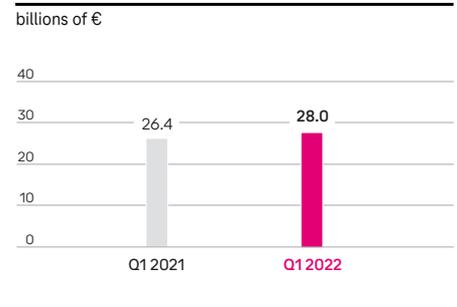
The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures. Changes were calculated on the basis of millions for greater precision.

To our shareholders

Selected financial data of the Group

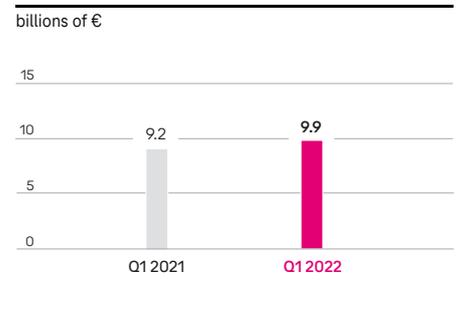
Net revenue

- Net revenue increased by 6.2 % to EUR 28.0 billion. In organic terms, revenue increased by EUR 0.5 billion or 1.7 %. Service revenue increased by EUR 2.0 billion or 10.0 % to EUR 22.3 billion; in organic terms, it was up EUR 1.0 billion or 4.7 %.
- Revenue growth in the United States of 9.5 % was mainly attributable to exchange rate effects. In organic terms, revenue increased by 1.5 % year-on-year due to higher service revenues.
- Our Germany segment increased revenue by 0.9 %, on account of strong business performance.
- Business also developed well in our Europe segment, where revenue declined by 0.9 % but increased by 4.2 % in organic terms.
- Revenue in Systems Solutions decreased year-on-year by 1.9 %, due primarily to the decline in traditional IT infrastructure business, in line with expectations.
- In Group Development, revenue increased by 5.5 % year-on-year on the back of operational and structural growth at our T-Mobile Netherlands and GD Towers business units.



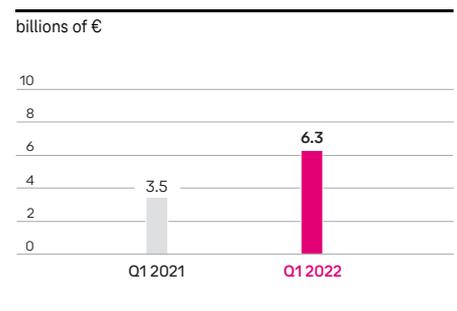
EBITDA AL (adjusted for special factors)

- Adjusted EBITDA AL grew by 6.8 % to EUR 9.9 billion. In organic terms, our adjusted EBITDA AL increased by EUR 0.2 billion or 2.4 %.
- In the United States, adjusted EBITDA AL increased by 8.2 %, essentially due to exchange rate effects. In organic terms, adjusted EBITDA AL grew by 0.3 %. Adjusted core EBITDA AL increased by EUR 0.9 billion or 18.9 % to EUR 5.7 billion.
- Germany and Europe posted growth in adjusted EBITDA AL of 3.6 % and 3.2 % respectively, driven by high-value revenue growth and enhanced cost efficiency.
- In Systems Solutions, adjusted EBITDA AL grew by 17.7 %. Efficiency effects from our transformation program and increased revenue in the growth areas exceeded the decline in the traditional IT infrastructure business.
- Group Development likewise posted substantial growth in adjusted EBITDA AL, of 12.7 %. This was driven primarily by revenue growth at T-Mobile Netherlands and GD Towers, and efficient management of costs.
- At 35.2 %, the Group's adjusted EBITDA AL margin increased by 0.2 percentage points against the prior-year level. The adjusted EBITDA AL margin was 39.8 % in the Germany segment, 36.1 % in the Europe segment, and 34.2 % in the United States segment.



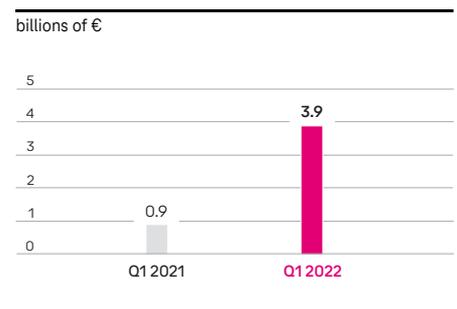
EBIT

- EBIT increased by EUR 2.8 billion or 79.8 % to EUR 6.3 billion.
- EBITDA AL was positively affected by net special factors of EUR 1.2 billion compared to expenses of EUR 0.4 billion in the prior-year period. The deconsolidation of GlasfaserPlus and T-Mobile Netherlands resulted in proceeds of EUR 1.7 billion and EUR 0.9 billion respectively. Net expenses of EUR 1.2 billion, mainly in connection with integration costs incurred as a result of the merger of T-Mobile US and Sprint, had an offsetting effect.
- Depreciation, amortization and impairment losses were on a par with the prior-year period.



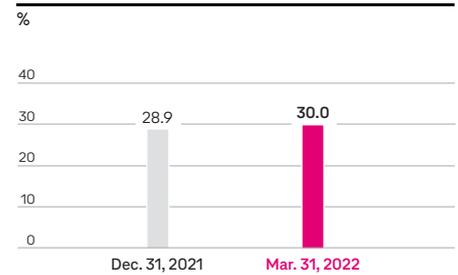
Net profit

- Net profit increased by EUR 3.0 billion to EUR 3.9 billion.
- Our loss from financial activities decreased from EUR 1.7 billion to EUR 0.9 billion, with finance costs remaining stable at EUR 1.2 billion. Other financial expense improved from EUR 0.5 billion to other financial income of EUR 0.3 billion in connection with the measurement of derivatives.
- The tax expense increased by EUR 0.5 billion to EUR 1.1 billion.
- Profit attributable to non-controlling interests remained stable at EUR 0.4 billion.
- Adjusted earnings per share rose from EUR 0.25 to EUR 0.45.



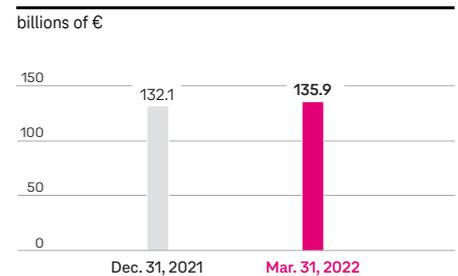
Equity ratio

- The equity ratio increased by 1.1 percentage points against December 31, 2021 to 30.0 %.
- The EUR 6.3 billion increase in shareholders' equity is primarily attributable to profit of EUR 4.4 billion and to other comprehensive income of EUR 2.4 billion. This mainly includes effects from currency translations (EUR 1.4 billion) and the remeasurement of defined benefit plans (EUR 1.1 billion).
- Shareholders' equity was reduced in particular by changes in the composition of the Group in connection with the sale of T-Mobile Netherlands (EUR 0.6 billion), and by the transactions with owners (EUR 0.1 billion).



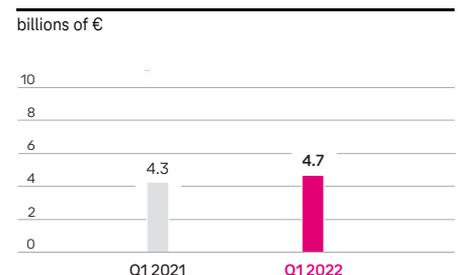
Net debt

- Net debt increased from EUR 132.1 billion at the end of 2021 to EUR 135.9 billion.
- The increase was attributable in particular to the modification of the arrangements between T-Mobile US and Crown Castle, which resulted in an increase of EUR 6.6 billion in right-of-use assets and of EUR 0.8 billion in property, plant and equipment. This effect is mirrored by growth in net debt of EUR 7.4 billion. Net debt was further increased in particular by the acquisition of spectrum (EUR 2.6 billion) in the United States and by exchange rate effects (EUR 1.9 billion).
- The main factors reducing net debt were free cash flow (before dividend payments and spectrum investment) of EUR 4.8 billion and the corporate transactions involving T-Mobile Netherlands and GlasfaserPlus totaling EUR 4.7 billion.



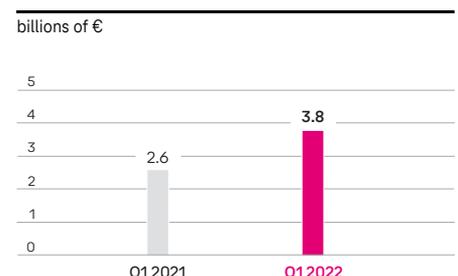
Cash capex (before spectrum investment)

- Cash capex (before spectrum investment) increased by EUR 0.4 billion to EUR 4.7 billion.
- This increase is largely attributable to the ongoing 5G network build-out in the United States.
- Cash capex (including spectrum investment) decreased from EUR 12.3 billion to EUR 7.2 billion. Spectrum licenses were purchased for EUR 2.5 billion in the reporting period, in particular FCC mobile licenses in the United States segment. In the prior-year period, cash capex had included the acquisition of FCC mobile licenses at the C-band auction for EUR 7.9 billion in the United States segment and of mobile spectrum licenses for EUR 0.1 billion in the Europe segment.



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

- Free cash flow AL was up by EUR 1.2 billion to EUR 3.8 billion.
- In addition to the positive business performance of the individual operating segments, EUR 0.2 billion lower income tax payments and EUR 0.1 billion lower net interest payments also had an increasing effect. The decrease of EUR 0.5 billion in the principal portion of repayment of lease liabilities and the factoring agreements of EUR 0.1 billion also contributed to the increase.
- EUR 0.4 billion higher cash capex (before spectrum investment) had a negative impact on free cash flow.



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

Highlights in the first quarter of 2022

For further information on these and other events, please refer to our [media information](#).

Guidance raised for the 2022 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 2022 financial year. Instead of around EUR 36.5 billion, we now expect to post adjusted EBITDA AL of over EUR 36.6 billion. For free cash flow AL, we raise the guidance from previously around EUR 10 billion to now more than EUR 10 billion.

For more information, please refer to the section "[Forecast](#)" in the interim Group management report.

Corporate transactions

Sale of T-Mobile Netherlands. On September 6, 2021, Deutsche Telekom and Tele2 signed an agreement with WP/AP Telecom Holdings IV on the sale of our subsidiary T-Mobile Netherlands. The transaction was consummated on March 31, 2022 after obtaining the necessary approvals from the authorities and satisfying the other closing conditions. The sale price is based on an enterprise value of EUR 5.1 billion. The cash proceeds amounted to EUR 3.6 billion.

Joint venture GlasfaserPlus with IFM. On November 5, 2021, Deutsche Telekom announced that IFM Global Infrastructure Fund would acquire a stake of 50 % in GlasfaserPlus GmbH, a fiber-optic build-out entity. The transaction was consummated on February 28, 2022, after the EU Commission gave its approval on January 25, 2022 and the other closing conditions had been satisfied. The sale price came to EUR 0.9 billion, half of which was paid upon completion of the transaction and the other half of which will arise in stages upon achieving certain build-out milestones. The resulting joint venture is to build out an additional four million gigabit-capable FTTH lines in rural and development areas by 2028.

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

Investments in networks

Network build-out in Germany. At the end of the first quarter of 2022, our 5G network was available to 91.6 % of households in Germany – in more than 200 cities on the fast frequency of 3.6 GHz.

The total number of households in Germany passed by our fiber-optic network grew again in the first quarter of 2022.

Network build-out in the United States. In January 2022, in the United States, the Federal Communications Commission announced the results of the 3,450 MHz auction for mobile licenses. T-Mobile US was awarded 199 mobile licenses in mid-band spectrum from 3,450 to 3,550 MHz for a purchase price of USD 2.9 billion (EUR 2.6 billion). T-Mobile US' Ultra Capacity 5G network in the fast 2.5 GHz and millimeter-wave (mmWave) bands covered 225 million people across the United States as of the end of the first quarter of 2022. Our U.S. subsidiary already reaches 315 million people in the United States with its 600 MHz spectrum. T-Mobile US commenced the planned decommissioning of its 3G CDMA network on March 31, 2022.

Extension of agreement between T-Mobile US and Crown Castle. In January 2022, T-Mobile US and Crown Castle agreed a modification of existing arrangements, mainly concerning the lease of Crown Castle's cell sites. This agreement includes a modification of the monthly lease payments for existing cell sites and an extension of the non-cancelable lease term until December 31, 2033 (with additional extension options). The modification of the arrangements results in a USD 7.3 billion (EUR 6.6 billion) increase in right-of-use assets and a USD 0.9 billion (EUR 0.8 billion) increase in property, plant and equipment. Net debt increases accordingly. The extension will give T-Mobile US increased planning reliability and greater flexibility for building out the network as well as integrating and merging the existing mobile networks.

Network build-out in Europe. As of the end of the first quarter of 2022, our national companies covered 31.1 % of the population in our European footprint with 5G. One new addition is Makedonski Telekom, for example, which in February 2022 launched the first commercial 5G network in 15 cities of North Macedonia including the capital Skopje. In the first quarter of 2022, OTE in Greece participated successfully in the awarding of spectrum in the 430 MHz band.

At the end of the first quarter of 2022, a total of around 7.2 million households had the option to subscribe to a direct connection to our high-speed fiber-optic network with speeds reaching up to 1 Gbit/s.

Cooperations, partnerships, and major deals

Germany-wide fiber-optic cooperations. Our aim is for all households and commercial entities in Germany to have access to a fiber-optic line by 2030. If this aim is to be achieved, our competitors will also have to play their part. Hence, fiber-optic cooperations for shared use of networks based on open access are a cornerstone of our strategy. After reaching an agreement with 1&1 last year on the use of our VDSL and fiber-optic network, the first FTTH product agreement was signed in February 2022. This was the precondition for 1&1 to be able to offer its own fiber-optic products and services over our network. In March 2022, we also reached an agreement with the regional telecommunications provider **wilhelm.tel**, which primarily operates in Hamburg, on the general conditions for a long-term cooperation and signed a letter of intent. The plan is that customers with a fiber-optic line provided by wilhelm.tel will also be able to subscribe to our products from the end of 2022. In addition, the **housing sector** is increasingly switching to optical fiber: more and more private and public housing companies, home owners, and property managers have Telekom fiber-optic lines installed in their properties.

Our **European subsidiaries** are also engaging in collaborations to drive forward the fiber-optic build-out. In the Czech Republic, for example, T-Mobile Czech Republic and Vodafone Czech Republic agreed in March 2022 to build out almost one million new fiber-optic internet lines together. The agreement also includes mutual network access to part of the existing infrastructure in a number of cities, including Prague and Brno.

Partnership with Google expanded. At the end of January 2022, we announced an expanded partnership with Google in three key areas: enhanced mobile messaging services for businesses through Telekom RCS Business Messaging powered by Google and Jibe Cloud; the new Sovereign Cloud for Germany will be available to German cloud customers ahead of schedule; and MagentaTV One powered by Android TV OS is now available in Germany and expanding to additional European markets.

For further information, please refer to our [media report](#).

Partnership with Zoom strengthened. At the end of February 2022, we announced the strengthening of our partnership with Zoom Video Communications. The solution Zoom X powered by Telekom developed jointly for the German market, combines Zoom's video communication platform with our network. The new platform is aimed at business, corporate, and public sector customers. In addition to a secure network, we are responsible for contracting, order processing, nationwide support, and billing services. Zoom X will launch in mid-2022 and be available exclusively from us.

For further information, please refer to our [media report](#).

World Health Organization (WHO) commissions T-Systems. The WHO is making it easier for member states to introduce digital vaccination certificates in the future. To this end, it is setting up a gateway that enables QR codes on electronic vaccination certificates to be checked across national borders. T-Systems has been selected as the industry partner to develop the verification service. After Covid-19, this service is also to be used as a standard procedure for other vaccinations, such as polio or yellow fever.

For further information, please refer to our [media report](#).

Products, rate plans, and services

Mobile World Congress (MWC) 2022. From February 28 to March 3, 2022 at the MWC in Barcelona, we presented innovations and solutions for digital living, sustainable action, and social cohesion. The central theme was "Connecting Meaningful Technology". The focus was on technologies that connect people with each other and make life and work easier for them: with self-parking cars (in cooperation with BMW and Valeo), mobile TV productions (together with RTL in the 5G standalone network), and borderless connections for the Internet of Things (for example, Deutsche Telekom IoT, the new solution presented together with T-Mobile US). The corresponding network innovations and digital applications are always focused on the needs of customers, who benefit from our high-performance networks and strong partnerships.

For further information, please refer to our [media report](#).

Deutsche Telekom and T-Mobile US launch Deutsche Telekom IoT. Together with T-Mobile US, we presented a new global IoT offering at the MWC mobile trade fair in Barcelona: Deutsche Telekom IoT fulfills all prerequisites necessary for a successful, future-proof business in the Internet of Things. To this end, we have pooled our network expertise with our U.S. subsidiary. The result is seamless, first-rate network connectivity in more than 380 networks from 180 countries and regions worldwide. On top of this, IoT applications are easy to manage, since Deutsche Telekom IoT provides direct access to major platforms, services and to customer support.

For further information, please refer to our [media report](#).

Awards

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

<p>■ Umlaut 5G network test The independent consulting company rates T-Mobile US' 5G network #1 for speed, availability, and latency in eight newly tested major U.S. metropolitan areas.</p>	<p>■ J.D. Power 2022 U.S. Customer Care Study T-Mobile US has taken the top spot for the 9th consecutive time among mobile network operators in the Wireless Customer Care Mobile Network Operator Performance Study by J.D. Power.</p>	<p>■ CHIP mobile network test The trade magazine CHIP tested Austria's mobile networks: Magenta Telekom won best in test in the categories internet, telephony, and 5G, once again receiving the top rating of "very good."</p>
<p>January – March</p>		
<p>■ Brand Finance Global 500 Brand Finance lists Deutsche Telekom as the most valuable telecommunications brand, by far, in Europe. With a brand value of USD 60.2 billion, Deutsche Telekom is one of the world's top 20 brands.</p>	<p>■ BAGSO Digital Pact for Old Age BAGSO, the German Association of Senior Citizens' Organizations, singled out Deutsche Telekom's Digital Home Service as an innovative service that provides exemplary support to older citizens on their path to digitalization.</p>	<p>■ Stiftung Warentest mobile network test Deutsche Telekom is rated best in test. The network leads the field both in cities and in rural areas and performed well with LTE and 5G alike. The results show faster speeds, shorter response times, and better voice quality.</p>
<p>■ Kurier seal of quality "Sustainable Company 2022" For the second time in a row, Magenta Telekom in Austria won the award for extraordinary activities in the areas of climate protection and social and economic responsibility.</p>	<p>■ Top Supplier Retail Award 2022 For the fourth time in succession, T-Systems was named "Top Supplier Retail" by EHI Retail Institute in the category "Best Enterprise Solution." The prize is awarded for an innovative mixed reality solution.</p>	

For further information on the awards, please refer to the following links:

- | | |
|--|--|
| <p>Umlaut 5G network test,
 Brand Finance Global 500,
 Kurier seal of quality "Sustainable Company 2022" (German only),
 J.D. Power 2022 U.S. Customer Care Study,</p> | <p>BAGSO Digital Pact for Old Age (German only),
 Top Supplier Retail Award 2022 (German only),
 CHIP mobile network test (German only),
 Stiftung Warentest mobile network test (German only)</p> |
|--|--|

Interim Group management report

Group organization, strategy, and management

With regard to our Group organization, strategy, and management, please refer to the explanations in the combined management report in the [2021 Annual Report](#). The following changes and/or additions were recorded from the Group's point of view:

Group organization

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

Increase in the stake in T-Mobile US. As announced, Deutsche Telekom used part of the cash proceeds from the sale of T-Mobile Netherlands to further increase its stake in T-Mobile US and, on April 12, 2022, exercised further stock options received from SoftBank to acquire around 21.2 million shares in T-Mobile US from SoftBank for a purchase price of USD 2.4 billion (EUR 2.2 billion). Through this transaction Deutsche Telekom raised its stake in T-Mobile US by 1.7 percentage points to 48.4 %.

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

Management of the Group

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

billions of €				
	Q1 2022	Q1 2021	Change %	FY 2021
Net revenue	28.0	26.4	6.2	108.8
Revenue from the sale of goods and merchandise	(5.0)	(4.7)	(6.8)	(19.6)
Revenue from the use of entity assets by others	(0.7)	(1.2)	39.7	(4.1)
Revenue from the rendering of services	22.3	20.5	8.8	85.1
+/- Reconciliation to service revenue as financial performance indicator				
Adjustment of revenue from the rendering of services ^a	(0.3)	(0.5)	48.2	(2.2)
Adjustment of revenue from the sale of goods and merchandise ^b	0.1	0.1	(2.6)	0.3
Adjustment of revenue from the use of entity assets by others ^c	0.2	0.2	(14.0)	0.9
Service revenue	22.3	20.3	10.0	84.1

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

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

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

As of January 1, 2022, we extended our definition of service revenue. Essentially, since then, our service revenue has additionally included certain customer charges in the United States operating segment – primarily in order to create better comparability with T-Mobile US' service revenue as determined in accordance with U.S. GAAP – and other revenue of lesser significance, mainly in the United States and Systems Solutions operating segments. This increases service revenue by EUR 0.4 billion in the reporting period. Comparative figures for the prior year have not been adjusted retrospectively.

Governance

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

The economic environment

This section provides additional information on, and explains recent changes to, the economic situation as described in the combined management report of the [2021 Annual Report](#), focusing on macroeconomic developments in the first three months of 2022, the currently prevailing economic risks, and the regulatory environment. A macroeconomic outlook is currently only possible to a limited extent since the war in Ukraine has substantially increased economic uncertainty and downside risks.

Macroeconomic development

The war in Ukraine has had a significant negative impact on the global economic outlook. In response to the offensive, extensive sanctions have been imposed on Russia that largely exclude the country from the international financial markets and significantly curtail trade in goods. In addition, the development of the global economy continues to be impacted by the coronavirus pandemic. Due to the spread of the Omicron variant in China, largescale lockdowns have been imposed in Shanghai and other major Chinese cities.

In light of current developments, the International Monetary Fund (IMF) revised its forecasts downwards in April 2022 and now expects global economic output to grow by 3.6 % in 2022 and 2023.

