

# Consolidated financial statements

## Consolidated statement of financial position

millions of €			
	Note	Dec. 31, 2021	Dec. 31, 2020
<b>Assets</b>			
<b>Current assets</b>		<b>38,799</b>	<b>37,293</b>
Cash and cash equivalents	1	7,617	12,939
Trade receivables	2	15,299	13,523
Contract assets	3	2,034	1,966
Current recoverable income taxes	31	321	349
Other financial assets	11	4,051	3,224
Inventories	4	2,855	2,695
Other assets	12	1,766	1,484
Non-current assets and disposal groups held for sale		4,856	1,113
<b>Non-current assets</b>		<b>242,828</b>	<b>227,624</b>
Intangible assets	6	132,647	118,066
Property, plant and equipment	7	61,770	60,975
Right-of-use assets	8	30,777	30,302
Capitalized contract costs	9	2,585	2,192
Investments accounted for using the equity method	10	938	543
Other financial assets	11	4,836	6,416
Deferred tax assets	31	7,906	7,972
Other assets	12	1,369	1,159
<b>Total assets</b>		<b>281,627</b>	<b>264,917</b>

millions of €			
	Note	Dec. 31, 2021	Dec. 31, 2020
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>		<b>38,803</b>	<b>37,135</b>
Financial liabilities	13	12,243	12,652
Lease liabilities	13	5,040	5,108
Trade and other payables	14	10,452	9,760
Income tax liabilities	31	549	690
Other provisions	16	3,903	3,638
Other liabilities	17	3,584	3,213
Contract liabilities	18	1,668	1,625
Liabilities directly associated with non-current assets and disposal groups held for sale	5	1,365	449
<b>Non-current liabilities</b>		<b>161,355</b>	<b>155,232</b>
Financial liabilities	13	99,223	94,456
Lease liabilities	13	28,094	27,607
Provisions for pensions and other employee benefits	15	6,134	7,684
Other provisions	16	5,560	5,395
Deferred tax liabilities	31	19,809	17,260
Other liabilities	17	1,959	2,418
Contract liabilities	18	577	411
<b>Liabilities</b>		<b>200,159</b>	<b>192,367</b>
<b>Shareholders' equity</b>		<b>81,469</b>	<b>72,550</b>
Issued capital		12,765	12,189
Treasury shares		(37)	(46)
		<b>12,728</b>	<b>12,143</b>
Capital reserves		63,773	62,640
Retained earnings including carryforwards		(36,358)	(38,905)
Total other comprehensive income		(1,641)	(4,115)
Net profit (loss)		4,176	4,158
<b>Issued capital and reserves attributable to owners of the parent</b>		<b>42,679</b>	<b>35,922</b>
Non-controlling interests		38,790	36,628
<b>Total liabilities and shareholders' equity</b>		<b>281,627</b>	<b>264,917</b>