For the German economy, the IMF expects GDP to grow by 2.1 % and inflation to increase by 5.5 % in the current year. Given the war in Ukraine and its economic consequences, the business climate has worsened in the economy as a whole as well as in the digital sector. In March 2022, the Bitkom-ifo index for the current business situation declined; business expectations for the coming six months also deteriorated substantially.

The economies of our core markets in North America and Europe will grow this year, albeit less than forecast prior to the start of the war in Ukraine. This year, the IMF expects economic output to grow by 3.7 % in the United States and by 2.8 % in the eurozone. In the United States, the war in Ukraine has intensified the inflation problem – the IMF expects inflation to hit 7.7 % in the current year. In view of the overheated economy, the U.S. Federal Reserve began to take countermeasures in March 2022 and increased the key interest rate by 25 base points.

Overall economic risks

Uncertainty about global economic development increased substantially in the first quarter of 2022. The main risks result from a possible ban on deliveries or imports of Russian energy sources, the effects of the lockdown measures in China on global supply chains, and a re-escalation of the global pandemic. In the United States, the U.S. Federal Reserve is likely to gradually further increase its base rate, which could put the brakes on overall economic demand. In March 2022, the European Central Bank (ECB) decided to stop its bond purchases in the third quarter of 2022 if the outlook for inflation does not come down again. The ECB has declared that it will only consider raising the base rate "some time" after its exit from bond purchases.

Regulation

European roaming regulation. On April 13, 2022, the European Commission published the new Roaming Regulation, which expands and extends until 2032 the existing Roaming Regulation. The Roam like at Home principle introduced in 2017, which allows consumers to make calls at domestic terms and conditions and use data volumes within the European Union, will thus apply for a further ten years. New rules were also added on transparency, and the new regulation will ensure that the quality of roaming services is not lower than mobile services at home. New, lower price caps through 2031 are being set for inter-operator rates for corresponding wholesale services, to be re-examined in 2024/2025. Steps to tighten regulation on voice calling and text messaging (SMS) between EU member states that had been discussed earlier were not included in the final regulation. The regulation will come into force as of July 1, 2022.

Approval of rates for copper-based wholesale services in Germany for 10 years. On April 13, 2022, the Bundesnetzagentur published a consultation draft setting out the rates for unbundled local loop lines (ULLs) for the period from July 2022 to June 2032, i.e., for 10 years. According to the draft, a rate of EUR 10.65/month is to apply for the (longer) copper line section between the end customer and the main distribution frame in the Telekom building and of EUR 6.92/month for the (shorter) copper line section between the end customer and the cable distribution box on the street from July 1, 2022. These rates are to increase by 4 % as of July 1, 2027 to EUR 11.08/month and EUR 7.20/month, respectively. The current draft ruling is out for consultation at national and EU level until June 2022. We expect a final decision to be reached at the end of June 2022.

Awarding of spectrum

In the United States, the assignment phase for Auction 110 ended on January 4, 2022, at which the Federal Communications Commission (FCC) assigned a total of 100 MHz frequencies in the 3,450 to 3,550 MHz band. T-Mobile US paid USD 2.9 billion (EUR 2.6 billion) to secure itself a total of 199 licenses. In the first quarter of 2022, OTE in Greece participated successfully in the allocation of spectrum in the 430 MHz band. The company secured itself 2 x 2 MHz for a term of 15 years with an option to extend by 5 years for a starting bid of around EUR 1.2 million. Due to delays, the purchase price is not expected to be paid until the second quarter of 2022.

In Croatia, the regulatory authority is gearing up for a multi-band auction, expected to take place in the fourth quarter of 2022. Based on the consultation concluded in March 2022, it is likely that the auction will take an SMRA format. The window for applications is expected to open in the third quarter of 2022. As previously, Poland has made no further announcements regarding a new start date for the postponed auction for 3,400 to 3,800 MHz. The process is being held up by incomplete legislative procedures. A further four 80 MHz licenses, capped at 80 MHz, are expected to be awarded by way of an SMRA. All further details of the auction are pending. Romania is planning the award of 5G spectrum in the 700 MHz and 1,500 MHz bands, which is expected to take place in the second half of 2022. The Slovakian regulatory authority is preparing to allocate the 3,400 to 3,800 MHz band, which will not become available for mobile broadband usage before 2024, however. A public consultation was held and the decision made to postpone the award until the second quarter of 2022. In the meantime, the previously unused 2,600 MHz TDD band (50 MHz) has been added to the spectrum award planning. In the United States, the FCC set the start date for the next spectrum Auction 108 (2.5 GHz band) for July 29, 2022. In Germany, the usage rights for 800; 1,800; and 2,600 MHz are due to expire at the end of 2025. According to its current consultation, the Bundesnetzagentur still sees a considerable need for clarification on a range of issues. Licenses are not expected to be awarded before 2024.

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

Main spectrum awards

	Expected start of award procedure	Expected end of award procedure	Frequency ranges (MHz)	Award procedure	Updated information
Croatia	Q4 2022	Q1 2023	800/900/1,800/2,100/2,600/3,400–3,800/26,000	Auction (SMRA ^a) expected. Further details still to be clarified.	Unsold residual spectrum in 3,400–3,800 MHz and 26,000 MHz only if there is market interest.
Poland	Q2 2022	Q3 2022	3,400–3,800	Auction (SMRA ^a), 4 blocks of 80 MHz, capped at 80 MHz	New start delayed further due to political discussions on national security guidelines (Cyber Security Act).
Poland	Q3 2022	Q4 2022	700/2,100/26,000	Auction, details tbd	Plans for all bands still unclear due to discussions on award models, 700 MHz border coordination talks with Russia at a standstill.
Romania	H2 2022	H2 2022	700/1,500	Auction, details tbd	
Slovakia	Q2 2022	H2 2022	3,400–3,800/2,600 (TDD)	Auction (SMRA ^a), Terms of use tbd, capped at 100 MHz	Up for auction are 39 abstract blocks with 10 MHz and a specific block with 10 MHz for 3,410–3,420 MHz.
Czech Republic	Q3 2023	Q1 2024	900/1,800/2,100	Extension expected	TMCZ's 900/1,800 MHz GSM license and 2,100 MHz UMTS license will expire in 2024. Extension expected for 2,100 MHz in Q2/Q3 2022.
United States	July 29, 2022	Q3 2022	2,496–2,690	Auction, details tbd	

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

Development of business in the Group

Our business is not directly affected by the **war in Ukraine**. Deutsche Telekom does not operate any networks in Russia or Ukraine and is discontinuing its developer activities in Russia. A team of software developers based mainly in St. Petersburg, who provide services for customers outside of Russia, have been offered work outside of Russia. We cannot yet assess with certainty how Deutsche Telekom will be indirectly affected, in particular by the impact on the global economy. The overall economic outlook has deteriorated significantly as a result of the extensive sanctions and limitations on trade in goods.

In addition, the development of the global economy continues to be impacted by the **coronavirus pandemic**. Although the pandemic has only had a limited negative impact on the telecommunications sector so far, if the global pandemic were to re-escalate, it could lead to prolonged and increased supply-side shortages. Based on experience so far, we expect the coronavirus pandemic to only impact our business to a limited extent going forward.

Results of operations of the Group

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 consider the 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 Europe operating segment for the prior-year period presented on an organic basis decreased, mainly in connection with the sale of the Romanian fixed-network business as of September 30, 2021. By contrast, the organic figures for the prior-year period in the United States operating segment increased in connection with the acquisition of Shentel as of July 1, 2021. The currency translation effects were primarily the result of the translation of U.S. dollars to euros.

Net revenue, service revenue

In the first quarter of 2022, we generated net revenue of EUR 28.0 billion, which was up EUR 1.6 billion or 6.2 % year-on-year. In organic terms, revenue increased by EUR 0.5 billion or 1.7 %, with changes in the composition of the Group having a net reducing effect of EUR 0.1 billion and net exchange rate effects increasing it by EUR 1.2 billion. Service revenue in the Group increased by EUR 2.0 billion or 10.0 % year-on-year to EUR 22.3 billion. In organic terms, service revenue increased by EUR 1.0 billion or 4.7 %.

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

Contribution of the segments to net revenue

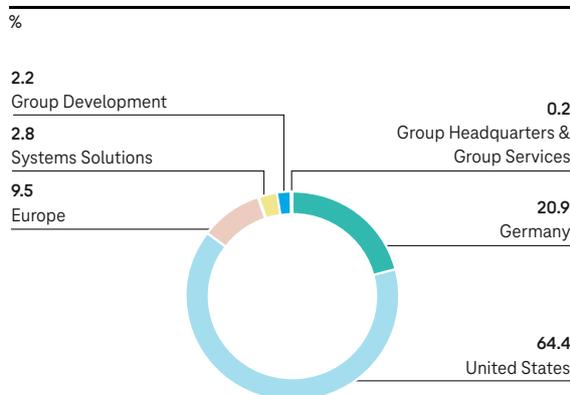
millions of €

	Q1 2022	Q1 2021	Change	Change %	FY 2021
Net revenue	28,023	26,390	1,633	6.2	108,794
Of which: service revenue	22,287	20,257	2,030	10.0	84,057
Germany	5,994	5,942	52	0.9	24,164
United States	18,048	16,483	1,565	9.5	68,359
Europe	2,704	2,729	(25)	(0.9)	11,384
Systems Solutions	996	1,015	(19)	(1.9)	4,019
Group Development	825	782	43	5.5	3,165
Group Headquarters & Group Services	604	625	(21)	(3.4)	2,515
Intersegment revenue	(1,147)	(1,186)	39	3.3	(4,812)

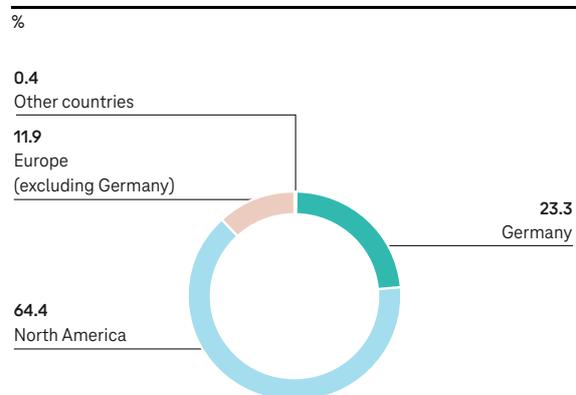
Our United States operating segment in particular contributed to the positive revenue trend with an increase of 9.5 % mainly due to exchange rate effects. In organic terms, revenue increased by 1.5 % year-on-year due to higher service revenue, partially offset by lower terminal equipment revenues. Revenue in our home market of Germany was up on the prior-year level, increasing by 0.9 %. This was mainly driven by an increase in revenue in the fixed-network core business, primarily due to broadband business, and in mobile service revenues. In the first quarter of 2022, revenue in our Europe operating segment decreased by 0.9 % year-on-year. In organic terms, revenue increased by 4.2 %. Organic growth was mainly driven by the strong performance of the mobile business, especially the increase in higher-margin mobile service revenues, slight increases in roaming and visitor revenues, and higher revenues from terminal equipment sales. There was a slight improvement in the development of fixed-network. Revenue in our Systems Solutions operating segment was down 1.9 %, in organic terms, it was down 0.8 %. This decrease was mainly driven by the expected decline in traditional IT infrastructure business, due in part to deliberate business decisions such as the reduction in end-user services. The positive trends, especially in the Digital Solutions portfolio unit, did not fully offset this decrease. Revenue in our Group Development operating segment increased by 5.5 %. In organic terms, revenue increased by 5.6 %, thanks to the operational and structural growth of our two business entities T-Mobile Netherlands and GD Towers.

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 64.4 %, our United States operating segment again provided by far the largest contribution to net revenue of the Group, up 2.0 percentage points above the level in the prior-year period. The proportion of net revenue generated internationally also increased slightly from 76.4 % to 76.7 %.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased year-on-year by EUR 0.6 billion or 6.8 % to EUR 9.9 billion in the first quarter of 2022. In organic terms, adjusted EBITDA AL increased by EUR 0.2 billion or 2.4 %, with positive net exchange rate effects of EUR 0.4 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 12.8 % to EUR 9.4 billion.

Contribution of the segments to adjusted Group EBITDA AL

millions of €	Q1 2022	Q1 2021	Change	Change %	FY 2021
EBITDA AL (adjusted for special factors) in the Group	9,873	9,245	628	6.8	37,330
Germany	2,388	2,305	83	3.6	9,520
United States	6,172	5,706	466	8.2	22,697
Europe	976	946	30	3.2	4,007
Systems Solutions	73	62	11	17.7	286
Group Development	356	316	40	12.7	1,307
Group Headquarters & Group Services	(85)	(84)	(1)	(1.2)	(440)
Reconciliation	(7)	(7)	0	0.0	(47)

All operating segments made a positive contribution to the development of adjusted EBITDA AL. In our United States operating segment, adjusted EBITDA AL increased by 8.2 %, essentially due to currency translation effects. In organic terms, adjusted EBITDA AL grew by 0.3 % year-on-year. The increase in service revenue and lower operational expenses, with the exception of expenses in connection with corporate transactions, had a positive effect. Adjusted core EBITDA AL increased by EUR 0.9 billion or 18.9 % to EUR 5.7 billion. Our Germany operating segment contributed to the increase thanks to high-value revenue growth and improved cost efficiency with 3.6 % higher adjusted EBITDA AL. In organic terms, too, adjusted EBITDA AL grew by 3.6 % year-on-year. Adjusted EBITDA AL in our Europe operating segment increased by 3.2 %. In organic terms, adjusted EBITDA AL grew by 6.9 %. Positive effects from organic revenue growth more than offset the increase in costs. In our Systems Solutions operating segment, adjusted EBITDA AL increased by 17.7 % or, in organic terms, by 18.1 %. Efficiency effects from our transformation program and increased revenue in our growth areas exceeded the decline in earnings in the traditional IT infrastructure business. Adjusted EBITDA AL in our Group Development operating segment increased by 12.7 % year-on-year; in organic terms, it grew by 19.2 %. This growth was attributable to the positive revenue trend and efficient cost management at T-Mobile Netherlands. The GD Towers business posted consistent growth on the back of rising volumes and was further strengthened by the Austrian cell tower business.

EBITDA AL increased by EUR 2.3 billion or 26.0 % year-on-year to EUR 11.1 billion, with special factors changing from EUR -0.4 billion to EUR +1.2 billion. Expenses incurred in connection with staff restructuring totaled EUR 0.2 billion, which was at the prior-year level. Net income of EUR 1.3 billion was recorded as special factors under effects of deconsolidations, disposals, and acquisitions. Of this income, EUR 1.7 billion resulted from the deconsolidation of GlasfaserPlus and a further EUR 0.9 billion from the sale of T-Mobile Netherlands. Net expenses of EUR 1.2 billion, mainly in connection with integration costs incurred as a result of the merger of T-Mobile US and Sprint, had an offsetting effect. These expenses included in particular discounts on terminal equipment for former Sprint customers whose devices can no longer be used in the T-Mobile US mobile network, and expenses arising in connection with the decommissioning of the Sprint mobile network, which is now underway. The latter primarily comprise additional depreciation, amortization and impairment losses from reductions in the useful lives of leased network technology for cell sites in the United States. In the prior-year period, net expenses of EUR 0.2 billion were recorded as special factors under effects of deconsolidations, disposals, and acquisitions. These also mainly related to the business combination with Sprint. Other special factors affecting EBITDA AL included payments on account from insurance companies of EUR 0.1 billion in connection with damage sustained in the catastrophic flooding in North Rhine-Westphalia and Rhineland-Palatinate in July 2021.

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

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

millions of €					
	Q1 2022	Q1 2021	Change	Change %	FY 2021
EBITDA	13,092	10,361	2,731	26.4	40,539
Depreciation of right-of-use assets ^a	(1,654)	(1,284)	(370)	(28.8)	(5,547)
Interest expenses on recognized lease liabilities ^a	(351)	(279)	(72)	(25.8)	(1,099)
EBITDA AL	11,087	8,798	2,289	26.0	33,893
Special factors affecting EBITDA AL	1,214	(447)	1,661	n.a.	(3,437)
EBITDA AL (adjusted for special factors)	9,873	9,245	628	6.8	37,330

^a Excluding finance leases at T-Mobile US.

EBIT

Group EBIT increased from EUR 3.5 billion to EUR 6.3 billion, up EUR 2.8 billion or 79.8 % against the prior-year period. This increase is due in particular to the effects described under adjusted EBITDA AL and EBITDA AL in connection with the gains on deconsolidation. At EUR 6.8 billion, depreciation, amortization and impairment losses were on a par with the prior-year period. In the United States operating segment, a reduction in the useful life of leased network technology for cell sites following the business combination of T-Mobile US and Sprint increased depreciation of the corresponding right-of-use assets by EUR 0.4 billion. By contrast, depreciation on property, plant and equipment in the United States operating segment declined due to the ongoing strategic withdrawal from the terminal equipment lease business. In the Group Development operating segment, depreciation, amortization and impairment losses were down on the prior-year level in connection with the fact that T-Mobile Netherlands had been held for sale until it was sold and accordingly the related depreciation and amortization had been suspended.

Profit before income taxes

Profit before income taxes increased by EUR 3.6 billion to EUR 5.4 billion. The loss from financial activities decreased year-on-year from EUR 1.7 billion to EUR 0.9 billion, with finance costs remaining stable at EUR 1.2 billion. Other financial expense improved from EUR 0.5 billion to other financial income of EUR 0.3 billion. This development was driven by a positive measurement effect from the amortization and subsequent measurement of stock options received from SoftBank in June 2021 to purchase shares in T-Mobile US as well as positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future. By contrast, negative measurement effects resulted from derivatives of T-Mobile US embedded in bonds.

Net profit, adjusted net profit

Net profit increased year-on-year by EUR 3.0 billion to EUR 3.9 billion. The tax expense increased by EUR 0.5 billion to EUR 1.1 billion. Profit attributable to non-controlling interests remained stable at EUR 0.4 billion. This mainly relates to our United States operating segment. Excluding special factors, which had a positive overall effect of EUR 1.7 billion on net profit, adjusted net profit in the first quarter of 2022 amounted to EUR 2.2 billion, up EUR 1.0 billion against the prior-year period.

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

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

millions of €	Q1 2022	Q1 2021	Change	Change %	FY 2021
Net profit (loss)	3,949	936	3,013	n.a.	4,176
Special factors affecting EBITDA AL	1,214	(447)	1,661	n.a.	(3,437)
Staff-related measures	(183)	(171)	(12)	(7.0)	(717)
Non-staff-related restructuring	(9)	(5)	(4)	(80.0)	(22)
Effects of deconsolidations, disposals and acquisitions	1,333	(245)	1,578	n.a.	(2,542)
Impairment losses	(4)	0	(4)	n.a.	0
Other	77	(26)	103	n.a.	(156)
Special factors affecting net profit	496	182	314	n.a.	1,751
Impairment losses	(30)	(70)	40	57.1	(258)
Profit (loss) from financial activities	21	(12)	33	n.a.	(139)
Income taxes	4	130	(126)	(96.9)	1,064
Non-controlling interests	502	134	368	n.a.	1,084
Special factors	1,710	(265)	1,975	n.a.	(1,686)
Net profit (loss) (adjusted for special factors)	2,238	1,201	1,037	86.3	5,862

Earnings per share, adjusted earnings per share

Earnings per share is calculated as net profit divided by the weighted average number of ordinary shares outstanding, which totaled 4,972 million as of March 31, 2022. This resulted in earnings per share of EUR 0.79, compared with EUR 0.20 in the prior-year period. Earnings per share adjusted for special factors affecting net profit amounted to EUR 0.45 compared with EUR 0.25 in the prior-year period.

Special factors

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

millions of €	EBITDA AL Q1 2022	EBIT Q1 2022	EBITDA AL Q1 2021	EBIT Q1 2021	EBITDA AL FY 2021	EBIT FY 2021
EBITDA AL/EBIT	11,087	6,327	8,798	3,519	33,893	13,057
Germany	1,622	1,622	(99)	(99)	(588)	(588)
Staff-related measures	(99)	(99)	(86)	(86)	(471)	(471)
Non-staff-related restructuring	(1)	(1)	(3)	(3)	(12)	(12)
Effects of deconsolidations, disposals and acquisitions	1,656	1,656	0	0	(3)	(3)
Impairment losses	0	0	0	0	0	0
Other	66	66	(10)	(10)	(102)	(102)

millions of €	EBITDA AL Q1 2022	EBIT Q1 2022	EBITDA AL Q1 2021	EBIT Q1 2021	EBITDA AL FY 2021	EBIT FY 2021
United States	(1,258)	(1,255)	(261)	(297)	(2,637)	(2,692)
Staff-related measures	(28)	(28)	(13)	(13)	(16)	(16)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(1,229)	(1,226)	(248)	(248)	(2,621)	(2,618)
Impairment losses	0	0	0	(36)	0	(58)
Other	0	0	0	0	0	0
Europe	(1)	(1)	(10)	(10)	11	11
Staff-related measures	(6)	(6)	(8)	(8)	83	83
Non-staff-related restructuring	0	0	0	0	(1)	(1)
Effects of deconsolidations, disposals and acquisitions	5	5	(2)	(2)	(39)	(39)
Impairment losses	0	0	0	0	0	0
Other	0	0	0	0	(32)	(32)
Systems Solutions	(31)	(45)	(36)	(56)	(213)	(393)
Staff-related measures	(21)	(21)	(31)	(31)	(148)	(148)
Non-staff-related restructuring	0	0	0	0	(3)	(3)
Effects of deconsolidations, disposals and acquisitions	(2)	(2)	0	0	(39)	(39)
Impairment losses	(1)	(15)	0	(20)	0	(180)
Other	(7)	(7)	(4)	(4)	(24)	(24)
Group Development	869	869	(16)	(16)	173	173
Staff-related measures	(1)	(1)	(2)	(2)	(8)	(8)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	871	871	(9)	(9)	184	184
Impairment losses	0	0	0	0	0	0
Other	(1)	(1)	(4)	(4)	(3)	(3)
Group Headquarters & Group Services	13	(3)	(26)	(40)	(182)	(203)
Staff-related measures	(28)	(28)	(31)	(31)	(157)	(157)
Non-staff-related restructuring	(8)	(8)	(1)	(1)	(7)	(7)
Effects of deconsolidations, disposals and acquisitions	33	33	14	14	(23)	(23)
Impairment losses	(3)	(19)	0	(14)	0	(21)
Other	18	18	(7)	(7)	5	5
Group	1,214	1,187	(447)	(517)	(3,437)	(3,692)
Staff-related measures	(183)	(183)	(171)	(171)	(717)	(717)
Non-staff-related restructuring	(9)	(9)	(5)	(5)	(22)	(22)
Effects of deconsolidations, disposals and acquisitions	1,333	1,336	(245)	(245)	(2,542)	(2,538)
Impairment losses	(4)	(34)	0	(70)	0	(258)
Other	77	77	(26)	(26)	(156)	(156)
EBITDA AL/EBIT (adjusted for special factors)	9,873	5,140	9,245	4,036	37,330	16,749
Profit (loss) from financial activities (adjusted for special factors)		(908)		(1,663)		(4,998)
Profit (loss) before income taxes (adjusted for special factors)		4,233		2,373		11,752
Income taxes (adjusted for special factors)		(1,086)		(672)		(2,879)
Profit (loss) (adjusted for special factors)		3,146		1,701		8,873
Profit (loss) (adjusted for special factors) attributable to						
Owners of the parent (net profit (loss)) (adjusted for special factors)		2,238		1,201		5,862
Non-controlling interests (adjusted for special factors)		908		500		3,011

Employees

Headcount development

	Mar. 31, 2022	Dec. 31, 2021	Change	Change %
FTEs in the Group	216,109	216,528	(419)	(0.2)
Of which: civil servants (in Germany, with an active service relationship)	9,358	9,653	(295)	(3.1)
Germany	59,737	60,189	(452)	(0.8)
United States	71,546	71,094	452	0.6
Europe	34,972	35,319	(347)	(1.0)
Systems Solutions	27,777	27,754	23	0.1
Group Development ^a	2,655	2,674	(19)	(0.7)
Group Headquarters & Group Services	19,423	19,498	(75)	(0.4)

^a The sale of T-Mobile Netherlands was consummated on March 31, 2022. The headcount development until March 31, 2022 still includes the company's workforce.

The Group's headcount in the reporting period was unchanged from the level at the end of 2021. The total headcount in our Germany, United States, Europe, Systems Solutions, and Group Development operating segments and in the Group Headquarters & Group Services segment remained more or less stable compared with December 31, 2021.

Financial position of the Group

Condensed consolidated statement of financial position

millions of €

	Mar. 31, 2022	%	Dec. 31, 2021	Change	Mar. 31, 2021
Assets					
Cash and cash equivalents	9,875	3.4	7,617	2,258	9,872
Trade receivables	15,542	5.3	15,299	243	13,264
Intangible assets	137,224	46.9	132,647	4,577	130,146
Property, plant and equipment	63,159	21.6	61,770	1,389	61,522
Right-of-use assets	37,028	12.7	30,777	6,251	30,960
Current and non-current financial assets	8,348	2.9	8,888	(540)	8,072
Deferred tax assets	7,416	2.5	7,906	(490)	8,107
Non-current assets and disposal groups held for sale	71	0.0	4,856	(4,785)	1,070
Other assets	13,759	4.7	11,867	1,892	10,888
Total assets	292,422	100.0	281,627	10,795	273,901
Liabilities and shareholders' equity					
Current and non-current financial liabilities	110,557	37.8	111,466	(909)	111,265
Current and non-current lease liabilities	40,131	13.7	33,133	6,998	33,224
Trade and other payables	10,865	3.7	10,452	413	8,936
Provisions for pensions and other employee benefits	5,010	1.7	6,134	(1,124)	6,570
Current and non-current other provisions	8,533	2.9	9,463	(930)	8,754
Deferred tax liabilities	20,517	7.0	19,809	708	18,266
Liabilities directly associated with non-current assets and disposal groups held for sale	0	0.0	1,365	(1,365)	421
Other liabilities	9,153	3.1	8,336	817	8,981
Shareholders' equity	87,656	30.0	81,469	6,187	77,484
Total liabilities and shareholders' equity	292,422	100.0	281,627	10,795	273,901

Total assets amounted to EUR 292.4 billion as of March 31, 2022, up by EUR 10.8 billion against December 31, 2021. The increase relates in part to spectrum acquired in the United States operating segment. The agreement signed between T-Mobile US and Crown Castle on the modification of existing arrangements concerning the lease of cell sites also increased total assets, as did positive exchange rate effects, primarily from the translation of U.S. dollars into euros, and higher cash and cash equivalents. Total assets were reduced due to the sale of T-Mobile Netherlands.

On the assets side, **trade receivables** amounted to EUR 15.5 billion, up by EUR 0.2 billion against the 2021 year-end. The increase was primarily driven by higher receivables under the Equipment Installment Plan, customer additions, and exchange rate effects in the United States operating segment. This increase was partially offset by lower receivables in the Germany and Europe operating segments.

Intangible assets and property, plant and equipment increased by EUR 6.0 billion to EUR 200.4 billion in total, EUR 2.6 billion of which was attributable to the mobile spectrum acquired in the United States in January 2022. Capital expenditure for the upgrade and build-out the network and in connection with the broadband/fiber-optic build-out and mobile infrastructure in the Germany and Europe operating segments also increased the carrying amounts. The modification of the arrangements between T-Mobile US and Crown Castle for existing cell sites increased the carrying amount by EUR 0.8 billion. Positive exchange rate effects additionally increased the carrying amounts by EUR 2.9 billion. Depreciation charges reduced the carrying amounts by EUR 4.9 billion overall and disposals by EUR 0.4 billion.

Compared with December 31, 2021, **right-of-use assets** increased by EUR 6.3 billion to EUR 37.0 billion. The increase of the carrying amount was driven by additions of EUR 7.6 billion, primarily as a result of the agreement signed between T-Mobile US and Crown Castle on the modification of existing arrangements, mainly concerning the lease of Crown Castle's cell sites. As a result of the modification of the arrangements, right-of-use assets increased by EUR 6.6 billion. Positive exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 0.7 billion. The carrying amount was decreased by depreciation, amortization and impairment losses of EUR 1.8 billion. This included a EUR 0.4 billion increase in depreciation and amortization due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint.

Current and non-current **financial assets** decreased by EUR 0.5 billion to EUR 8.3 billion. The carrying amount of derivatives with a hedging relationship decreased by EUR 0.8 billion to EUR 0.7 billion, mainly due to the decrease in positive fair values from interest rate swaps in fair value hedges, which is primarily the result of a rise in the interest rate level. The carrying amount of derivatives without a hedging relationship increased by a net effect of EUR 0.1 billion to EUR 1.3 billion. In connection with the stock options received from SoftBank to purchase shares in T-Mobile US, the carrying amount increased by EUR 0.2 billion, mainly due to the positive development of the T-Mobile US share price. The carrying amount was also increased by positive measurement effects of EUR 0.1 billion from energy forward agreements embedded in contracts. In connection with negative measurement effects from derivatives embedded in bonds issued by T-Mobile US, the carrying amount of derivatives without a hedging relationship decreased by EUR 0.3 billion. The net total of originated loans and receivables increased by EUR 0.1 billion to EUR 5.6 billion. A contingent consideration receivable of EUR 0.5 billion was recorded in connection with the sale of a 50 % stake in GlasfaserPlus. This increased the net total of originated loans and receivables.

Non-current assets and disposal groups held for sale decreased by EUR 4.8 billion compared with December 31, 2021 to EUR 0.1 billion. EUR 4.7 billion of this decrease related to the sale of T-Mobile Netherlands on March 31, 2022 and EUR 0.1 billion to the sale of the 50 % stake in GlasfaserPlus on February 28, 2022. Both these companies were classified as held for sale as of December 31, 2021 on account of the specific intention to sell them.

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

Other assets increased by EUR 1.9 billion to EUR 13.8 billion, EUR 1.0 billion of which was due to the increase in the carrying amount of investments accounted for using the equity method, essentially as a result of the sale of a 50 % stake in GlasfaserPlus. Following the loss of control as a result of the transaction, GlasfaserPlus was deconsolidated as of February 28, 2022. Since this date, the remaining 50 % of the shares in the joint venture have been included in the consolidated financial statements as an investment accounted for using the equity method with a carrying amount of EUR 0.9 billion. Higher inventories of high-priced mobile terminal equipment in the Germany and United States operating segments also contributed to the increase, as did exchange rate effects.

On the liabilities and shareholders' equity side, current and non-current **financial liabilities** decreased by EUR 0.9 billion compared with the end of 2021 to a total of EUR 110.6 billion. The carrying amount of bonds and other securitized liabilities decreased by EUR 0.6 billion. Repayments by T-Mobile US of a bond with a volume of USD 0.5 billion (EUR 0.5 billion) and in the Group of a euro bond in the volume of EUR 0.1 billion reduced the carrying amount. In addition, the carrying amount decreased by EUR 1.3 billion in connection with measurement effects from derivatives with a hedging relationship, the offsetting entry for which is posted under bonds and other securitized liabilities. The carrying amount of bonds and other securitized liabilities increased by EUR 1.2 billion due to exchange rate effects, especially from the translation of U.S. dollars into euros. The carrying amount of other interest-bearing liabilities decreased by EUR 0.3 billion compared with December 31, 2021. The carrying amount of other interest-bearing liabilities decreased by a total of EUR 1.2 billion in connection with collateral received for derivative financial instruments. The modification of the arrangements between T-Mobile US and Crown Castle for existing cell sites increased the carrying amount by EUR 0.8 billion. The carrying amount of derivative financial liabilities increased by EUR 0.1 billion, driven by negative measurement effects of derivatives with a hedging relationship, mainly due to the increase in negative fair values from interest rate swaps in fair value hedges, which is primarily the result of a rise in the interest rate level. The carrying amount was reduced by positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future.

Current and non-current **lease liabilities** increased by EUR 7.0 billion to EUR 40.1 billion compared with December 31, 2021. This increase primarily relates to the modification of the arrangements between T-Mobile US and Crown Castle, which resulted in an increase in the carrying amounts of lease liabilities of EUR 6.6 billion. By contrast, the carrying amount was reduced by EUR 0.2 billion, in part in connection with the decommissioning of former Sprint cell sites and the closure of some former Sprint shops in the United States operating segment. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.7 billion.

Trade and other payables increased by EUR 0.4 billion to EUR 10.9 billion, due in particular to higher liabilities to terminal equipment vendors in the United States operating segment. Liabilities also increased in the Systems Solutions and Germany operating segments, but declined in the Europe operating segment. Exchange rate effects, primarily from the translation of U.S. dollars into euros, increased the carrying amount.

Provisions for pensions and other employee benefits decreased by EUR 1.1 billion compared with December 31, 2021 to EUR 5.0 billion, mainly due to interest rate adjustments that resulted in an actuarial gain of EUR 1.1 billion from the remeasurement of defined benefit plans to be recognized directly in equity.

Current and non-current **other provisions** decreased by EUR 0.9 billion compared with the end of 2021 to EUR 8.5 billion. Other provisions for personnel costs decreased by EUR 0.5 billion, mainly in connection with the bonuses paid out to employees in the United States operating segment and a decline in the provision recognized for the Civil Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK). The latter was primarily attributable to the subsequent measurement of the present value determined using actuarial principles (interest effect). The provisions for restoration obligations decreased by EUR 0.2 billion.

Liabilities directly associated with non-current assets and disposal groups held for sale decreased by EUR 1.4 billion against December 31, 2021 to EUR 0.0 billion in connection with the sale of T-Mobile Netherlands on March 31, 2022.

Other liabilities increased by EUR 0.8 billion compared to December 31, 2021 to EUR 9.2 billion, mainly due to an increase in other liabilities of EUR 0.5 billion, driven by an increase in liabilities from other taxes of EUR 0.3 billion. In addition, income tax liabilities increased by EUR 0.2 billion.

Shareholders' equity increased from EUR 81.5 billion as of December 31, 2021 to EUR 87.7 billion. Profit of EUR 4.4 billion, other comprehensive income of EUR 2.4 billion, and capital increases from share-based payments of EUR 0.1 billion increased shareholders' equity. Changes in the composition of the Group – mainly due to the sale of T-Mobile Netherlands in the Group Development operating segment – reduced the carrying amount of shareholders' equity by EUR 0.6 billion and transactions with owners by EUR 0.1 billion.

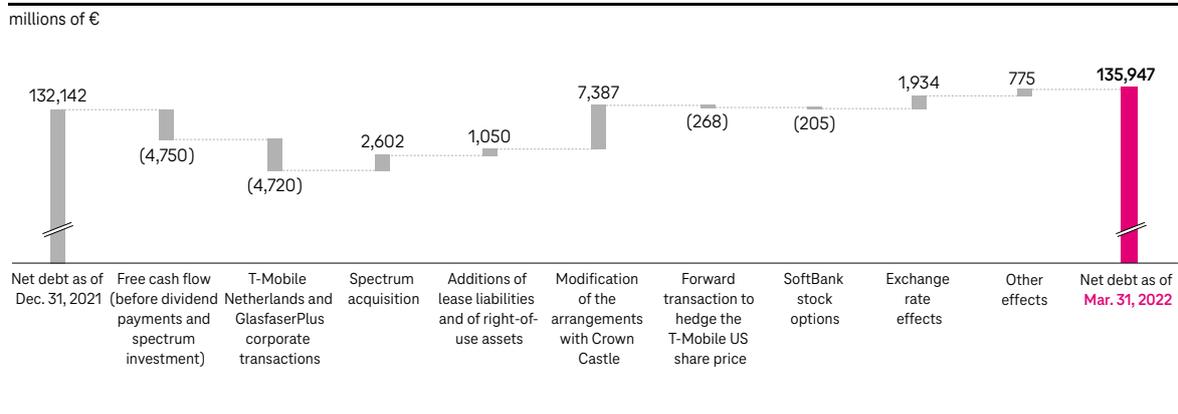
For further information on the statement of financial position, please refer to the section [“Selected notes to the consolidated statement of financial position”](#) in the interim consolidated financial statements.

Calculation of net debt

millions of €	Mar. 31, 2022	Dec. 31, 2021 ^a	Change	Change %	Mar. 31, 2021
Bonds and other securitized liabilities	93,296	93,857	(561)	(0.6)	92,599
Liabilities to banks	3,753	4,003	(250)	(6.2)	4,971
Other financial liabilities	13,508	13,730	(222)	(1.6)	13,695
Lease liabilities	40,131	33,767	6,364	18.8	33,224
Financial liabilities and lease liabilities	150,688	145,357	5,331	3.7	144,489
Accrued interest	(1,166)	(1,012)	(154)	(15.2)	(1,091)
Other	(889)	(855)	(34)	(4.0)	(680)
Gross debt	148,633	143,490	5,143	3.6	142,718
Cash and cash equivalents	9,875	7,617	2,258	29.6	9,872
Derivative financial assets	2,064	2,762	(698)	(25.3)	2,822
Other financial assets	747	969	(222)	(22.9)	494
Net debt	135,947	132,142	3,805	2.9	129,530

^a Including the net debt of T-Mobile Netherlands included under liabilities directly associated with non-current assets and disposal groups held for sale as of December 31, 2021.

Changes in net debt



The modification of the arrangements between T-Mobile US and Crown Castle resulted in an overall increase in net debt of EUR 7.4 billion, due to an increase in right-of-use assets and in lease liabilities of EUR 6.6 billion each and an increase in property, plant and equipment and in other financial liabilities of EUR 0.8 billion each.

Calculation of free cash flow AL

millions of €	Q1 2022	Q1 2021	Change	Change %	FY 2021
Net cash from operating activities	9,358	8,307	1,051	12.7	32,171
Cash capex	(7,173)	(12,272)	5,099	41.5	(26,366)
Spectrum investment	2,514	7,989	(5,475)	(68.5)	8,388
Cash capex (before spectrum investment)	(4,658)	(4,283)	(375)	(8.8)	(17,978)
Proceeds from the disposal of intangible assets (excluding goodwill) and property, plant and equipment	50	48	2	4.2	139
Free cash flow (before dividend payments and spectrum investment)	4,750	4,072	678	16.7	14,332
Principal portion of repayment of lease liabilities ^a	(969)	(1,487)	518	34.8	(5,521)
Free cash flow AL (before dividend payments and spectrum investment)	3,781	2,585	1,196	46.3	8,810

^a Excluding finance leases at T-Mobile US.

Free cash flow AL (before dividend payments and spectrum investment) increased by EUR 1.2 billion year-on-year to EUR 3.8 billion. The following effects impacted on this development:

Net cash from operating activities increased by EUR 1.1 billion. The strong performance both in the United States and outside of the United States had a positive effect on net cash from operating activities. Positive effects resulting in particular from a decrease in income tax payments of EUR 0.2 billion and a decrease in net interest payments of EUR 0.1 billion. Factoring agreements of EUR 0.1 billion had a positive impact on net cash from operating activities in the first quarter of 2022. Factoring agreements had had no material effects in the prior-year period.

Cash capex (before spectrum investment) increased by EUR 0.4 billion to EUR 4.7 billion, mainly as a result of the ongoing build-out of the 5G network in the United States operating segment where cash capex increased by EUR 0.4 billion to EUR 3.0 billion. In the Germany operating segment, capital expenditure totaled around EUR 0.9 billion in the first quarter of 2022, with much of this figure going towards the build-out of our fiber-optic and 5G networks. In the Europe operating segment, our investments totaled EUR 0.4 billion. Here, we also continue to invest in the provision of broadband and fiber-optic technology and in 5G as part of our integrated network strategy.

The decrease in the principal portion of repayment of lease liabilities was due in particular to payments for leases in the United States operating segment.

For further information on the statement of cash flows, please refer to the section "[Notes to the consolidated statement of cash flows](#)" in the interim consolidated financial statements.

Development of business in the operating segments

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

Germany

Customer development

thousands	Mar. 31, 2022	Dec. 31, 2021	Change Mar. 31, 2022/ Dec. 31, 2021 %	Mar. 31, 2021	Change Mar. 31, 2022/ Mar. 31, 2021 %
Mobile customers	53,968	53,211	1.4	49,091	9.9
Contract customers	23,165	23,129	0.2	22,509	2.9
Prepaid customers	30,803	30,081	2.4	26,582	15.9
Fixed-network lines	17,480	17,525	(0.3)	17,562	(0.5)
Retail broadband lines	14,533	14,478	0.4	14,211	2.3
Of which: optical fiber	10,584	10,379	2.0	9,758	8.5
Television (IPTV, satellite)	4,018	4,001	0.4	3,896	3.1
Unbundled local loop lines (ULLs)	3,487	3,622	(3.7)	3,968	(12.1)
Wholesale broadband lines	7,970	7,948	0.3	7,813	2.0
Of which: optical fiber	6,837	6,778	0.9	6,558	4.3

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. This success is attributable to our high-performance networks. We offer the best customer experience with award-winning network quality – in the fixed network as in mobile communications – and with a broad product portfolio and excellent service. We want to offer our customers a seamless and technology-neutral telecommunications experience. Hence, alongside fixed-network and mobile communications products, we also market convergence products. Our MagentaEINS family of FMC products, including MagentaEINS Unlimited, remains very popular among customers, with around 5.4 million customers in total having opted for these products by the end of March 2022. The customer base is thus higher compared with the prior year.

Demand remained high for our fiber-optic-based lines. The total number of these customer lines increased to around 17.4 million overall by the end of March 2022, which means a further 264 thousand customers in Germany received a fiber-optic-based line from us in the first three months of 2022. With the progress made in fiber-optic rollout, we also successfully drove forward the marketing of higher bandwidths.

Mobile communications

The number of high-value mobile contract customers under the Telekom and congstar brands grew by 193 thousand customers overall. Steady demand for mobile rate plans with included data volumes alongside our multiple award-winning network quality continues to drive this trend. As of January 1, 2022, a portion of consumers previously reported under contract customers were reclassified as prepaid customers. Allowing for this change in disclosure, we have added 544 thousand prepaid customers since the start of the year, largely on the back of our automotive offerings targeted at business customers.

Fixed network

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

The number of broadband lines increased to over 14.5 million in the first quarter of 2022. Demand for our retail fiber-optic-based lines was the biggest driver here, accounting for 205 thousand lines. We recorded an increase of 17 thousand in the number of TV customers compared with year-end 2021. In the traditional fixed network, the number of lines decreased by 45 thousand, bringing the number of fixed-network lines to around 17.5 million.

Wholesale

As of March 31, 2022, fiber-optic-based lines accounted for 60.0 % of all lines – 1.4 percentage points more than at the end of 2021. This growth is a result of demand for the commitment agreements which were successfully introduced on April 1, 2021. Rising demand among retail customers for higher-bandwidth lines also contributed to the increase. The number of unbundled local loop lines decreased by 135 thousand compared with the end of the prior year, partly as a result of the shift to higher-value fiber-optic-based lines and partly from consumers switching to other providers. In addition, our wholesale customers are migrating their retail customers to their own fiber-optic-based lines. The total number of wholesale lines at the end of March 2022 was around 11.5 million.

Development of operations

millions of €					
	Q1 2022	Q1 2021	Change	Change %	FY 2021
Total revenue	5,994	5,942	52	0.9	24,164
Consumers	3,066	2,984	82	2.7	12,221
Business Customers	2,173	2,188	(15)	(0.7)	8,878
Wholesale	693	709	(16)	(2.3)	2,767
Other	63	61	2	3.3	298
Service revenue	5,316	5,262	54	1.0	21,298
Profit (loss) from operations (EBIT)	3,021	1,215	1,806	n.a.	4,951
EBIT margin	% 50.4	20.4			20.5
Depreciation, amortization and impairment losses	(997)	(1,001)	4	0.4	(4,016)
EBITDA	4,017	2,215	1,802	81.4	8,968
Special factors affecting EBITDA	1,622	(99)	1,721	n.a.	(588)
EBITDA (adjusted for special factors)	2,395	2,314	81	3.5	9,556
EBITDA AL	4,010	2,206	1,804	81.8	8,932
Special factors affecting EBITDA AL	1,622	(99)	1,721	n.a.	(588)
EBITDA AL (adjusted for special factors)	2,388	2,305	83	3.6	9,520
EBITDA AL margin (adjusted for special factors)	% 39.8	38.8			39.4
Cash capex	(902)	(860)	(42)	(4.9)	(4,116)

Total revenue, service revenue

In the first three months of 2022, we generated total revenue of EUR 6.0 billion, which was up slightly by 0.9 % year-on-year. The growth in service revenues of 1.0 % was attributable to increased revenue in the fixed-network core business, largely broadband-driven, and to higher mobile service revenues. In organic terms, service revenues were up 0.6 % year-on-year.

Revenue from **Consumers** increased by 2.7 % compared with the prior-year period. Revenue from broadband business grew by 6.4 %, due in part to the positive effects from increased customer appreciation for stable data lines and high bandwidths. Fixed-network terminal equipment business posted growth of 4.4 % on the back of strong demand on the customer side for terminal equipment lease models. Volume-driven declines in revenue from voice components continued to impact on traditional fixed-network business. Mobile business increased by 2.4 % thanks to higher service revenues, mainly due to positive customer development in our second brand “congstar” and general trends of recovery, including a return to travel and other recreational activities.

Revenue from **Business Customers** was down slightly by 0.7 % year-on-year. If the one-time effect from the public sector is taken into account, operating revenue would have increased by 0.7 %. The mobile business grew by 5.5 % due to positive revenue from terminal equipment business and ongoing customer additions. By contrast, IT revenue declined on an operational basis by 6.2 %, due in part to the chip shortage.

Wholesale revenue was down at the end of March 2022 by 2.3 % year-on-year. The positive trend in the number of fiber-optic-based lines continued, with an increase of 4.3 % compared with the prior-year period. However, this was not enough to offset the decrease in revenues of 12.1 % from declining volumes of unbundled local loop lines. Since April 1, 2021, the transition to the commitment agreements to replace the former quota-based agreements has led to sharper declines in revenue compared with the prior-year period. This is primarily due to the fact that under the new commitment model the annual payments are initially lower compared to the up-front payments that had been made under the quota-based agreements under the contingent model. The annual commitment payments will rise over the course of subsequent years. Voice revenue was down against the prior-year period, mainly due to declining volumes.

Adjusted EBITDA AL, EBITDA AL

EBITDA AL adjusted for special factors increased by EUR 83 million or 3.6 % year-on-year to EUR 2.4 billion. In organic terms, too, adjusted EBITDA AL grew by 3.6 % year-on-year. Our adjusted EBITDA AL margin increased to 39.8 %, up from 38.8 % in the prior year. The main reasons for this increase are a sound operational development, driven by high-value revenue growth, and enhanced cost efficiency. Lower personnel costs resulting, among other factors, from the smaller headcount and the ongoing implementation of efficiency enhancement and digitalization measures reduced costs.

The effects described under adjusted EBITDA AL included the gain resulting from the deconsolidation of GlasfaserPlus and an initial payment on account made in connection with the catastrophic flooding in July 2021, both recognized as special factors. Expenses for socially responsible instruments in connection with the staff restructuring, in particular the dedicated retirement program, also had an effect. In the first three months of 2022, our EBITDA AL increased by EUR 1.8 billion to EUR 4.0 billion.

For further information on the joint venture GlasfaserPlus with IFM, please refer to the section [“Group organization, strategy, and management.”](#)

EBIT

Profit from operations (EBIT) amounted to EUR 3.0 billion. The positive EBITDA AL trend together with the gain resulting from the deconsolidation of GlasfaserPlus contributed to this increase.

Cash capex

Cash capex increased by EUR 42 million or 4.9 % compared with the prior-year period. Capital expenditure totaled around EUR 902 million in the first three months of 2022, in particular for the build-out of the fiber-optic and 5G networks. The total number of households in Germany passed by our fiber-optic network grew again in the first quarter of 2022. In mobile communications, our customers benefit from greater LTE and 5G network coverage. Over 91.6 % of German households can already use 5G.

United States

Customer development

thousands

	Mar. 31, 2022	Dec. 31, 2021	Change Mar. 31, 2022/ Dec. 31, 2021 %	Mar. 31, 2021	Change Mar. 31, 2022/ Mar. 31, 2021 %
Customers	109,541	108,719	0.8	103,437	5.9
Postpaid customers	88,423	87,663	0.9	82,572	7.1
Postpaid phone customers ^{a, b}	70,656	70,262	0.6	67,402	4.8
Other postpaid customers ^{a, b}	17,767	17,401	2.1	15,170	17.1
Prepaid customers	21,118	21,056	0.3	20,865	1.2

^a Customers impacted by the commenced decommissioning of the legacy Sprint CDMA network, who did not migrate to the T-Mobile US' network, have been excluded from our postpaid customer base resulting in the removal of 212,000 postpaid phone customers and 349,000 postpaid other customers in the first quarter of 2022. In connection with our acquisition of companies, we included a base adjustment in the first quarter of 2022 to increase postpaid phone customers by 17,000 and reduce postpaid other customers by 14,000.

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

Customers

At March 31, 2022, the United States operating segment (T-Mobile US) had 109.5 million customers, compared to 108.7 million customers at December 31, 2021. Net customer additions were 1.4 million in the first quarter of 2022, slightly up compared to net customer additions in the first quarter of 2021, due to the factors described below.

Postpaid net customer additions were 1.3 million in the first quarter of 2022, compared to 1.2 million in the first quarter of 2021. This increase resulted from higher postpaid other net customer additions, primarily due to an increase in High Speed Internet customers, connected devices and wearables. This increase was partially offset by lower postpaid phone net customer additions driven by a focus on deepening Sprint customer relationships in the prior year in order to decrease churn, as Sprint customers historically had fewer lines per account, partially offset by higher industry switching activity and lower churn. High Speed Internet net customer additions included in postpaid other net customer additions were 329 thousand and 93 thousand in the first quarter of 2022 and 2021, respectively.

Prepaid net customer additions were 62 thousand in the first quarter of 2022, compared to 151 thousand prepaid net customer additions in the first quarter of 2021. This decrease was associated with the continued industry shift to postpaid plans, partially offset by lower churn. High Speed Internet net customer additions included in prepaid net customer additions were 9 thousand in the first quarter of 2022. There were no prepaid High Speed Internet customer additions in the first quarter of 2021.

Development of operations

millions of €

	Q1 2022	Q1 2021	Change	Change %	FY 2021
Total revenue	18,048	16,483	1,565	9.5	68,359
Service revenue	13,624	11,674	1,950	16.7	48,929
Profit (loss) from operations (EBIT)	2,044	2,144	(100)	(4.7)	7,217
EBIT margin	% 11.3	13.0			10.6
Depreciation, amortization and impairment losses	(4,604)	(4,577)	(27)	(0.6)	(18,338)
EBITDA	6,647	6,722	(75)	(1.1)	25,555
Special factors affecting EBITDA	(820)	(151)	(669)	n.a.	(1,836)
EBITDA (adjusted for special factors)	7,467	6,873	594	8.6	27,392
EBITDA AL	4,914	5,446	(532)	(9.8)	20,060
Special factors affecting EBITDA AL	(1,258)	(261)	(997)	n.a.	(2,637)
EBITDA AL (adjusted for special factors)	6,172	5,706	466	8.2	22,697
Core EBITDA AL (adjusted for special factors) ^a	5,741	4,829	912	18.9	19,912
EBITDA AL margin (adjusted for special factors)	% 34.2	34.6			33.2
Cash capex	(5,535)	(10,513)	4,978	47.4	(18,594)

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

Total revenue, service revenue

Total revenue for the United States operating segment of EUR 18.0 billion in the first quarter of 2022 increased by 9.5 %, compared to EUR 16.5 billion in the first quarter of 2021. In U.S. dollars, T-Mobile US' total revenues increased by 1.9 % year-over year primarily due to increased service revenues. This increase was partially offset by lower equipment revenues. The components of these changes are described below.

Service revenues increased in the first quarter of 2022 by 16.7 % to EUR 13.6 billion. In organic terms service revenues increased by 6.7 % year-on-year. The increase resulted from higher postpaid revenues primarily from higher average postpaid accounts and higher postpaid ARPA (Average Revenue per Account). In addition, service revenues increased due to higher prepaid revenues primarily from higher prepaid ARPU (Average Revenue per User) and higher average prepaid customers.

Equipment revenues decreased in the first quarter of 2022 primarily due to a decrease in lease revenues and in customer purchases of leased devices primarily due to a lower number of customer devices under lease as a result of the continued strategic shift from device financing from leasing to EIP. In addition, equipment revenues decreased due to lower average revenue per device sold primarily due to higher promotions, which included promotions for Sprint customers to facilitate the migration to the T-Mobile US' network, partially offset by an increase in the high-end phone mix. This decrease was partially offset by an increase in the number of devices sold, including higher upgrade volume.

Adjusted EBITDA AL, EBITDA AL

In euros, adjusted EBITDA AL increased by 8.2 % to EUR 6.2 billion in the first quarter of 2022, compared to EUR 5.7 billion in the first quarter of 2021. The adjusted EBITDA AL margin decreased to 34.2 % in the first quarter of 2022, compared to 34.6 % in the first quarter of 2021. In U.S. dollars, adjusted EBITDA AL increased by 0.7 % during the same period. Adjusted EBITDA AL increased primarily due to higher service revenue as discussed above and lower cost of services, excluding Merger-related costs. This increase was partially offset by higher bad debt expense primarily due to estimated credit losses normalizing from muted pandemic levels, as well as higher Equipment Installment Plan receivables driven by higher equipment sales and a mix shift in device financing, partially offset by higher realized Merger synergies. In U.S. dollars, lease revenues decreased as a result of the continued strategic shift from device financing from leasing to EIP by 54.3 % in the first quarter of 2022.

Adjusted core EBITDA AL increased by 18.9 % to EUR 5.7 billion in the first quarter of 2022, compared to EUR 4.8 billion in the first quarter of 2021. In U.S. dollars, adjusted core EBITDA AL increased by 10.7 % during the same period. The change was primarily due to the fluctuation in adjusted EBITDA AL, discussed above, excluding the change in lease revenues.

EBITDA AL in the first quarter of 2022, included special factors of EUR -1.3 billion compared to EUR -0.3 billion in the first quarter of 2021. The change in special factors was primarily due to higher Merger-related costs during the first quarter of 2022. Special factors include Merger-related costs predominantly associated with the integration of Sprint and are comprised of integration costs to achieve efficiencies in network, retail, information technology and back office operations, migrate customers to the T-Mobile US' network and mitigate the impact of legal matters assumed as part of the Sprint Merger; restructuring costs, including severance, store rationalization and network decommissioning; and transaction costs, including legal and professional services related to the completion of transactions. Overall, EBITDA AL decreased by 9.8 % to EUR 4.9 billion in the first quarter of 2022, compared to EUR 5.4 billion in the first quarter of 2021, primarily due to the factors described above, including special factors.

EBIT

EBIT decreased by 4.7 % to EUR 2.0 billion in the first quarter of 2022, compared to EUR 2.1 billion in the first quarter of 2021. In U.S. dollars, EBIT decreased by 11.1 % during the same period primarily due to lower EBITDA AL, partially offset by lower depreciation and amortization. In U.S. dollars, depreciation and amortization decreased by 6.4 % primarily due to lower depreciation expense on leased devices resulting from a lower number of total customer devices under lease and certain 4G-related network assets becoming fully depreciated. This decrease was partially offset by higher depreciation expense (excluding leased devices) from the continued build-out of our nationwide 5G network.

Cash capex

Cash capex decreased to EUR 5.5 billion in the first quarter of 2022, compared to EUR 10.5 billion in the first quarter of 2021. In U.S. dollars, cash capex decreased by 50.3 % predominantly from a decrease in spectrum purchases, primarily due to USD 8.9 billion paid for spectrum licenses won at the conclusion of the C-band auction in March 2021, compared to USD 2.8 billion paid for spectrum licenses won at the conclusion of Auction 110 in February 2022. This decrease was partially offset by an increase in purchases of property and equipment from network integration related to the Merger and the accelerated build-out of our nationwide 5G network.

Europe

Customer development

thousands		Mar. 31, 2022	Dec. 31, 2021	Change Mar. 31, 2022/ Dec. 31, 2021 %	Mar. 31, 2021	Change Mar. 31, 2022/ Mar. 31, 2021 %
Europe, total^{a, b}	Mobile customers	45,584	45,816	(0.5)	45,454	0.3
	Contract customers	25,803	26,575	(2.9)	26,995	(4.4)
	Prepaid customers	19,781	19,241	2.8	18,459	7.2
	Fixed-network lines	7,814	7,802	0.2	9,114	(14.3)
	Broadband customers	6,451	6,381	1.1	7,000	(7.8)
	Television (IPTV, satellite, cable)	4,050	4,019	0.8	5,092	(20.5)
	Unbundled local loop lines (ULLs)/wholesale PSTN	1,886	1,932	(2.4)	2,039	(7.5)
	Wholesale broadband lines	909	865	5.1	730	24.5
Greece	Mobile customers	7,130	7,045	1.2	6,840	4.2
	Fixed-network lines	2,619	2,624	(0.2)	2,597	0.8
	Broadband customers	2,315	2,306	0.4	2,220	4.3
Romania^a	Mobile customers	3,821	3,691	3.5	4,592	(16.8)
	Fixed-network lines	0	0	n.a.	1,432	(100.0)
	Broadband customers	0	0	n.a.	872	(100.0)
Hungary	Mobile customers	5,727	5,634	1.7	5,456	5.0
	Fixed-network lines	1,836	1,821	0.8	1,769	3.8
	Broadband customers	1,440	1,417	1.6	1,342	7.3
Poland	Mobile customers	11,845	11,542	2.6	11,205	5.7
	Fixed-network lines	29	29	0.0	29	0.0
	Broadband customers	91	77	18.2	43	n.a.
Czech Republic	Mobile customers	6,338	6,297	0.7	6,185	2.5
	Fixed-network lines	659	645	2.2	615	7.2
	Broadband customers	401	391	2.6	375	6.9
Croatia	Mobile customers	2,275	2,276	0.0	2,256	0.8
	Fixed-network lines	872	875	(0.3)	882	(1.1)
	Broadband customers	637	633	0.6	627	1.6
Slovakia	Mobile customers	2,479	2,502	(0.9)	2,452	1.1
	Fixed-network lines	867	880	(1.5)	865	0.2
	Broadband customers	639	633	0.9	614	4.1
Austria^b	Mobile customers	4,394	5,258	(16.4)	5,034	(12.7)
	Fixed-network lines	598	593	0.8	578	3.5
	Broadband customers	659	656	0.5	645	2.2
Other^c	Mobile customers	1,574	1,572	0.1	1,433	9.8
	Fixed-network lines	335	336	(0.3)	346	(3.2)
	Broadband customers	269	268	0.4	261	3.1

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

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

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

Total

In the Europe operating segment, all key performance indicators for customer development improved slightly in organic terms compared with the end of 2021. Our convergent product portfolio, in particular, generated growth compared with year-end 2021 of 3.1 % in FMC customers thanks to ongoing demand. We are working flat out to build out our fixed-network infrastructure with state-of-the-art optical fiber. The number of broadband customers has increased by 1.1 %. In organic terms, the mobile business also recorded an increase of 1.5 % in customer numbers, with increases in both the number of high-value contract customers and the number of prepaid customers. Our build-out of the 5G network is making good progress. Most of our national companies have already launched the commercial sale of 5G products and services, with North Macedonia joining them as of March 31, 2022.

Mobile communications

Our Europe operating segment had a total of 45.6 million mobile customers as of March 31, 2022, marking a more or less stable trend compared with the end of 2021. The number of contract customers decreased slightly by 2.9 %, largely as a result of the fact that we no longer include the SIM cards of a service provider in Austria in our customer base since January 1, 2022 but instead count them as wholesale customers. Without this effect, the number of contract customers increased slightly by 0.6 %. By contrast, the contract customer base grew at our other national companies, especially in Greece, Poland, the Czech Republic, and Hungary. Overall, contract customers accounted for 56.6 % of the total customer base. In parallel with pure customer development, we have successfully continued the “more-for-more” offering in our product portfolio, so as to sustainably increase value per customer. In addition, thanks to our integrated network strategy our customers benefited from greater coverage with fast mobile broadband. The footprint countries of our operating segment are also making excellent headway with 5G. As of the end of the first quarter of 2022, our national companies covered 31.1 % of the population (in particular in Greece, Croatia, and Austria) with 5G.

The prepaid customer base recorded growth of 2.8 % compared with the end of 2021. Customer additions were significantly higher in Poland in particular. Many refugees fleeing the war in Ukraine entered neighboring countries, in particular Poland. Our national companies are providing support, for example with free prepaid SIM cards. As part of our ordinary business activities, we offer our prepaid customers high-value contract plans with the resulting number of contract conversions also contributing positively to contract customer business.

Fixed network

The broadband business increased by 1.1 % compared with the end of 2021 to total 6.5 million customers. This growth is mainly driven by the national companies in Hungary, the Czech Republic, Poland, Slovakia, and Greece. By continuing to invest in innovative fiber-optic technologies, we are systematically building out our fixed-network infrastructure. At the end of the first quarter of 2022, a total of around 7.2 million households (coverage of 28.6 %) were provided with the option by our national companies to subscribe to a direct connection to our high-speed fiber-optic network with speeds reaching up to 1 Gbit/s. Compared with the prior-year quarter, we won a further 1.1 million lines, bringing the utilization rate to 32 % at the end of the first quarter of 2022. The number of fixed-network lines in our Europe operating segment was 7.8 million, which was stable against the end of 2021.

The TV and entertainment business had a total of 4.0 million customers as of March 31, 2022, up slightly by 0.8 % compared with the end of the prior year. With both telecommunications providers and OTT players offering TV services, the TV market is already saturated in many countries of our segment.

FMC – fixed-mobile convergence and digitalization

Our portfolio of convergent products, MagentaOne, was highly popular with consumers across all of our national companies. As of March 31, 2022, we had 6.5 million FMC customers; this corresponds to growth of 3.1 % compared with the end of the prior year. Our national companies in Greece, Hungary, Austria, Poland, and the Czech Republic in particular contributed to this growth. At the end of the first quarter of 2022, FMC customers accounted for 58.6 % of the broadband customer base. We have also seen accelerated growth in the marketing of our MagentaOne Business product to business customers.

We continue to expand our digital interaction with customers, which means we can meet customer needs in a more personalized and efficient way, and position products and innovative services on the market more quickly. Our service app has revolutionized our digital approach; 64 % of our customers are already using it.

Development of operations

millions of €					
	Q1 2022	Q1 2021	Change	Change %	FY 2021
Total revenue	2,704	2,729	(25)	(0.9)	11,384
Greece	748	717	31	4.3	3,078
Romania	78	210	(132)	(62.9)	709
Hungary	437	406	31	7.6	1,769
Poland	342	341	1	0.3	1,427
Czech Republic	295	269	26	9.7	1,146
Croatia	209	219	(10)	(4.6)	908
Slovakia	192	190	2	1.1	790
Austria	342	326	16	4.9	1,351
Other ^a	75	70	5	7.1	301
Service revenue	2,264	2,325	(61)	(2.6)	9,638
Profit (loss) from operations (EBIT)	446	385	61	15.8	1,814
EBIT margin	% 16.5	14.1			15.9
Depreciation, amortization and impairment losses	(619)	(645)	26	4.0	(2,576)
EBITDA	1,065	1,029	36	3.5	4,390
Special factors affecting EBITDA	(1)	(10)	9	90.0	11
EBITDA (adjusted for special factors)	1,066	1,039	27	2.6	4,380
EBITDA AL	975	936	39	4.2	4,018
Special factors affecting EBITDA AL	(1)	(10)	9	90.0	11
EBITDA AL (adjusted for special factors)	976	946	30	3.2	4,007
Greece	314	298	16	5.4	1,265
Romania	12	37	(25)	(67.6)	147
Hungary	127	106	21	19.8	536
Poland	98	95	3	3.2	385
Czech Republic	125	111	14	12.6	471
Croatia	79	79	0	0.0	355
Slovakia	86	84	2	2.4	327
Austria	124	125	(1)	(0.8)	487
Other ^a	11	11	0	0.0	34
EBITDA AL margin (adjusted for special factors)	% 36.1	34.7			35.2
Cash capex	(362)	(485)	123	25.4	(1,905)

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

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

Total revenue, service revenue

Our Europe operating segment generated total revenue of EUR 2.7 billion in the first quarter of 2022, a slight year-on-year decrease of 0.9 %. In organic terms – i.e., adjusted for the sale of the Romanian fixed-network business on September 30, 2021, and assuming constant exchange rate effects – revenue increased by 4.2 % year-on-year. Service revenue declined year-on-year, but grew by 3.4 % in organic terms. Regulatory intervention continued to impact negatively on our organic revenue development in the first quarter of 2022.

Organic revenue growth was mainly driven by the strong performance of the mobile business, especially the increase in mobile service revenues with higher margins, slight increases in roaming and visitor revenues, and higher revenues from terminal equipment sales. Fixed-network service revenues developed better. The strong performance of the broadband and TV business in particular helped to offset the declines in voice telephony revenues, which were in line with expectations. The systems solutions business made a positive contribution to revenue overall.

Looking at the development by country, our national companies in Hungary, Greece, Austria, and the Czech Republic recorded the best organic development of revenue in the reporting period.

Revenue from **Consumers** increased in organic terms by 3.5 % year-on-year, driven in equal parts by mobile and fixed-network business. In mobile communications, both service revenues and mobile terminal equipment sales were up. In the fixed network, revenue from broadband/TV business increased thanks to our innovative TV and entertainment offerings as well as the continuous rollout of fiber-optic technology. This more than offset the decline in revenue from voice telephony. In addition, the higher number of FMC customers had a positive impact on revenue.

Organic growth in the **Business Customer unit** increased year-on-year in the first quarter of 2022 to 3.4 % across all product categories (fixed network, mobile communications, and systems solutions). The upward trend in mobile revenue is attributable to mobile customer additions. The positive trend in systems solutions business was driven mainly by activities in Poland, the Czech Republic, and Greece. The fiber-optic rollout, SD-WAN, and standardized offerings all generated growth in data communication-related products. Our new growth areas of security and cloud computing posted double-digit revenue growth rates.

Adjusted EBITDA AL, EBITDA AL

Our Europe operating segment generated adjusted EBITDA AL of EUR 976 million as of the end of the first quarter of 2022, up 3.2 % against the level in the prior-year period. In organic terms, i.e., adjusted for the sale of the Romanian fixed-network business, and assuming constant exchange rates, adjusted EBITDA AL increased by 6.9 %, again making a significant positive contribution to earnings. Organic revenue growth was more than sufficient to offset the increases in costs.

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

EBITDA AL increased by 4.2 % compared with the prior-year period to EUR 975 million. Special factors declined slightly year-on-year. In organic terms, EBITDA AL grew by 7.9 %.

Development of operations in selected countries

Greece. In Greece, revenue increased by 4.3 % against the prior-year quarter to EUR 748 million. The intensive fiber-optic and vectoring build-out, together with the resulting higher numbers of customers, continued to have a positive impact on the fixed-network business. Fixed-network revenues increased, mainly driven by strong growth in the broadband and TV business. Wholesale revenues also increased substantially as a result of a successful increase in the volume of international calls on our networks. The continued encouraging development in mobile business is mainly attributable to the addition of new contract customers. Visitor and roaming revenues increased slightly thanks to travel returning to more normal levels despite the coronavirus pandemic. Our convergence products also performed well, with further customer additions and corresponding revenue. The systems solutions business also contributed to revenue growth.

In the first quarter of 2022, adjusted EBITDA AL in Greece stood at EUR 314 million, which was a substantial increase of 5.4 % against the prior year. This is attributable to a revenue-related increase in the net margin.

Hungary. Revenue in Hungary totaled EUR 437 million in the first quarter of 2022, a significant increase of 7.6 % despite negative exchange rate effects. In organic terms, revenue was up 8.6 % against the prior-year quarter. The biggest driver of this increase was mobile business, mainly on account of higher service revenues. In addition, contract customer additions had positive effects on terminal equipment business. Fixed-network revenue also increased year-on-year. We recorded increased service revenues in the broadband and TV business, both driven again by larger customer bases. Our convergence products also continued to perform well, with further customer additions and corresponding revenue. Systems solutions business posted a decline in revenue.

Adjusted EBITDA AL stood at EUR 127 million, up 19.8 % year-on-year. In organic terms, adjusted EBITDA AL grew by 21.6 %. This growth is attributable in particular to significantly higher revenues, which more than offset the rise in costs.

Poland. Our revenue in Poland remained stable at EUR 342 million in the first quarter of 2022. In organic terms, revenue increased slightly by 2.1%. Mobile revenues were up slightly, with contract customer additions also having a positive effect on terminal equipment business. Higher terminal equipment, roaming, and visitor revenues offset the regulatory-induced reduction in termination rates. The number of FTTH customers in the fixed-network business also increased significantly, creating the basis for further broadband growth. This is reflected in higher broadband service revenues, and is also thanks to our successful partnership agreements on network infrastructure. Wholesale revenues were negatively impacted by the likewise regulatory-induced reduction in fixed-network termination rates. The number of customers using our convergence products increased again substantially in the first quarter of 2022. This had a corresponding positive impact on revenues. Systems solutions business posted strong revenue growth thanks to the order volume.

Adjusted EBITDA AL stood at EUR 98 million in the first quarter of 2022, up 3.2% year-on-year. In organic terms, adjusted EBITDA AL increased by 4.9%, mainly on the back of a revenue-related increase in the net margin.

Czech Republic. In the first quarter of 2022, revenue in the Czech Republic stood at EUR 295 million, an increase of 9.7% against the prior-year level. Organic growth was 3.8% on account of positive exchange rate effects. The realignment of our systems solutions business paid off: we recorded a substantial increase in revenue in this business area. The mobile and fixed-network businesses also contributed to revenue growth, although they were subject to a regulatory-induced reduction in termination rates. Our convergence products recorded further customer additions and corresponding revenue growth.

Adjusted EBITDA AL increased by 12.6% year-on-year to EUR 125 million in the first quarter of 2021. In organic terms, earnings grew by 6.2% year-on-year, driven mainly by revenue.

Austria. Revenue in Austria totaled EUR 342 million in the first quarter of 2022. This increase of 4.9% was mainly attributable to growth in mobile revenues, with visitor revenues having a clearly positive impact. Service revenues in the fixed-network business also developed encouragingly. The broadband business generated substantial growth rates, due among other factors to a larger customer base and higher-value rate plans. Acceptance of our convergence products increased substantially again, also impacting positively on revenues. The systems solutions business also contributed to revenue growth.

Adjusted EBITDA AL declined slightly by 0.8% compared with the prior-year quarter to EUR 124 million. Higher indirect costs in particular offset the increase in revenues.

EBIT

Our Europe operating segment recorded an increase in EBIT of EUR 61 million in the first quarter of 2022. In addition to an increase in EBITDA of EUR 36 million, depreciation, amortization and impairment losses decreased by EUR 26 million, with depreciation and amortization in particular down slightly on the prior year.

Cash capex

In the first quarter of 2022, the Europe operating segment reported cash capex of EUR 362 million, down 25.4% year-on-year. This decrease is due in part to lower cash outflows for the acquisition of spectrum licenses, primarily in the Czech Republic. The sale of the Romanian fixed-network business also resulted in lower cash capex. We continue to invest in the provision of broadband and fiber-optic technology and in 5G as part of our integrated network strategy.

Systems Solutions

Order entry

millions of €				
	Q1 2022	FY 2021	Q1 2021	Change Q1 2022/ Q1 2021 %
Order entry	1,097	4,174	891	23.1

Development of business

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

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

Order entry in our Systems Solutions operating segment was up by 23.1 % year-on-year in the first three months of 2022, mainly due to an increase in Cloud Services, which includes growth in both the public cloud business and in traditional IT business. The Digital portfolio area also recorded further growth.

Development of operations

millions of €					
	Q1 2022	Q1 2021	Change	Change %	FY 2021
Total revenue	996	1,015	(19)	(1.9)	4,019
Of which: external revenue	802	798	4	0.5	3,171
Service revenue^a	973	920	53	5.8	3,893
Profit (loss) from operations (EBIT)	(2)	(27)	25	92.6	(242)
Special factors affecting EBIT	(45)	(56)	11	19.6	(393)
EBIT (adjusted for special factors)	43	29	14	48.3	151
EBIT margin (adjusted for special factors) %	4.3	2.9			3.8
Depreciation, amortization and impairment losses	(71)	(80)	9	11.3	(425)
EBITDA	70	53	17	32.1	183
Special factors affecting EBITDA	(30)	(36)	6	16.7	(213)
EBITDA (adjusted for special factors)	100	89	11	12.4	396
EBITDA AL	43	26	17	65.4	73
Special factors affecting EBITDA AL	(31)	(36)	5	13.9	(213)
EBITDA AL (adjusted for special factors)	73	62	11	17.7	286
EBITDA AL margin (adjusted for special factors) %	7.3	6.1			7.1
Cash capex	(43)	(49)	6	12.2	(237)

^a As of January 1, 2022, we extended our definition of service revenue in the Group, which increased this figure in the reporting period. The prior-year figures have not been adjusted retrospectively.

Total revenue, service revenue

Total revenue in our Systems Solutions operating segment in the first three months of 2022 amounted to EUR 1.0 billion, down 1.9 % on the prior-year level. External revenue was up 0.5 %. The decrease in total revenue was mainly driven by the expected decline in traditional IT infrastructure business, due in part to deliberate business decisions such as the reduction in end-user services. The positive trends, especially in the Digital Solutions portfolio unit (up 8.7 %), did not fully offset this decrease. In organic terms, revenue was down 0.8 % year-on-year. Service revenues increased by 5.8 % due to the extension of the definition.

Adjusted EBITDA AL, EBITDA AL

In the first three months of 2022, adjusted EBITDA AL at our Systems Solutions operating segment increased by 17.7 % year-on-year to EUR 73 million. Efficiency effects from our transformation program and effects from increased revenue in our growth areas exceeded the decline in earnings in the traditional IT infrastructure business. In organic terms, adjusted EBITDA AL grew by 18.1 % year-on-year. EBITDA AL increased by EUR 17 million compared with the prior year to EUR 43 million. Special factors were down EUR 5 million on the prior year, at EUR -31 million, mainly due to lower restructuring costs.

Adjusted EBIT, EBIT

Adjusted EBIT in our Systems Solutions operating segment in the first three months of 2022 improved by EUR 14 million year-on-year, coming in at EUR 43 million, mainly as a result of declines in depreciation and amortization. EBIT increased by EUR 25 million compared with the prior year to EUR -2 million. The expense arising from special factors decreased by EUR 11 million year-on-year, to EUR -45 million, mainly due to the reason described under EBITDA AL.

Cash capex

Cash capex in the Systems Solutions operating segment stood at EUR 43 million in the first three months of 2022, down EUR 6 million year-on-year, primarily due to higher lagging payments in the prior year. We will continue to focus our investments on developing our growth business.

Group Development

The sale of T-Mobile Netherlands was consummated on March 31, 2022. The company's contributions are included in the figures for customer development up to March 31, 2022 and in the development of operations for the first quarter of 2022.

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

Customer development

thousands		Mar. 31, 2022	Dec. 31, 2021	Change Mar. 31, 2022/ Dec. 31, 2021 %	Mar. 31, 2021	Change Mar. 31, 2022/ Mar. 31, 2021 %
T-Mobile Netherlands	Mobile customers	6,949	6,939	0.1	6,798	2.2
	Fixed-network lines	754	739	2.0	693	8.8
	Broadband customers	744	728	2.2	680	9.4

In the Netherlands, the number of mobile customers increased slightly. The number of fixed-network lines in the Netherlands contributed to the positive development of operational business and continued to profit from the relaxation of coronavirus-related measures, as well as from successful advertising.

Development of operations

millions of €		Q1 2022	Q1 2021	Change	Change %	FY 2021
Total revenue		825	782	43	5.5	3,165
Of which: T-Mobile Netherlands		536	513	23	4.5	2,071
Of which: GD Towers ^a		284	282	2	0.7	1,112
Service revenue		411	390	21	5.4	1,621
Profit (loss) from operations (EBIT)		1,194	166	1,028	n.a.	1,084
Depreciation, amortization and impairment losses		(97)	(210)	113	53.8	(706)
EBITDA		1,291	376	915	n.a.	1,790
Special factors affecting EBITDA		869	(16)	885	n.a.	173
EBITDA (adjusted for special factors)		422	392	30	7.7	1,618
Of which: T-Mobile Netherlands		201	171	30	17.5	757
Of which: GD Towers ^a		229	224	5	2.2	894
EBITDA AL		1,224	301	923	n.a.	1,479
Special factors affecting EBITDA AL		869	(16)	885	n.a.	173
EBITDA AL (adjusted for special factors)		356	316	40	12.7	1,307
Of which: T-Mobile Netherlands		190	151	39	25.8	668
Of which: GD Towers ^a		173	169	4	2.4	669
EBITDA AL margin (adjusted for special factors) %		43.2	40.4			41.3
Cash capex		(99)	(115)	16	13.9	(572)

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

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

Total revenue, service revenue

Total revenue in our Group Development operating segment increased in the first quarter of 2022 by 5.5 % year-on-year to EUR 825 million. In organic terms, revenue changed in the prior-year period due to the sale of the Dutch cell tower business as of June 1, 2021 and increased 5.6 % year-on-year. This revenue increase resulted from the operational and structural growth of our two business units T-Mobile Netherlands and GD Towers, which includes DFMG and the Austrian cell tower business. In the Netherlands, both mobile and fixed-network business contributed to the increase in revenue thanks to rising customer numbers. GD Towers also recorded an increase in revenue, driven by growth in the number of cell sites at DFMG and the Austrian cell tower business. Service revenue rose by 5.4 % year-on-year to EUR 411 million, thanks primarily to the operational growth of the T-Mobile Netherlands business unit.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased by 12.7 % to EUR 356 million. This growth was attributable to the aforementioned positive revenue trend and efficient cost management at T-Mobile Netherlands. The GD Towers business posted consistent growth on the back of rising volumes and was further strengthened by the Austrian cell tower business. An operational increase in adjusted EBITDA AL was also achieved through revenue growth and cost transformation. In organic terms, adjusted EBITDA AL grew by 19.2 %. EBITDA AL was positively influenced by net special factors of EUR 869 million, which mainly related to the gain on deconsolidation due to the sale of the T-Mobile Netherlands business unit. EBITDA AL increased by EUR 923 million compared with the prior-year period to EUR 1.2 billion.

EBIT

EBIT increased by EUR 1.0 billion year-on-year to EUR 1.2 billion, mainly as a result of the development described under EBITDA AL. Depreciation, amortization and impairment losses were down year-on-year, primarily due to lower depreciation and amortization in connection with the fact that T-Mobile Netherlands has been held for sale since September 6, 2021, and, accordingly, the related depreciation and amortization has been suspended.

Cash capex

Cash capex stood at EUR 99 million and thus below the prior-year level. The decline is attributable to the lower planned build-out investments compared with the prior-year period, which are set to rise substantially in subsequent quarters. We continue to focus our investments on the accelerated 5G build-out and the build-out of mobile infrastructure in Germany.

Group Headquarters & Group Services

Development of operations

millions of €	Q1 2022	Q1 2021	Change	Change %	FY 2021
Total revenue	604	625	(21)	(3.4)	2,515
Service revenue	245	244	1	0.4	984
Profit (loss) from operations (EBIT)	(369)	(357)	(12)	(3.4)	(1,764)
Depreciation, amortization and impairment losses	(379)	(330)	(49)	(14.8)	(1,463)
EBITDA	10	(27)	37	n.a.	(300)
Special factors affecting EBITDA	16	(26)	42	n.a.	(182)
EBITDA (adjusted for special factors)	(6)	(2)	(4)	n.a.	(118)
EBITDA AL	(72)	(110)	38	34.5	(622)
Special factors affecting EBITDA AL	13	(26)	39	n.a.	(182)
EBITDA AL (adjusted for special factors)	(85)	(84)	(1)	(1.2)	(440)
Cash capex	(235)	(250)	15	6.0	(1,007)

Total revenue, service revenue

Total revenue in our Group Headquarters & Group Services segment in the first quarter of 2022 decreased by 3.4 % year-on-year, mainly as a result of lower revenue from land and buildings due to the ongoing optimization of space. Service revenue was at the level of the prior-year period.

Adjusted EBITDA AL, EBITDA AL

In the reporting period, adjusted EBITDA AL at our Group Headquarters & Group Services segment was on a par with the prior-year period, mainly as a result of lower revenue from land and buildings and, by contrast, lower operating expenses at our Group Services.

Overall, positive net special factors of EUR 13 million affected EBITDA AL in the reporting period, with the positive effect from the reduction of other provisions, including in connection with the termination of legal proceedings, offsetting expenses for staff-related measures. In the prior-year period, EBITDA AL was negatively impacted by special factors amounting to EUR 26 million, especially for staff-related measures.

EBIT

The year-on-year decline in EBIT of EUR 12 million to EUR -369 million was largely a result of two contrasting effects: the increase in depreciation, amortization and impairment losses on the one hand, and the positive development of EBITDA AL on the other. The increase in depreciation, amortization and impairment losses is mainly due to shorter project runtimes at Deutsche Telekom IT and higher capitalization in connection with the licensing of the ERP system.

Cash capex

Cash capex decreased by EUR 15 million year-on-year. Lower cash capex for vehicles was offset by higher investments in technology and innovation, primarily for development services.

Events after the reporting period

Please refer to the section "[Events after the reporting period](#)" in the interim consolidated financial statements.

Forecast

The statements in this section reflect the current views of our management. Contrary to the forecasts published in the 2021 combined management report ([2021 Annual Report](#), page 120 et seq.), we now expect to post higher adjusted EBITDA AL. Adjusted EBITDA AL for full-year 2022 was originally expected to come in at around EUR 36.5 billion. We now expect adjusted EBITDA AL for the Group to grow to over EUR 36.6 billion in the 2022 financial year. This is largely attributable to stronger-than-expected business performance in the United States operating segment, where we now anticipate adjusted EBITDA AL of around USD 26.6 billion, up from USD 26.4 billion. We also expect to see a corresponding increase in adjusted core EBITDA AL. 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 10 billion, up from our original guidance of around EUR 10 billion. Notwithstanding the current macroeconomic environment, all other published statements remain valid. Our planning assumes a U.S. dollar exchange rate of USD 1.18; financial results for T-Mobile Netherlands were not included.

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

Risks and opportunities

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

Risks arising from the macroeconomic environment. Uncertainty about global economic development increased substantially in the first quarter of 2022. In addition to the coronavirus pandemic, with its impact on the economy and social cohesion, the war in Ukraine has taken a substantial toll on economic development. A ban on deliveries or imports of Russian energy sources could push up global energy prices further, especially for natural gas, and lead to serious supply shortages, especially for our Germany and Europe segments. Although the pandemic has only had a limited negative impact on the telecommunications sector so far, if the pandemic were to re-escalate, it could lead to prolonged and increased supply-side shortages. In this context, China's central role for global supply and value chains, combined with the zero-tolerance strategy adopted there, pose a particular risk. The combination of further energy price rises and persistent shortages entails the risk of stagflation, i.e., a situation with no or negative economic growth in conjunction with high inflation. This could lead to increases in the prices of the products we purchase. In addition, the consumer behavior of customers could change, leading them to switch to lower-cost rate plans. Similar developments could also arise in the United States, where pandemic-related government aid programs are coming to an end. In addition, interest rates are set to rise in the United States and in the medium term in Germany, which may also lead to lower investments and a decline in consumer spending. Additional risks could potentially result from other geopolitical conflicts and the uncertainty from international trade conflicts. We therefore expect the macroeconomic situation in Germany, the United States, and Europe to deteriorate and are raising the risk significance from low to medium.

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

Litigation

Proceedings against T-Mobile US as a consequence of the cyberattack on T-Mobile US. As reported in the combined management report of the [2021 Annual Report](#), consumer class actions were filed against T-Mobile US and a derivative action was filed against the members of the Board of Directors of T-Mobile US as a result of the cyberattack. The derivative action filed against the members of the Board of Directors of T-Mobile US has since been withdrawn by the plaintiff.

Anti-trust proceedings

Claims for damages against Slovak Telekom following a European Commission decision to impose fines. As reported in the combined management report of the [2021 Annual Report](#), following the decision of the European Commission, competitors filed damage actions against Slovak Telekom with the civil court in Bratislava. A further action was filed with the court in the reporting period, such that there are now three claims pending, amounting to a total of EUR 219 million plus interest. It is currently not possible to estimate the financial impact with sufficient certainty.

Assessment of the aggregate risk position

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

Interim consolidated financial statements

Consolidated statement of financial position

millions of €	Mar. 31, 2022	Dec. 31, 2021	Change	Change %	Mar. 31, 2021
Assets					
Current assets	36,507	38,799	(2,292)	(5.9)	33,798
Cash and cash equivalents	9,875	7,617	2,258	29.6	9,872
Trade receivables	15,542	15,299	243	1.6	13,264
Contract assets	2,072	2,034	38	1.9	1,985
Current recoverable income taxes	183	321	(138)	(43.0)	351
Other financial assets	3,576	4,051	(475)	(11.7)	2,720
Inventories	3,222	2,855	367	12.9	2,569
Other assets	1,966	1,766	200	11.3	1,966
Non-current assets and disposal groups held for sale	71	4,856	(4,785)	(98.5)	1,070
Non-current assets	255,915	242,828	13,087	5.4	240,103
Intangible assets	137,224	132,647	4,577	3.5	130,146
Property, plant and equipment	63,159	61,770	1,389	2.2	61,522
Right-of-use assets	37,028	30,777	6,251	20.3	30,960
Capitalized contract costs	2,768	2,585	183	7.1	2,290
Investments accounted for using the equity method	1,960	938	1,022	n.a.	569
Other financial assets	4,771	4,836	(65)	(1.3)	5,351
Deferred tax assets	7,416	7,906	(490)	(6.2)	8,107
Other assets	1,588	1,369	219	16.0	1,157
Total assets	292,422	281,627	10,795	3.8	273,901
Liabilities and shareholders' equity					
Current liabilities	36,495	38,803	(2,308)	(5.9)	35,295
Financial liabilities	10,677	12,243	(1,566)	(12.8)	11,451
Lease liabilities	4,909	5,040	(131)	(2.6)	4,910
Trade and other payables	10,865	10,452	413	4.0	8,936
Income tax liabilities	748	549	199	36.2	770
Other provisions	3,531	3,903	(372)	(9.5)	3,464
Other liabilities	4,030	3,584	446	12.4	3,672
Contract liabilities	1,735	1,668	67	4.0	1,671
Liabilities directly associated with non-current assets and disposal groups held for sale	0	1,365	(1,365)	(100.0)	421
Non-current liabilities	168,272	161,355	6,917	4.3	161,122
Financial liabilities	99,880	99,223	657	0.7	99,815
Lease liabilities	35,222	28,094	7,128	25.4	28,314
Provisions for pensions and other employee benefits	5,010	6,134	(1,124)	(18.3)	6,570
Other provisions	5,002	5,560	(558)	(10.0)	5,291
Deferred tax liabilities	20,517	19,809	708	3.6	18,266
Other liabilities	2,049	1,959	90	4.6	2,449
Contract liabilities	592	577	15	2.6	416
Liabilities	204,767	200,159	4,608	2.3	196,417
Shareholders' equity	87,656	81,469	6,187	7.6	77,484
Issued capital	12,765	12,765	0	0.0	12,189
Treasury shares	(37)	(37)	0	0.0	(46)
	12,728	12,728	0	0.0	12,143
Capital reserves	63,708	63,773	(65)	(0.1)	62,541
Retained earnings including carryforwards	(31,411)	(36,358)	4,947	13.6	(33,996)
Total other comprehensive income	(844)	(1,641)	797	48.6	(2,898)
Net profit (loss)	3,949	4,176	(227)	(5.4)	936
Issued capital and reserves attributable to owners of the parent	48,129	42,679	5,450	12.8	38,727
Non-controlling interests	39,526	38,790	736	1.9	38,758
Total liabilities and shareholders' equity	292,422	281,627	10,795	3.8	273,901

Consolidated income statement

millions of €					
	Q1 2022	Q1 2021	Change	Change %	FY 2021
Net revenue	28,023	26,390	1,633	6.2	108,794
Of which: interest income calculated using the effective interest method	128	72	56	77.8	276
Other operating income	3,164	288	2,876	n.a.	1,299
Changes in inventories	21	1	20	n.a.	(6)
Own capitalized costs	686	673	13	1.9	2,868
Goods and services purchased	(12,942)	(11,433)	(1,509)	(13.2)	(49,683)
Personnel costs	(4,794)	(4,656)	(138)	(3.0)	(18,463)
Other operating expenses	(1,066)	(902)	(164)	(18.2)	(4,271)
Impairment losses on financial assets	(242)	(145)	(97)	(66.9)	(638)
Gains (losses) from the write-off of financial assets measured at amortized cost	(12)	(24)	12	50.0	(123)
Other	(812)	(733)	(79)	(10.8)	(3,510)
EBITDA	13,092	10,361	2,731	26.4	40,539
Depreciation, amortization and impairment losses	(6,765)	(6,842)	77	1.1	(27,482)
Profit (loss) from operations (EBIT)	6,327	3,519	2,808	79.8	13,057
Finance costs	(1,243)	(1,186)	(57)	(4.8)	(4,601)
Interest income	114	115	(1)	(0.9)	451
Interest expense	(1,358)	(1,301)	(57)	(4.4)	(5,052)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	19	(12)	31	n.a.	(102)
Other financial income (expense)	335	(478)	813	n.a.	(437)
Profit (loss) from financial activities	(890)	(1,675)	785	46.9	(5,139)
Profit (loss) before income taxes	5,438	1,844	3,594	n.a.	7,918
Income taxes	(1,083)	(542)	(541)	(99.8)	(1,815)
Profit (loss)	4,355	1,302	3,053	n.a.	6,103
Profit (loss) attributable to					
Owners of the parent (net profit (loss))	3,949	936	3,013	n.a.	4,176
Non-controlling interests	406	366	40	10.9	1,927

Earnings per share

	Q1 2022	Q1 2021	Change	Change %	FY 2021	
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	3,949	936	3,013	n.a.	4,176
Adjusted weighted average number of basic/diluted ordinary shares outstanding	millions	4,972	4,743	229	4.8	4,813
Earnings per share basic/diluted	€	0.79	0.20	0.59	n.a.	0.87

Consolidated statement of comprehensive income

millions of €	Q1 2022	Q1 2021	Change	FY 2021
Profit (loss)	4,355	1,302	3,053	6,103
Items not subsequently reclassified to profit or loss (not recycled)				
Gains (losses) from the remeasurement of equity instruments	12	33	(21)	112
Gains (losses) from the remeasurement of defined benefit plans	1,149	979	170	1,426
Revaluation due to business combinations	0	0	0	0
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0
Income taxes relating to components of other comprehensive income	(302)	(185)	(117)	(261)
	859	826	33	1,278
Items subsequently reclassified to profit or loss (recycled), if certain reasons are given				
Exchange differences on translating foreign operations				
Recognition of other comprehensive income in income statement	2	0	2	61
Change in other comprehensive income (not recognized in income statement)	1,389	2,697	(1,308)	5,142
Gains (losses) from the remeasurement of debt instruments				
Recognition of other comprehensive income in income statement	205	82	123	417
Change in other comprehensive income (not recognized in income statement)	(237)	(32)	(205)	(497)
Gains (losses) from hedging instruments (designated risk components)				
Recognition of other comprehensive income in income statement	33	(84)	117	17
Change in other comprehensive income (not recognized in income statement)	177	123	54	296
Gains (losses) from hedging instruments (hedging costs)				
Recognition of other comprehensive income in income statement	1	1	0	2
Change in other comprehensive income (not recognized in income statement)	(16)	9	(25)	60
Share of profit (loss) of investments accounted for using the equity method				
Recognition of other comprehensive income in income statement	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	0	0	0	0
Income taxes relating to components of other comprehensive income	(48)	(13)	(35)	(81)
	1,506	2,782	(1,276)	5,417
Other comprehensive income	2,365	3,608	(1,243)	6,694
Total comprehensive income	6,720	4,910	1,810	12,798
Total comprehensive income attributable to				
Owners of the parent	5,516	2,894	2,622	8,010
Non-controlling interests	1,204	2,016	(812)	4,788

Consolidated statement of changes in equity

millions of €

	Issued capital and reserves attributable to owners of the parent						
	Equity contributed		Consolidated shareholders' equity generated				
	Issued capital	Treasury shares	Capital reserves	Retained earnings including carryforwards	Net profit (loss)	Translation of foreign operations	Revaluation surplus
Balance at January 1, 2021	12,189	(46)	62,640	(38,905)	4,158	(4,092)	(14)
Transfer resulting from changes in accounting standards							
Changes in the composition of the Group							
Transactions with owners			(121)			7	
Unappropriated profit (loss) carried forward				4,158	(4,158)		
Dividends							
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			21				
Share buy-back/shares held in a trust deposit							
Profit (loss)					936		
Other comprehensive income				724		1,155	
Total comprehensive income							
Transfer to retained earnings				26			2
Balance at March 31, 2021	12,189	(46)	62,541	(33,996)	936	(2,929)	(12)
Balance at January 1, 2022	12,765	(37)	63,773	(36,358)	4,176	(1,747)	(7)
Transfer resulting from changes in accounting standards							
Changes in the composition of the Group							
Transactions with owners			(132)			(1)	
Unappropriated profit (loss) carried forward				4,176	(4,176)		
Dividends							
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			67				
Share buy-back/shares held in a trust deposit							
Profit (loss)					3,949		
Other comprehensive income				783		662	
Total comprehensive income							
Transfer to retained earnings				(13)			2
Balance at March 31, 2022	12,765	(37)	63,708	(31,411)	3,949	(1,086)	(6)

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			
156	0	(223)	24	0	34	35,922	36,628	72,550
						0	0	0
						0	0	0
		3			(1)	(111)	88	(23)
						0	0	0
						0	0	0
						0	0	0
						21	26	47
						0	0	0
						936	366	1,302
37	21	18	9		(7)	1,958	1,650	3,608
						2,894	2,016	4,910
(28)					0	0	0	0
165	21	(202)	33	0	27	38,727	38,758	77,484
143	(37)	(56)	86	0	(22)	42,679	38,790	81,469
						0	0	0
						0	(583)	(583)
		3			(1)	(132)	41	(91)
						0	0	0
						0	0	0
						0	0	0
						67	74	141
						0	0	0
						3,949	406	4,355
12	(15)	188	(15)		(48)	1,567	798	2,365
						5,516	1,204	6,720
11						0	0	0
166	(52)	135	70	0	(71)	48,129	39,526	87,656

Consolidated statement of cash flows

millions of €	Q1 2022	Q1 2021	Change	FY 2021
Profit (loss) before income taxes	5,438	1,844	3,594	7,918
Depreciation, amortization and impairment losses	6,765	6,842	(77)	27,482
(Profit) loss from financial activities	890	1,675	(785)	5,139
(Profit) loss on the disposal of fully consolidated subsidiaries	(2,553)	0	(2,553)	(130)
(Income) loss from the sale of stakes accounted for using the equity method	0	0	0	(13)
Other non-cash transactions	82	97	(15)	226
(Gains) losses from the disposal of intangible assets and property, plant and equipment	18	5	13	161
Change in assets carried as operating working capital	(298)	678	(976)	(1,475)
Change in other operating assets	(82)	(339)	257	(1,059)
Change in provisions	(643)	(420)	(223)	(152)
Change in liabilities carried as operating working capital	535	(800)	1,335	241
Change in other operating liabilities	388	251	137	(260)
Income taxes received (paid)	(48)	(255)	207	(893)
Dividends received	2	1	1	8
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	0	0	0	(1)
Cash generated from operations	10,494	9,581	913	37,191
Interest paid	(1,372)	(1,488)	116	(6,158)
Interest received	236	213	23	1,138
Net cash from operating activities	9,358	8,307	1,051	32,171
Cash outflows for investments in				
Intangible assets	(3,551)	(9,073)	5,522	(12,749)
Property, plant and equipment	(3,621)	(3,199)	(422)	(13,616)
Non-current financial assets	(276)	(65)	(211)	(336)
Payments for publicly funded investments in the broadband build-out	(73)	(84)	11	(436)
Proceeds from public funds for investments in the broadband build-out	44	26	18	420
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(51)	(23)	(28)	(1,617)
Proceeds from disposal of				
Intangible assets	1	0	1	2
Property, plant and equipment	50	48	2	137
Non-current financial assets	41	62	(21)	352
Changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	4,089	0	4,089	352
Net change in short-term investments and marketable securities and receivables	(1,165)	(65)	(1,100)	89
Other	1	0	1	0
Net cash (used in) from investing activities	(4,512)	(12,373)	7,861	(27,403)
Proceeds from issue of current financial liabilities	32	625	(593)	4,431
Repayment of current financial liabilities	(1,200)	(3,774)	2,574	(18,040)
Proceeds from issue of non-current financial liabilities	0	5,666	(5,666)	12,925
Repayment of non-current financial liabilities	0	0	0	0
Dividend payments (including to other shareholders of subsidiaries)	0	0	0	(3,145)
Principal portion of repayment of lease liabilities	(1,235)	(1,724)	489	(6,458)
Cash inflows from transactions with non-controlling entities	3	3	0	14
Cash outflows from transactions with non-controlling entities	(252)	(208)	(44)	(506)
Other	0	0	0	0
Net cash (used in) from financing activities	(2,653)	588	(3,241)	(10,779)
Effect of exchange rate changes on cash and cash equivalents	57	414	(357)	620
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	8	0	8	68
Net increase (decrease) in cash and cash equivalents	2,258	(3,065)	5,323	(5,323)
Cash and cash equivalents, at the beginning of the period	7,617	12,939	(5,322)	12,939
Cash and cash equivalents, at the end of the period	9,875	9,872	3	7,617

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. The interim management report for the Group was prepared in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

Statement of compliance

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

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

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

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

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

War in Ukraine

Deutsche Telekom's business activities and hence its results of operations and financial position are not significantly impacted by the consequences of the war in Ukraine. Deutsche Telekom does not operate any networks in Russia or Ukraine and is discontinuing its developer activities in Russia. Possible future effects on the measurement of individual assets and liabilities are being analyzed on an ongoing basis. It is not yet possible to assess with certainty how Deutsche Telekom will be indirectly affected, in particular by the impact on the global economy. The overall economic outlook has deteriorated significantly as a result of the extensive sanctions and limitations on trade in goods.

Coronavirus pandemic

The development of the global economy continues to be impacted by the coronavirus pandemic. Due to higher demand for certain telecommunications services, the impact of the crisis is being felt less severely by the telecommunications industry and Deutsche Telekom than by other industries. Business activities and thus the results of operations and financial position of Deutsche Telekom were impacted by the coronavirus pandemic in various business areas, affecting revenue and earnings, although not to any significant extent.

Although the pandemic has only had a limited negative impact on the telecommunications sector so far, if the global pandemic were to re-escalate, it could lead to prolonged and increased supply-side shortages. Due to the uncertain path of the coronavirus pandemic, Deutsche Telekom cannot rule out economic implications resulting from possible further developments, such as the emergence of virus mutations. Possible future effects on the measurement of individual assets and liabilities are being analyzed on an ongoing basis. Based on experience so far, the coronavirus pandemic is expected to continue to have only a limited impact on Deutsche Telekom's business going forward.

Changes in the composition of the Group and other transactions

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

Sale of T-Mobile Netherlands

On September 6, 2021, Deutsche Telekom and Tele2 signed an agreement to sell T-Mobile Netherlands to WP/AP Telecom Holdings IV, a private equity consortium advised by Apax Partners and Warburg Pincus. The transaction was consummated on March 31, 2022 after obtaining the necessary approvals from the authorities and satisfying the other closing conditions. The sale price is based on an enterprise value of EUR 5.1 billion. The cash proceeds – based on a shareholding of 75 % – amounted to EUR 3.6 billion. The gain on deconsolidation resulting from the sale amounted to EUR 0.9 billion.

Joint venture GlasfaserPlus with IFM

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

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

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

OTE share buy-back

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

Selected notes to the consolidated statement of financial position

Trade receivables

At EUR 15.5 billion, trade receivables increased by EUR 0.2 billion against the 2021 year-end level. The increase was primarily driven by higher receivables under the Equipment Installment Plan, customer additions, and exchange rate effects in the United States operating segment. This increase was partially offset by lower receivables in the Germany and Europe operating segments.

Contract assets

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

Inventories

The carrying amount of inventories increased by EUR 0.4 billion compared to December 31, 2021 to EUR 3.2 billion, mainly due to higher inventories of high-priced mobile terminal equipment in the Germany and United States operating segments. Positive exchange rate effects, mainly from the translation from U.S. dollars into euros, also increased the carrying amount.

Intangible assets

The carrying amount of intangible assets increased by EUR 4.6 billion to EUR 137.2 billion, primarily due to additions of EUR 3.8 billion, EUR 2.6 billion of which resulted from the acquisition of mobile spectrum for 199 mobile licenses acquired in January 2022 at the 3,450 MHz auction held by the Federal Communications Commission (FCC). Positive exchange rate effects of EUR 2.3 billion, primarily from the translation of U.S. dollars into euros, and effects of changes in the composition of the Group of EUR 0.1 billion also increased the carrying amount, while amortization and impairment losses of EUR 1.6 billion reduced it.

Property, plant and equipment

The carrying amount of property, plant and equipment increased by EUR 1.4 billion compared to December 31, 2021 to EUR 63.2 billion. Additions of EUR 4.4 billion for the upgrade and build-out of the network and in connection with the broadband/fiber-optic build-out and mobile infrastructure build-out in the Germany and Europe operating segments increased the carrying amount. The modification of the arrangements between T-Mobile US and Crown Castle regarding existing cell sites increased the carrying amount by EUR 0.8 billion. Positive exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 0.6 billion, while depreciation and impairment losses totaling EUR 3.3 billion and disposals of EUR 0.4 billion had an offsetting effect.

For more information on the modification of the arrangements between T-Mobile US and Crown Castle, please refer to the section [“Right-of-use assets.”](#)

Right-of-use assets

The carrying amount of the right-of-use assets increased by EUR 6.3 billion compared to December 31, 2021 to EUR 37.0 billion. This increase was driven by additions of EUR 7.6 billion, primarily as a result of the agreement signed between T-Mobile US and Crown Castle in January 2022 on the modification of existing arrangements, mainly concerning the lease of Crown Castle's cell sites. This agreement includes a modification of the monthly lease payments for existing cell sites and an extension of the non-cancelable lease term until December 31, 2033 (with additional extension options). The modification of the arrangements results in an increase of USD 7.3 billion (EUR 6.6 billion) each in the right-of-use assets and in lease liabilities, and an increase of USD 0.9 billion (EUR 0.8 billion) each in property, plant and equipment and in other financial liabilities for contract components that, due to their financing character, do not fall under the scope of IFRS 16. Positive exchange rate effects, primarily from the translation of U.S. dollars into euros, also increased the carrying amount by EUR 0.7 billion. The carrying amount was reduced by depreciation, amortization and impairment losses of EUR 1.8 billion. This included a EUR 0.4 billion increase in depreciation and amortization due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint. Reclassifications of lease assets at the end of the contractual lease term to property, plant and equipment, in the United States operating segment in particular, also reduced the carrying amount by EUR 0.1 billion.

Capitalized contract costs

As of March 31, 2022, the carrying amount of capitalized contract costs was up by EUR 0.2 billion against the level of December 31, 2021 to EUR 2.8 billion. The capitalized contract costs primarily relate to the United States, Germany, and Europe operating segments.

Investments accounted for using the equity method

The carrying amount of investments accounted for using the equity method increased from EUR 1.0 billion on December 31, 2021 to EUR 2.0 billion, mainly in connection with the completed sale of a 50 % stake in GlasfaserPlus. Following the loss of control as a result of the transaction, the GlasfaserPlus entities were deconsolidated as of February 28, 2022. Since this date, the remaining 50 % of the shares in the joint venture have been included in the consolidated financial statements as an investment accounted for using the equity method with a carrying amount of EUR 0.9 billion. After the transaction was consummated, EUR 0.1 billion was paid into the reserves of GlasfaserPlus as per agreement.

For further information on the joint venture GlasfaserPlus with IFM, please refer to the section [“Changes in the composition of the Group and other transactions.”](#)

Other financial assets

The carrying amount of current and non-current other financial assets decreased from EUR 8.9 billion as of December 31, 2021 to EUR 8.3 billion. The carrying amount of derivatives with a hedging relationship decreased by EUR 0.8 billion to EUR 0.7 billion, mainly due to the decrease in positive fair values from interest rate swaps in fair value hedges, which is primarily the result of a rise in the interest rate level. The carrying amount of derivatives without a hedging relationship increased by a net effect of EUR 0.1 billion to EUR 1.3 billion. In connection with the stock options received from SoftBank to purchase shares in T-Mobile US, the carrying amount of the stock options remaining after the partial exercise in June 2021 increased by EUR 0.2 billion compared with December 31, 2021. This was thanks to the positive development of the T-Mobile US share price and the amortization from the initial measurement of the stock options at fair value. The carrying amount was also increased by positive measurement effects of EUR 0.1 billion from energy forward agreements embedded in contracts. In connection with negative measurement effects from derivatives embedded in bonds issued by T-Mobile US, the carrying amount of derivatives without a hedging relationship decreased by EUR 0.3 billion. The net total of originated loans and receivables increased by EUR 0.1 billion to EUR 5.6 billion. A contingent consideration receivable of EUR 0.5 billion was recorded in connection with the sale of a 50 % stake in GlasfaserPlus. As the remainder of the purchase price, this receivable will arise in stages upon achieving certain build-out milestones. In connection with receivables from grants still to be received from funding projects for the broadband build-out in Germany, originated loans and receivables increased by EUR 0.1 billion. By contrast, cash collateral deposited decreased by EUR 0.1 billion.

For further information on embedded derivatives at T-Mobile US and on the stock options, please refer to the section [“Disclosures on financial instruments.”](#)

For further information on the joint venture GlasfaserPlus with IFM, please refer to the section [“Changes in the composition of the Group and other transactions.”](#)

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 4.8 billion compared with December 31, 2021 to EUR 0.1 billion. EUR 4.7 billion of this decrease related to the sale of T-Mobile Netherlands on March 31, 2022 and EUR 0.1 billion to the sale of the 50 % stake in GlasfaserPlus on February 28, 2022. Both these companies were classified as held for sale as of December 31, 2021 on account of the specific intention to sell them.

For further information on these corporate transactions, please refer to the section [“Changes in the composition of the Group and other transactions.”](#)

Financial liabilities and lease liabilities

The following table shows the composition and maturity structure of **financial liabilities** as of March 31, 2022:

millions of €	Mar. 31, 2022	Due within 1 year	Due >1 ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	93,296	5,627	27,004	60,665
Liabilities to banks	3,753	1,377	1,587	789
Liabilities to non-banks from promissory note bonds	422	0	150	272
Liabilities with the right of creditors to priority repayment in the event of default	3,189	473	2,295	420
Other interest-bearing liabilities	7,046	1,417	2,281	3,348
Other non-interest-bearing liabilities	2,019	1,721	113	185
Derivative financial liabilities	831	62	330	439
Financial liabilities	110,557	10,677	33,761	66,119

The carrying amount of current and non-current financial liabilities decreased by EUR 0.9 billion compared with year-end 2021 to EUR 110.6 billion, primarily due to the factors described below. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 1.4 billion.

The carrying amount of bonds and other securitized liabilities decreased by EUR 0.6 billion. Repayments by T-Mobile US of a bond with a volume of USD 0.5 billion (EUR 0.5 billion) and in the Group of a euro bond in the volume of EUR 0.1 billion reduced the carrying amount in the reporting period. In addition, the carrying amount decreased by EUR 1.3 billion in connection with measurement effects from derivatives with a hedging relationship, the offsetting entry for which is posted under bonds and other securitized liabilities. This decrease was mainly due to the increase in negative fair values from interest rate swaps in fair value hedges, which is primarily the result of a rise in the interest rate level. The carrying amount of bonds and other securitized liabilities increased by EUR 1.2 billion due to exchange rate effects, especially from the translation of U.S. dollars into euros.

The carrying amount of liabilities to banks decreased by EUR 0.2 billion compared with December 31, 2021 to EUR 3.8 billion, mainly due to the repayments made in the reporting period.

The liabilities with the right of creditors to priority repayment in the event of default of EUR 3.2 billion (December 31, 2021: EUR 3.2 billion) relate primarily to bonds issued by Sprint. Collateral was provided for these bonds, hence they constitute a separate class of financial instruments. Repayments in the reporting period in the amount of EUR 0.1 billion when translated into euros reduced the carrying amount. Exchange rate effects from the translation of U.S. dollars into euros raised the carrying amount by EUR 0.1 billion.

The carrying amount of other interest-bearing liabilities decreased by EUR 0.3 billion compared with December 31, 2021 to EUR 7.0 billion. The carrying amount of other interest-bearing liabilities decreased by a total of EUR 1.2 billion in connection with collateral received for derivative financial instruments. The modification of the arrangements between T-Mobile US and Crown Castle regarding cell sites increased the carrying amount by EUR 0.8 billion.

For further information on cash collateral, please refer to the section "[Disclosures on financial instruments](#)."

For more information on the modification of the arrangements between T-Mobile US and Crown Castle, please refer to the section "[Right-of-use assets](#)."

The carrying amount of derivative financial liabilities increased by EUR 0.1 billion to EUR 0.8 billion, driven by negative measurement effects of derivatives with a hedging relationship, mainly due to the increase in negative fair values from interest rate swaps in fair value hedges, which is primarily the result of a rise in the interest rate level. The carrying amount was reduced by positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future.

For further information on derivative financial liabilities, please refer to the section "[Disclosures on financial instruments](#)."

The carrying amount of current and non-current **lease liabilities** increased by EUR 7.0 billion to EUR 40.1 billion compared with December 31, 2021. This increase primarily relates to the modification of the arrangements between T-Mobile US and Crown Castle, which resulted in an increase in the carrying amounts of lease liabilities of EUR 6.6 billion. By contrast, the carrying amount was reduced by EUR 0.2 billion, in part in connection with the decommissioning of former Sprint cell sites and the closure of some former Sprint shops in the United States operating segment. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.7 billion.

For more information on the modification of the arrangements between T-Mobile US and Crown Castle, please refer to the section "[Right-of-use assets](#)."

Trade and other payables

The carrying amount of trade and other payables increased by EUR 0.4 billion to EUR 10.9 billion, due in particular to higher liabilities to terminal equipment vendors in the United States operating segment. Liabilities also increased in the Systems Solutions and Germany operating segments, but declined in the Europe operating segment. Exchange rate effects, primarily from the translation of U.S. dollars into euros, increased the carrying amount.

Provisions for pensions and other employee benefits

The carrying amount of provisions for pensions and other employee benefits decreased by EUR 1.1 billion as of December 31, 2021 to EUR 5.0 billion, mainly due to interest rate adjustments. Overall, the remeasurement of defined benefit plans resulted in an actuarial gain of EUR 1.1 billion.

Current and non-current other provisions

The carrying amount of current and non-current other provisions decreased by EUR 0.9 billion compared with the end of 2021 to EUR 8.5 billion. Other provisions for personnel costs decreased by EUR 0.5 billion, mainly in connection with the bonuses paid out to employees in the United States operating segment and a decline in the provision recognized for the Civil Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK). The latter was primarily attributable to the subsequent measurement of the present value determined using actuarial principles (interest effect). The provisions for restoration obligations decreased by EUR 0.2 billion.

Other liabilities

The carrying amount of current and non-current other liabilities increased by EUR 0.5 billion to EUR 6.1 billion, EUR 0.3 billion of which was attributable to an increase in liabilities from other taxes. Liabilities due to existing build-out obligations in connection with grants still to be received from funding projects for the broadband build-out in Germany increased by EUR 0.1 billion.

Contract liabilities

The carrying amount of current and non-current contract liabilities increased by EUR 0.1 billion compared with December 31, 2021 to EUR 2.3 billion. These mainly comprise deferred revenues.

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

The carrying amount of liabilities directly associated with non-current assets and disposal groups held for sale decreased by EUR 1.4 billion against December 31, 2021 to EUR 0.0 billion, in connection with the sale of T-Mobile Netherlands on March 31, 2022. This company was classified as held for sale as of December 31, 2021 on account of the specific intention to sell it.

For further information on the sale of T-Mobile Netherlands, please refer to the section [“Changes in the composition of the Group and other transactions.”](#)

Shareholders' equity

The carrying amount of shareholders' equity increased from EUR 81.5 billion as of December 31, 2021 to EUR 87.7 billion. Profit of EUR 4.4 billion and capital increases from share-based payments of EUR 0.1 billion increased shareholders' equity, as did other comprehensive income of EUR 2.4 billion, primarily as a result of currency translation effects of EUR 1.4 billion recognized directly in equity and the remeasurement of defined benefit plans accounting for EUR 1.1 billion, as well as gains from hedging instruments of EUR 0.2 billion. By contrast, income taxes relating to components of other comprehensive income of EUR 0.3 billion had a negative impact on other comprehensive income. Changes in the composition of the Group – mainly due to the sale of T-Mobile Netherlands in the Group Development operating segment – reduced the carrying amount of shareholders' equity by EUR 0.6 billion and transactions with owners by EUR 0.1 billion.

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

	Mar. 31, 2022			Dec. 31, 2021		
	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Changes in the composition of the Group	0	(583)	(583)	0	(181)	(181)
Sale of T-Mobile Netherlands	0	(583)	(583)	0	0	0
Sale of Telekom Romania Communications	0	0	0	0	(170)	(170)
Other effects	0	0	0	0	(11)	(11)
Transactions with owners	(132)	41	(91)	(179)	(48)	(227)
OTE share buy-back	(24)	(45)	(69)	(62)	(131)	(193)
Hrvatski Telekom share buy-back	(2)	(21)	(23)	(1)	(12)	(13)
T-Mobile US share-based payment	(106)	107	1	(157)	165	9
Magyar Telekom share buy-back	0	0	0	9	(38)	(29)
T-Mobile Netherlands sale and leaseback	0	0	0	33	(33)	0
Other effects	0	0	0	0	0	0
Capital increase of Deutsche Telekom AG	0	0	0	1,511	(2,358)	(847)

For further information on the sale of T-Mobile Netherlands, please refer to the section [“Changes in the composition of the Group and other transactions.”](#)

Selected notes to the consolidated income statement

Net revenue

Net revenue breaks down into the following revenue categories:

millions of €	Q1 2022	Q1 2021
Revenue from the rendering of services	22,300	20,498
Germany	5,108	5,052
United States	13,731	11,982
Europe	2,238	2,280
Systems Solutions	785	771
Group Development	416	394
Group Headquarters & Group Services	21	19
Revenue from the sale of goods and merchandise	4,987	4,669
Germany	605	563
United States	3,886	3,624
Europe	367	350
Systems Solutions	12	17
Group Development	116	116
Group Headquarters & Group Services	0	0
Revenue from the use of entity assets by others	737	1,223
Germany	152	183
United States	431	877
Europe	50	51
Systems Solutions	5	10
Group Development	72	71
Group Headquarters & Group Services	28	31
Net revenue	28,023	26,390

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 2022	Q1 2021
Income from the reversal of impairment losses on non-current assets	1	0
Income from the disposal of non-current assets	22	34
Income from reimbursements	29	31
Income from insurance compensation	112	29
Income from ancillary services	6	5
Miscellaneous other operating income	2,995	189
Of which: gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method	2,553	0
	3,164	288

Income from insurance compensation mainly resulted from payments on account from insurance companies in connection with damage sustained in the catastrophic flooding in North Rhine-Westphalia and Rhineland-Palatinate in July 2021. Gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method of EUR 1.7 billion were attributable to the loss of control over the GlasfaserPlus entities. The sale of T-Mobile Netherlands resulted in a gain on deconsolidation of EUR 0.9 billion, which was determined taking the repayment of internal shareholder loans and the net assets on the date of deconsolidation into account. Other operating income also includes a payment of EUR 0.2 billion in connection with the settlement of a series of patent disputes between T-Mobile US and a competitor as well as a large number of individual items accounting for marginal amounts.

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

Other operating expenses

millions of €		
	Q1 2022	Q1 2021
Impairment losses on financial assets	(242)	(145)
Gains (losses) from the write-off of financial assets measured at amortized cost	(12)	(24)
Other	(812)	(733)
Legal and audit fees	(119)	(103)
Losses from asset disposals	(40)	(39)
Income (losses) from the measurement of factoring receivables	(2)	(2)
Other taxes	(154)	(145)
Cash and guarantee transaction costs	(144)	(129)
Insurance expenses	(39)	(32)
Miscellaneous other operating expenses	(314)	(283)
	(1,066)	(902)

The year-on-year increase in impairment losses on financial assets was mainly attributable to allowances of customer receivables primarily in the United States operating segment. Miscellaneous other operating expenses include a large number of individual items at marginal amounts.

Depreciation, amortization and impairment losses

At EUR 6.8 billion, depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets were at the prior-year level overall in the first quarter of 2022. In the United States operating segment, a reduction in the useful life of leased network technology for cell sites following the business combination of T-Mobile US and Sprint increased depreciation of the corresponding right-of-use assets by EUR 0.4 billion. By contrast, depreciation on property, plant and equipment in the United States operating segment declined due to the planned withdrawal from the terminal equipment lease business. In the Group Development operating segment, depreciation, amortization and impairment losses were down on the prior-year level in connection with the fact that T-Mobile Netherlands had been held for sale until it was sold and accordingly the related depreciation and amortization had been suspended.

Profit/loss from financial activities

The loss from financial activities decreased from EUR 1.7 billion in the first quarter of 2021 to EUR 0.9 billion, with finance costs remaining stable at EUR 1.2 billion. Other financial expense improved year-on-year from EUR 0.5 billion to other financial income of EUR 0.3 billion. On the one hand, gain/loss from financial instruments increased by EUR 0.7 billion to a gain of EUR 0.1 billion, driven by a positive measurement effect from the amortization and subsequent measurement of stock options received from SoftBank in June 2021 to purchase shares in T-Mobile US as well as positive measurement effects from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future. On the other hand, negative measurement effects resulted from derivatives of T-Mobile US embedded in bonds. The interest component from the measurement of provisions and liabilities increased by EUR 0.1 billion. Overall, the share of profit/loss of associates and joint ventures accounted for using the equity method was on a par with the prior-year period.

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

Income taxes

A tax expense of EUR 1.1 billion was recorded in the first quarter of 2022. The tax amount essentially reflects the shares of the different countries in profit before income taxes and their respective national tax rates. However, the effective tax rate was significantly reduced by the realization of tax-free income from the sale of T-Mobile Netherlands and the shares in GlasfaserPlus. In the prior-year period, a tax expense of EUR 0.5 billion had been recorded despite substantially lower profit/loss before income taxes.

Other disclosures

Notes to the consolidated statement of cash flows

Net cash from operating activities

Net cash from operating activities increased by EUR 1.1 billion year-on-year to EUR 9.4 billion. The strong performance both in the United States and outside of the United States had a positive effect here. In addition, a decrease in net interest payments of EUR 0.1 billion and in income tax payments of EUR 0.2 billion had a positive effect. Factoring agreements of EUR 0.1 billion also had a positive impact on net cash used in operating activities in the reporting period. Factoring agreements had had no material effects in the prior-year period.

Net cash used in investing activities

millions of €	Q1 2022	Q1 2021
Cash capex		
Germany operating segment	(902)	(860)
United States operating segment	(5,535)	(10,513)
Europe operating segment	(362)	(485)
Systems Solutions operating segment	(43)	(49)
Group Development operating segment	(99)	(115)
Group Headquarters & Group Services	(235)	(250)
Reconciliation	4	0
	(7,173)	(12,272)
Payments for publicly funded investments in the broadband build-out	(73)	(84)
Proceeds from public funds for investments in the broadband build-out	44	26
Net cash flows for collateral deposited and hedging transactions	(1,184)	(61)
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(51)	(23)
Changes in cash and cash equivalents in connection with the sale of the stake in T-Mobile Netherlands ^a	3,642	0
Changes in cash and cash equivalents in connection with the sale of the 50 % stake in GlasfaserPlus ^b	432	0
Other changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	15	0
Proceeds from the disposal of property, plant and equipment, and intangible assets	50	48
Other	(215)	(6)
	(4,512)	(12,373)

^a Includes, in addition to the cash inflow for the sale of the business operation of EUR 3,671 million, outflows of cash and cash equivalents in the amount of EUR 29 million.

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

At EUR 7.2 billion, cash capex was EUR 5.1 billion lower than in the prior-year period. In the reporting period, the United States operating segment acquired spectrum licenses for EUR 2.5 billion. Another EUR 0.1 billion was paid in this connection in the 2021 financial year as an advance payment and included in prior-year cash capex. The figure for the prior-year period included EUR 8.0 billion for the acquisition of mobile spectrum licenses, EUR 7.9 billion of which related to the United States operating segment and EUR 0.1 billion to the Europe operating segment. Excluding investments in mobile spectrum licenses, cash capex was up EUR 0.4 billion year-on-year. This change was primarily attributable to an increase of EUR 0.4 billion in the United States operating segment as a result of the further build-out of the 5G network.

Net cash used in/from financing activities

millions of €	Q1 2022	Q1 2021
Repayment of bonds	(554)	(2,670)
Dividend payments (including to other shareholders of subsidiaries)	0	0
Repayment of financial liabilities from financed capex and opex	0	(26)
Repayment of EIB loans	(12)	(481)
Net cash flows for collateral deposited and hedging transactions	0	0
Principal portion of repayment of lease liabilities	(1,235)	(1,724)
Repayment of financial liabilities for media broadcasting rights	(79)	(71)
Cash flows from continuing involvement factoring, net	5	(70)
Promissory notes, net	(55)	(58)
Issuance of bonds	0	5,666
Overnight borrowings from banks, net	0	600
Repayment of liabilities from 5G spectrum acquired in Germany	(85)	(85)
Repayment of liabilities with the right of creditors to priority repayment in the event of default	(119)	(183)
Cash inflows from transactions with non-controlling entities		
T-Mobile US capital increase	0	0
T-Mobile US stock options	1	3
Cellnex Netherlands capital contributions	1	0
	3	3
Cash outflows from transactions with non-controlling entities		
T-Mobile US share buy-backs	(152)	(180)
OTE share buy-backs	(71)	(20)
Other payments	(29)	(7)
	(252)	(208)
Other	(270)	(105)
	(2,653)	588

Non-cash transactions

In the reporting period, Deutsche Telekom leased assets totaling EUR 7.6 billion, mainly network equipment, cell sites, and land and buildings. As a result, these assets are recognized in the statement of financial position under right-of-use assets and the related liabilities under lease liabilities. Future repayments of the liabilities will be recognized in net cash used in/from financing activities. In the reporting period, EUR 6.6 billion related to the modification of the arrangements with Crown Castle, resulting in an increase in the same amount in the carrying amount of the right-of-use assets and the lease liabilities. Excluding this effect, asset leases were at the same level as in the prior-year period. The modification of the arrangement also increased property, plant and equipment and other financial liabilities by EUR 0.8 billion each for contractual components that, due to their financing character, do not fall under the scope of IFRS 16.

For more information on the modification of the arrangements between T-Mobile US and Crown Castle, please refer to the section [“Right-of-use assets.”](#)

Consideration for the acquisition of broadcasting rights is paid by Deutsche Telekom in accordance with the terms of the contract on the date of its conclusion or spread over the term of the contract. Financial liabilities of EUR 0.1 billion were recognized in the reporting period for future consideration for acquired broadcasting rights (prior-year period: also EUR 0.1 billion). The payment of the consideration will be recognized in net cash used in/from financing activities.

In the United States operating segment, EUR 0.1 billion was recognized for mobile terminal equipment under property, plant and equipment in the reporting period (prior-year period: EUR 0.4 billion). This relates to the terminal equipment lease model at T-Mobile US, under which customers do not purchase the devices but lease them. The cash outflows are presented under net cash from operating activities. The decline was primarily due to the withdrawal from the terminal equipment lease model.

Segment reporting

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

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

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

Segment information in the first quarter

millions of €

		Comparative period					Reporting date			
		Net revenue	Inter-segment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets ^a	Segment liabilities ^a	Investments accounted for using the equity method ^a
Germany	Q1 2022	5,864	130	5,994	3,021	(996)	(1)	47,658	32,508	1,005
	Q1 2021	5,797	145	5,942	1,215	(1,000)	(1)	46,407	33,071	33
United States	Q1 2022	18,048	0	18,048	2,044	(4,592)	(11)	207,039	137,612	336
	Q1 2021	16,483	0	16,483	2,144	(4,557)	(20)	196,781	129,522	323
Europe	Q1 2022	2,655	49	2,704	446	(618)	(1)	24,365	8,251	54
	Q1 2021	2,681	48	2,729	385	(644)	(1)	24,135	8,284	54
Systems Solutions	Q1 2022	802	194	996	(2)	(56)	(15)	4,164	3,509	24
	Q1 2021	798	217	1,015	(27)	(61)	(20)	4,120	3,619	23
Group Development	Q1 2022	605	220	825	1,194	(97)	0	5,982	4,096	508
	Q1 2021	580	202	782	166	(210)	0	10,700	6,587	491
Group Headquarters & Group Services	Q1 2022	49	555	604	(369)	(360)	(19)	40,722	55,912	34
	Q1 2021	51	574	625	(357)	(316)	(14)	38,851	58,470	14
Total	Q1 2022	28,023	1,147	29,171	6,334	(6,719)	(47)	329,930	241,888	1,961
	Q1 2021	26,390	1,186	27,576	3,526	(6,788)	(56)	320,994	239,553	938
Reconciliation	Q1 2022	0	(1,147)	(1,147)	(7)	2	(1)	(37,508)	(37,121)	(1)
	Q1 2021	0	(1,186)	(1,186)	(7)	2	0	(39,367)	(39,394)	0
Group	Q1 2022	28,023	0	28,023	6,327	(6,717)	(48)	292,422	204,767	1,960
	Q1 2021	26,390	0	26,390	3,519	(6,786)	(56)	281,627	200,159	938

^a Figures relate to the reporting dates of March 31, 2022 and December 31, 2021, respectively.

Contingencies

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

Proceedings against T-Mobile US as a consequence of the cyberattack on T-Mobile US. As reported in the combined management report of the [2021 Annual Report](#), consumer class actions were filed against T-Mobile US and a derivative action was filed against the members of the Board of Directors of T-Mobile US as a result of the cyberattack. The derivative action filed against the members of the Board of Directors of T-Mobile US has since been withdrawn by the plaintiff.

Claims for damages against Slovak Telekom following a European Commission decision to impose fines. As reported in the combined management report of the [2021 Annual Report](#), following the decision of the European Commission, competitors filed damage actions against Slovak Telekom with the civil court in Bratislava. A further claim was filed with the court in the reporting period, such that there are now three claims pending, amounting to a total of EUR 219 million plus interest. It is currently not possible to estimate the financial impact with sufficient certainty.

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

Other financial obligations

The following table provides an overview of Deutsche Telekom's other financial obligations as of March 31, 2022:

millions of €	
	Mar. 31, 2022
Purchase commitments regarding property, plant and equipment	6,930
Purchase commitments regarding intangible assets	1,586
Firm purchase commitments for inventories	5,901
Other purchase commitments and similar obligations	26,850
Payment obligations to the Civil Service Pension Fund	978
Obligations arising in connection with business combinations	194
Miscellaneous other obligations	93
	42,532

Disclosures on financial instruments

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

millions of €

	Measurement category in accordance with IFRS 9	Amounts recognized in the statement of financial position in accordance with IFRS 9					Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Mar. 31, 2022 ^b
		Carrying amount Mar. 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		
Assets								
Cash and cash equivalents	AC	9,875	9,875					
Trade receivables								
At amortized cost	AC	5,927	5,927					
At fair value through other comprehensive income	FVOCI	9,615			9,615			9,615
At fair value through profit or loss	FVTPL	0				0		0
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	4,891	4,891					4,913
Of which: collateral paid	AC	446	446					
Of which: publicly funded projects	AC	1,905	1,905					
At fair value through other comprehensive income	FVOCI	0			0			0
At fair value through profit or loss	FVTPL	680				680		680
Equity instruments								
At fair value through other comprehensive income	FVOCI	488		488				488
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,323				1,323		1,323
Of which: termination rights embedded in bonds issued	FVTPL	213				213		213
Of which: energy forward agreements embedded in contracts	FVTPL	332				332		332
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	459				459		459
Derivatives with a hedging relationship	n.a.	741			488	253		741
Lease assets	n.a.	222					222	
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	0		0				0

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

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

millions of €

Amounts recognized in the statement of financial position in accordance with IFRS 9

	Measurement category in accordance with IFRS 9	Carrying amount Mar. 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 Mar. 31, 2022 ^b
Liabilities								
Trade payables	AC	10,865	10,865					
Bonds and other securitized liabilities	AC	93,296	93,296					94,362
Liabilities to banks	AC	3,753	3,753					3,750
Liabilities to non-banks from promissory note bonds	AC	422	422					487
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,189	3,189					3,208
Other interest-bearing liabilities	AC	7,046	7,046					6,925
Of which: collateral received	AC	373	373					
Other non-interest-bearing liabilities	AC	2,019	2,019					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	185	185					
Lease liabilities	n.a.	40,131					40,131	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	316				316		316
Of which: energy forward agreements embedded in contracts	FVTPL	0				0		0
Derivatives with a hedging relationship	n.a.	515			41	474		515
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	20,693	20,693					4,913
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	9,615			9,615			9,615
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	488		488				488
Financial assets at fair value through profit or loss	FVTPL	2,006				2,006		2,006
Liabilities								
Financial liabilities at amortized cost	AC	120,590	120,590					108,732
Financial liabilities at fair value through profit or loss	FVTPL	316				316		316

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

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

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

millions of €

	Measurement category in accordance with IFRS 9	Carrying amount Dec. 31, 2021	Amounts recognized in the statement of financial position in accordance with IFRS 9				Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2021 ^b
			Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss ^a		
Assets								
Cash and cash equivalents	AC	7,617	7,617					
Trade receivables								
At amortized cost	AC	5,814	5,814					
At fair value through other comprehensive income	FVOCI	9,486			9,486		9,486	
At fair value through profit or loss	FVTPL	0				0	0	
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	5,224	5,224				5,252	
Of which: collateral paid	AC	589	589					
Of which: publicly funded projects	AC	1,794	1,794					
At fair value through other comprehensive income	FVOCI	0			0		0	
At fair value through profit or loss	FVTPL	233				233	233	
Equity instruments								
At fair value through other comprehensive income	FVOCI	437		437			437	
At fair value through profit or loss	FVTPL	3				3	3	
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,202				1,202	1,202	
Of which: termination rights embedded in bonds issued	FVTPL	464				464	464	
Of which: energy forward agreements embedded in contracts	FVTPL	191				191	191	
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	264				264	264	
Derivatives with a hedging relationship	n.a.	1,560			364	1,196	1,560	
Lease assets	n.a.	228					228	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	428	428					
Equity instruments within non-current assets and disposal groups held for sale	FVOCI	29		29			29	
Liabilities								
Trade payables	AC	10,452	10,452					
Bonds and other securitized liabilities	AC	93,857	93,857				103,397	
Liabilities to banks	AC	4,003	4,003				4,090	
Liabilities to non-banks from promissory note bonds	AC	483	483				565	
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,248	3,248				3,389	
Other interest-bearing liabilities	AC	7,344	7,344				7,321	
Of which: collateral received	AC	1,616	1,616					
Other non-interest-bearing liabilities	AC	1,829	1,829					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	185	185					
Lease liabilities	n.a.	33,133					33,133	

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

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

millions of €

	Measurement category in accordance with IFRS 9	Carrying amount Dec. 31, 2021	Amounts recognized in the statement of financial position in accordance with IFRS 9			Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2021 ^b
			Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss		
Derivative financial liabilities							
Derivatives without a hedging relationship	FVTPL	586			586	586	
Of which: energy forward agreements embedded in contracts	FVTPL	7			7	7	
Derivatives with a hedging relationship	n.a.	118		107	11	118	
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale							
	AC	1,086	1,086				
Of which: aggregated by measurement category in accordance with IFRS 9							
Assets							
Financial assets at amortized cost	AC	19,083	19,083			5,252	
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	9,486		9,486		9,486	
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	466		466		466	
Financial assets at fair value through profit or loss	FVTPL	1,438			1,438	1,438	
Liabilities							
Financial liabilities at amortized cost	AC	122,301	122,301			118,762	
Financial liabilities at fair value through profit or loss	FVTPL	586			586	586	

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

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

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

Financial instruments measured at fair value

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

Financial instruments measured at fair value

millions of €

	Mar. 31, 2022				Dec. 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Trade receivables								
At fair value through other comprehensive income			9,615	9,615			9,486	9,486
At fair value through profit or loss			0	0			0	0
Other financial assets – Originated loans and other receivables								
At fair value through other comprehensive income			0	0			0	0
At fair value through profit or loss	147	77	456	680	145	77	10	232
Equity instruments								
At fair value through other comprehensive income	15		473	488	29		437	466
At fair value through profit or loss			3	3			3	3
Derivative financial assets								
Derivatives without a hedging relationship		322	1,001	1,323		286	916	1,202
Derivatives with a hedging relationship		741		741		1,560		1,560
Liabilities								
Derivative financial liabilities								
Derivatives without a hedging relationship		316		316		579	7	586
Derivatives with a hedging relationship		515		515		118		118

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

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

The fair values of liabilities to banks, liabilities to non-banks from promissory notes, and other interest-bearing liabilities are calculated as the present values of the payments associated with the debts, based on the applicable yield curve and Deutsche Telekom's credit spread curve for specific currencies.

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

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

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

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets at fair value through profit or loss: stock options	Derivative financial assets at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial assets at fair value through profit or loss: put option for shares	Originated loans and other receivables at fair value through profit or loss: contingent consideration receivable
Carrying amount as of January 1, 2022	437	464	222	191	(7)	22	0
Additions (including first-time categorization as Level 3)	48	0	0	0	0	0	455
Decreases in fair value recognized in profit/loss (including losses on disposal)	0	(262)	0	0	0	(12)	(10)
Increases in fair value recognized in profit/loss (including gains on disposal)	0	0	205	138	7	0	0
Decreases in fair value recognized directly in equity	(5)	0	0	0	0	0	0
Increases in fair value recognized directly in equity	22	0	0	0	0	0	0
Disposals	(29)	0	0	0	0	0	0
Currency translation effects recognized directly in equity	1	11	0	3	0	0	0
Carrying amount as of March 31, 2022	474	213	427	332	0	10	445

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 455 million measured using the best information available at the reporting date. As a rule, Deutsche Telekom considers transactions involving shares in those companies to have the greatest relevance. Transactions involving shares in comparable companies are also considered. The proximity of the relevant transaction to the reporting date, and the question of whether it was conducted at arm's length, are relevant for deciding which information is used for the measurement. Furthermore, the degree of similarity between the object being measured and comparable companies must be taken into consideration. Based on Deutsche Telekom's own assessment, the fair values of the equity investments at the reporting date could be determined with sufficient reliability. For the development of the carrying amounts in the reporting period, please refer to the table above. At the reporting date, no investments were held for sale. In the case of investments with a carrying amount of EUR 242 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 March 31, 2022. In the case of investments with a carrying amount of EUR 7 million, an analysis of operational indicators (especially revenue, EBIT, and liquidity) revealed that the carrying amounts were equivalent to current fair values. Due to better comparability, previous arm's length transactions involving shares in these companies are preferable to more recent transactions involving shares in similar companies. In the case of investments with a carrying amount of EUR 206 million, for which the last arm's length transactions relating to shares in these companies took place some time ago, a measurement performed more recently relating to shares in similar companies provides the most reliable representation of the fair values. Here, multiples to the reference variable of expected revenue (ranging between 3.1 and 15.9) were taken. The 25 % quantile, the median, or the 75 % quantile was used for the multiples depending on the specific circumstances. If other values had been used for the multiples and for the expected revenue amounts, the fair values calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table below. In addition, non-material individual items with a carrying amount of EUR 19 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 213 million when translated into euros. The options, which can be exercised by T-Mobile US at any time, allow early redemption of the bonds at fixed exercise prices. Observable market prices are available regularly and also at the reporting date for the bonds as entire instruments, but not for the options embedded therein. The termination rights are measured using an option pricing model. Historical interest rate volatilities of bonds issued by T-Mobile US and comparable issuers are used for the measurement because these provide a more reliable estimate at the reporting date than current market interest rate volatilities. The spread curve, which is also unobservable, was derived on the basis of current market prices of bonds issued by T-Mobile US and debt instruments of comparable issuers. Risk-free interest rates and spreads were simulated separately from each other. At the current reporting date, the following interest rate volatility and spreads were used for the various rating levels of the bonds:

Interest rate volatilities and spreads used by rating levels

%	Interest volatility (absolute figure)	Spread
BBB+	0.1 %–0.2 %	0.2 %–1.3 %
BBB-	0.4 %–0.6 %	0.4 %–2.1 %
BB+/BB	0.6 %–0.8 %	0.7 %–3.4 %

For the mean reversion input, which is unobservable, 3 % was used. In our opinion, the values used constitute the best estimate in each case. If other values had been used for interest rate volatility, spread curve, or mean reversion, the fair values calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table below. If the risk-free interest rate had been 50 basis points higher (lower) at the reporting date, the fair value of the options would have been EUR 59 million lower (EUR 79 million higher). In the reporting period, a net expense of EUR 262 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: stock options	Derivative financial assets at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial assets at fair value through profit or loss: put option for shares	Originated loans and other receivables at fair value through other comprehensive income: contingent consideration receivable
Multiple next-level-up quantile	156					
Multiple next-level-down quantile	(95)					
Expected revenues +10 %	19					
Expected revenues -10 %	(18)					
Interest rate volatility ^b +10 %		14				
Interest rate volatility ^b -10 %		(12)				
Spread curve ^c +50 basis points		(81)				(11)
Spread curve ^c -50 basis points		142				11
Mean reversion ^d +100 basis points		(9)				
Mean reversion ^d -100 basis points		12				
Future energy prices +10 %				108		
Future energy prices -10 %				(113)		
Future energy output +5 %				61		
Future energy output -5 %				(66)		
Future prices for renewable energy credits ^e +100 %				18		
Future prices for renewable energy credits ^e from zero				(23)		
Share price volatility ^f +10 %			22			
Share price volatility ^f -10 %			(21)			
Volatility of the fair value of the shares +10 %					3	
Volatility of the fair value of the shares -10 %					(3)	
Fair value of the shares +10 %					(19)	
Fair value of the shares -10 %					21	
Planned fiber-optic build-out is completed one year earlier than expected						9
Planned fiber-optic build-out is completed one year later than expected						(9)
Actual fiber-optic build-out is 5 % higher than planned each year						43
Actual fiber-optic build-out is 5 % lower than planned each year						(43)

^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 excluded.

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

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

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

With a carrying amount of EUR 332 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. These agreements consist of two components: the energy forward agreement and the acquisition of renewable energy credits by T-Mobile US. The contracts were entered into with energy producers and will run for terms of between 12 and 15 years from the commencement of commercial operation. In the case of one energy forward agreement, commercial operation is set to begin in 2023; with the others, it has already begun. The terms of the contracts for which operation has already begun end between 2029 and 2035. The respective settlement period of the energy forward agreement, which is accounted for separately as a derivative, also starts when the facility begins commercial operation. Under the energy forward agreements, T-Mobile US receives variable amounts based on the facility's actual energy output and the then current energy prices, and pays fixed amounts per unit of energy generated throughout the term of the contract. The energy forward agreements are measured using valuation models because no observable market prices are available. The value of the derivatives is materially influenced by the facility's future energy output, for which T-Mobile US estimated a value of 4,057 GWh per year at the reporting date. The value of the derivatives is also significantly influenced by future energy prices on the relevant markets. Market prices are generally observable for a period of around five years, beyond that market liquidity is low. Furthermore, the value of the derivatives is materially influenced by the future prices for renewable energy credits, which are

generally not observable for the period beyond around three years. For the unobservable portion of the term, T-Mobile US used on-peak energy prices of between EUR 17.26/MWh and EUR 72.56/MWh when translated into euros and off-peak prices of between EUR 16.83/MWh and EUR 58.39/MWh when translated into euros. An average on-peak/off-peak ratio of 52 % was used. In our opinion, the values used constitute the best estimate in each case. At the reporting date, the calculated fair value from Deutsche Telekom's perspective for all energy forward agreements is positive and amounts to a total of EUR 478 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 fair values calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table above. In the reporting period, net income of EUR 148 million (when translated into euros) was recognized under the Level 3 measurement in other operating income/expense for unrealized gains for the derivatives. Please refer to the corresponding table for the development of the carrying amounts in the reporting period. The market-price changes in the reporting period were largely attributable to changes in observable and unobservable energy prices and to interest rate effects. Due to their distinctiveness, these instruments constitute a separate class of financial instruments. In the view of T-Mobile US, the contracts were entered into at current market conditions, and the most appropriate parameters for the unobservable inputs were used for measurement purposes. The transaction price at inception was zero in each case. Since the unobservable inputs have a material influence on the measurement of the derivatives, the respective amount resulting from initial measurement – with the exception of the agreements concluded by Sprint that are explained below – was not carried on initial recognition. Instead, these amounts are amortized in profit or loss on a straight-line basis over the period of commercial energy generation (for a total amount of EUR 13 million per year when translated into euros). This amortization adjusts the effects from measuring the derivatives in each accounting period using the respective valuation models and updated parameters. All amounts from the measurement of the derivatives are presented in net terms per contract in the statement of financial position (derivative financial assets/liabilities) and in the income statement (other operating income/expenses). The development of the amount yet to be amortized in the income statement in the reporting period is shown in the following table. Unobservable inputs also have a material influence on the measurement of the derivatives for the agreements concluded by Sprint. However, under the requirements for business combinations, the respective amounts resulting from the measurement are recognized as derivative financial assets, as a result of which there are no amounts yet to be amortized for these agreements. On the following reporting dates, the effects from the periodic measurement of the derivatives will be recorded in full in the income statement (other operating expenses or other operating income).

The financial assets assigned to Level 3 include derivative financial assets with a carrying amount of EUR 427 million when translated into euros, resulting from the acquired stock options to purchase shares in T-Mobile US. The stock options, which can be exercised at any time, mature in 2024, can be exercised partially at fixed and partially at variable purchase prices, and are measured using an option pricing model. In addition to the share price observable on the market and the risk-free interest rates, average share price volatilities of T-Mobile US and comparable companies are calculated based on historic and current figures, since these provide a more reliable estimate for these inputs at the reporting date than exclusively using the current market volatilities. The figure used for the share price volatility at the current reporting date was 27.2 % which, in our opinion, constitutes the best estimate. At the reporting date, the calculated fair value for the stock option amounted to EUR 682 million. If another value had been used for the share price volatility, the fair value calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table above. Due to their distinctiveness, these instruments constitute a separate class of financial instruments. The transaction price at inception was zero. Since the unobservable inputs have a material influence on the measurement of the options, the fair value resulting from initial measurement of EUR 1,005 million when translated into euros (before deduction of transaction costs) was not immediately recognized. Instead, this amount will be amortized in profit or loss over the lifetime of the options. This amortization adjusts the effects from measuring the options on an ongoing basis using the valuation model and updated parameters. All amounts from the measurement of the options are presented in net terms in the statement of financial position (other derivative financial assets) and in the income statement (other financial income/expense). The market-price changes in the reporting period are largely attributable to fluctuations in the share price and the risk-free interest rate. The development of the amount yet to be amortized in the income statement in the reporting period is shown in the following table.

For further information on the stock options, please refer to the section "[Other financial assets.](#)"

The financial assets assigned to Level 3 include a derivative financial asset with a carrying amount of EUR 10 million resulting from an acquired option for the sale of shares in Cellnex Netherlands (put option). The option was acquired together with the shares; the option writer is Cellnex. The exercise price of the option essentially corresponds to the fair value of the shares, although fixed minimum exercise prices have been agreed if it is exercised before the end of the fourth year of the term. The option can be exercised at any time, runs until 2026, and is measured using an option pricing model. Taking into account the volatilities of comparable companies, a share price volatility of 20 % was used for the measurement, which in our opinion constitutes the best estimate for these unobservable inputs. The fair value of the shares, which is likewise unobservable, amounted to EUR 0.4 billion at the reporting date. The calculated fair value of the option was EUR 113 million at the reporting date. If other values had been used for the share price volatility and the fair value of the shares, the fair value calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table above. The consideration (in the meaning of the IFRSs) paid by Deutsche Telekom to purchase the shares corresponded to the fair value of the shares; the transaction price for the option stood at zero. Since the unobservable inputs have a material influence on the measurement of the option, the fair value resulting from initial measurement of EUR 129 million was not immediately recognized. Instead, this amount will be amortized in profit or loss over four years. This amortization adjusts the effects from measuring the option on an ongoing basis using the valuation model and updated parameters. All amounts from the measurement of the options are presented in net terms in the statement of financial position (other derivative financial assets) and in the income statement (other operating expenses or other operating income). The change in value in the reporting period is mainly attributable to a slight increase in the fair value of the shares and the shorter remaining maturity. The development of the amount yet to be amortized in the income statement in the reporting period is shown in the following table.

Development of the not yet amortized amounts

millions of €

	Energy forward agreements	Stock options	Put option for shares
Measurement amounts on initial recognition	173	1,005	129
Measurement amounts on initial recognition (additions during the reporting period)	0	0	0
Measurement amounts amortized in profit or loss in prior periods	(29)	(328)	(19)
Measurement amounts amortized in profit or loss in the current reporting period	(3)	(26)	(8)
Currency translation adjustments	5	(49)	0
Disposals in prior periods	0	(372)	0
Disposals in the current reporting period	0	0	0
Measurement amounts not amortized as of March 31, 2022	146	230	102

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 445 million, which will arise in stages upon achieving certain fiber-optic build-out milestones and is measured at fair value through profit or loss. Deutsche Telekom measures this receivable on the basis of GlasfaserPlus' current build-out plans. At the current reporting date, it can be assumed that payments will fall due from 2025 to 2028. The spread of the debtor IFM constitutes an unobservable input; at the current reporting date, values of between 1.5 % and 1.7 % 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 fair value calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table above. In the reporting period, a net expense of EUR 10 million was recognized under the Level 3 measurement of the receivable in other operating income/expense for unrealized discounting effects. Please refer to the table above for the development of the carrying amounts in the reporting period. The market-price change in the reporting period is largely attributable to an increase in the risk-free interest rate. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments.

For further information on the joint venture GlasfaserPlus with IFM, please refer to the section [“Changes in the composition of the Group and other transactions.”](#)

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

The financial assets measured at fair value through profit or loss and assigned to Level 3 include additional options acquired from third parties for the purchase of company shares, with a carrying amount of EUR 19 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 373 million (December 31, 2021: EUR 1,616 million). The credit risk was thus reduced by EUR 371 million (December 31, 2021: EUR 1,590 million) because, on the reporting date, the collateral received was offset by corresponding net derivative positions in the same amount. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 1,061 million as of the reporting date (December 31, 2021: EUR 1,844 million) had a maximum credit risk of EUR 102 million as of March 31, 2022 (December 31, 2021: EUR 13 million).

When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral in the amount of EUR 364 million as of the reporting date (December 31, 2021: EUR 423 million) to counterparties pursuant to collateral agreements. The cash collateral paid is offset by corresponding net derivative positions of EUR 240 million at the reporting date (December 31, 2021: EUR 423 million), which is why it was not exposed to any credit risks in this amount.

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

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

In connection with auctions for the acquisition of spectrum licenses, subsidiaries of Deutsche Telekom have deposited additional cash collateral of EUR 6 million when translated into euros (December 31, 2021: EUR 90 million). At the reporting date, cash and cash equivalents of EUR 76 million (December 31, 2021: EUR 76 million) when translated into euros were pledged as collateral for liabilities issued by Sprint with the right of creditors to priority repayment in the event of default. This cash collateral is not exposed to any significant credit risk.

Related-party disclosures

The following significant change to the related-party disclosures reported in the consolidated financial statements as of December 31, 2021 was in effect as of March 31, 2022:

Joint ventures. On November 5, 2021, Deutsche Telekom announced that IFM Global Infrastructure Fund – advised by IFM Investors – would acquire a stake of 50% in GlasfaserPlus GmbH, a fiber-optic build-out entity. The sale of a 50% stake in GlasfaserPlus was consummated on February 28, 2022, after the EU Commission approved the transaction on January 25, 2022 and the other closing conditions had been satisfied. Since February 28, 2022, the shares in the joint venture have been included in the consolidated financial statements as an investment accounted for using the equity method with a carrying amount of EUR 0.9 billion.

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

Executive bodies

Board of Management

On February 25, 2021, the Supervisory Board resolved to reappoint Birgit Bohle as the Board of Management member for Human Resources and Legal Affairs for the period from January 1, 2022 through December 31, 2026. Also on February 25, 2021, the Supervisory Board resolved to reappoint Thorsten Langheim as the Board of Management member for USA and Group Development for the period from January 1, 2022 through December 31, 2026.

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

Events after the reporting period

The 2022 in-person shareholders' meeting. After two years of holding virtual shareholders' meetings, on April 7, 2022, Deutsche Telekom once again held an in-person shareholders' meeting. In accordance with the published agenda, the 2022 shareholders' meeting passed resolutions on the approval of the actions of the Board of Management and the Supervisory Board, the selection of the external auditor for the 2022 financial year, and the amount of the dividend (EUR 0.64 per dividend-bearing no par value share; EUR 3.2 billion in total). The dividend was paid out in April 2022. In addition, the 2022 shareholders' meeting elected Dr. Frank Appel as a member of Deutsche Telekom AG's Supervisory Board. The Supervisory Board then elected Dr. Frank Appel as the new Chairman of the Supervisory Board, as successor to Prof. Dr. Ulrich Lehner, who left the Supervisory Board effective midnight on the day of the shareholders' meeting.

Increase of the stake in T-Mobile US. In keeping with the declared strategic goal of securing control of T-Mobile US in the long term, on April 12, 2022, Deutsche Telekom acquired a total of around 21.2 million T-Mobile US shares from SoftBank for a purchase price of USD 2.4 billion (EUR 2.2 billion). To this end, Deutsche Telekom exercised a further portion of the stock options it had received from SoftBank in June 2020 to purchase shares in T-Mobile US. This gives a weighted average price of around USD 113 per T-Mobile US share. The transaction increases Deutsche Telekom's stake in T-Mobile US by 1.7 percentage points, bringing it to 48.4 %.

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

Responsibility statement

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

Bonn, May 13, 2022

Deutsche Telekom AG
The Board of Management

Timotheus Höttges

Adel Al-Saleh

Birgit Bohle

Srini Gopalan

Dr. Christian P. Illek

Thorsten Langheim

Dominique Leroy

Claudia Nemat

Review report

To Deutsche Telekom AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to March 31, 2022 which are part of the quarterly financial report pursuant to § (Article) 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

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

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

Frankfurt/Main, May 13, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Verena Heineke
Wirtschaftsprüferin
(German Public Auditor)

Dr. Sven Willms
Wirtschaftsprüfer
(German Public Auditor)

Additional information

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

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

millions of €

	Q1 2022	Q1 2021	Change	Change %	Reconciliation to organic figures		Organic change		
					Reconciliation Q1 2021	Of which: exchange rate effects	Organic Q1 2021	Change	Change %
Net revenue	28,023	26,390	1,633	6.2	1,172	1,246	27,562	461	1.7
Germany	5,994	5,942	52	0.9	1	2	5,943	51	0.9
United States	18,048	16,483	1,565	9.5	1,306	1,228	17,789	259	1.5
Europe	2,704	2,729	(25)	(0.9)	(134)	8	2,595	109	4.2
Systems Solutions	996	1,015	(19)	(1.9)	(11)	10	1,004	(8)	(0.8)
Group Development	825	782	43	5.5	(1)	0	781	44	5.6
Group Headquarters & Group Services	604	625	(21)	(3.4)	5	0	630	(26)	(4.1)
EBITDA AL	11,087	8,798	2,289	26.0	377	414	9,175	1,912	20.8
Germany	4,010	2,206	1,804	81.8	0	0	2,206	1,805	81.8
United States	4,914	5,446	(532)	(9.8)	425	405	5,871	(957)	(16.3)
Europe	975	936	39	4.2	(33)	4	903	71	7.9
Systems Solutions	43	26	17	65.4	0	2	26	17	64.6
Group Development	1,224	301	923	n.a.	(18)	0	283	942	n.a.
Group Headquarters & Group Services	(72)	(110)	38	34.5	0	1	(110)	38	34.6
EBITDA AL (adjusted for special factors)	9,873	9,245	628	6.8	396	433	9,641	232	2.4
Germany	2,388	2,305	83	3.6	0	0	2,305	83	3.6
United States	6,172	5,706	466	8.2	445	425	6,151	20	0.3
Europe	976	946	30	3.2	(34)	4	912	63	6.9
Systems Solutions	73	62	11	17.7	0	2	62	11	18.1
Group Development	356	316	40	12.7	(18)	0	298	57	19.2
Group Headquarters & Group Services	(85)	(84)	(1)	(1.2)	0	1	(84)	0	(0.6)

Glossary

For definitions, please refer to the [2021 Annual Report](#) and the glossary therein.

Disclaimer

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

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

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

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

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

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

For further information on alternative performance measures, please refer to the section “[Management of the Group](#)” in the 2021 Annual Report and our [Investor Relations website](#).

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

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

Financial calendar

May 13, 2022	August 11, 2022	November 10, 2022
Publication of the Interim Group Report as of March 31, 2022	Publication of the Interim Group Report as of June 30, 2022	Publication of the Interim Group Report as of September 30, 2022
February 23, 2023	April 5, 2023	May 11, 2023
Press conference on Deutsche Telekom's financial statements for the 2022 financial year and publication of the 2022 Annual Report	2023 shareholders' meeting	Publication of the Interim Group Report as of March 31, 2023

All dates are subject to change.

For more dates, an updated schedule, and information on webcasts, please visit our [Investor Relations website](#).

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This Interim Group Report for January 1 to March 31, 2022 is a publication of Deutsche Telekom AG and is also available in German. The German version is legally binding.

This Interim Group Report is available [online](#).

Our Annual Report is available [online](#).

Concept: Deutsche Telekom AG

Design & technical implementation:
[nexxar GmbH, Vienna – online annual and sustainability reports](#)