## Consolidated income statement

millions of €				
	Note	2021	2020	2019
<b>Net revenue</b>	<u>20</u>	<b>108,794</b>	<b>100,999</b>	<b>80,531</b>
Of which: interest income calculated using the effective interest method		276	278	345
Other operating income	<u>21</u>	1,299	2,879	1,121
Changes in inventories		(6)	(15)	29
Own capitalized costs	<u>23</u>	2,868	2,774	2,418
Goods and services purchased	<u>24</u>	(49,683)	(44,674)	(36,956)
Personnel costs	<u>25</u>	(18,463)	(18,853)	(16,723)
Other operating expenses	<u>26</u>	(4,271)	(4,476)	(3,301)
Impairment losses on financial assets		(638)	(862)	(452)
Gains (losses) from the write-off of financial assets measured at amortized cost		(123)	(188)	(42)
Other		(3,510)	(3,425)	(2,807)
<b>EBITDA</b>		<b>40,539</b>	<b>38,633</b>	<b>27,120</b>
Depreciation, amortization and impairment losses	<u>27</u>	(27,482)	(25,829)	(17,663)
<b>Profit (loss) from operations (EBIT)</b>		<b>13,057</b>	<b>12,804</b>	<b>9,457</b>
Finance costs	<u>28</u>	(4,601)	(4,224)	(2,364)
Interest income		451	414	348
Interest expense		(5,052)	(4,638)	(2,712)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	<u>29</u>	(102)	(12)	87
Other financial income (expense)	<u>30</u>	(437)	109	81
<b>Profit (loss) from financial activities</b>		<b>(5,139)</b>	<b>(4,128)</b>	<b>(2,197)</b>
<b>Profit (loss) before income taxes</b>		<b>7,918</b>	<b>8,677</b>	<b>7,260</b>
Income taxes	<u>31</u>	(1,815)	(1,929)	(1,993)
<b>Profit (loss)</b>		<b>6,103</b>	<b>6,747</b>	<b>5,268</b>
<b>Profit (loss) attributable to</b>				
Owners of the parent (net profit (loss))		4,176	4,158	3,867
Non-controlling interests	<u>32</u>	1,927	2,589	1,401
<b>Earnings per share</b>	<u>33</u>			
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	4,176	4,158	3,867
Adjusted weighted average number of basic/diluted ordinary shares outstanding	millions	4,813	4,743	4,743
<b>Earnings per share basic/diluted</b>	€	<b>0.87</b>	<b>0.88</b>	<b>0.82</b>

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

## Consolidated statement of comprehensive income

millions of €	2021	2020	2019
<b>Profit (loss)</b>	<b>6,103</b>	<b>6,747</b>	<b>5,268</b>
<b>Items not subsequently reclassified to profit or loss (not recycled)</b>			
Gains (losses) from the remeasurement of equity instruments <sup>a</sup>	112	62	99
Gains (losses) from the remeasurement of defined benefit plans	1,426	(1,358)	(603)
Share of profit (loss) of investments accounted for using the equity method	0	0	0
Income taxes relating to components of other comprehensive income	(261)	142	134
	<b>1,278</b>	<b>(1,154)</b>	<b>(369)</b>
<b>Items subsequently reclassified to profit or loss (recycled), if certain reasons are given</b>			
Exchange differences on translating foreign operations			
Recognition of other comprehensive income in income statement	61	0	(8)
Change in other comprehensive income (not recognized in income statement)	5,142	(6,578)	463
Gains (losses) from the remeasurement of debt instruments			
Recognition of other comprehensive income in income statement	417	491	(47)
Change in other comprehensive income (not recognized in income statement)	(497)	(481)	34
Gains (losses) from hedging instruments (designated risk components)			
Recognition of other comprehensive income in income statement	17	431	(148)
Change in other comprehensive income (not recognized in income statement)	296	(1,446)	(483)
Gains (losses) from hedging instruments (hedging costs) <sup>a</sup>			
Recognition of other comprehensive income in income statement	2	2	2
Change in other comprehensive income (not recognized in income statement)	60	(30)	(9)
Share of profit (loss) of investments accounted for using the equity method			
Recognition of other comprehensive income in income statement	0	0	(7)
Change in other comprehensive income (not recognized in income statement)	0	1	11
Income taxes relating to components of other comprehensive income	(81)	283	155
	<b>5,417</b>	<b>(7,327)</b>	<b>(38)</b>
<b>Other comprehensive income</b>	<b>6,694</b>	<b>(8,481)</b>	<b>(407)</b>
<b>Total comprehensive income</b>	<b>12,798</b>	<b>(1,734)</b>	<b>4,861</b>
<b>Total comprehensive income attributable to</b>			
Owners of the parent	8,010	(496)	3,514
Non-controlling interests	4,788	(1,238)	1,347

<sup>a</sup> The hedging costs relate entirely to cross-currency basis spreads. For further information, please refer to Note 40 "Financial instruments and risk management."

## Consolidated statement of changes in equity

millions of €

	Issued capital and reserves attributable to owners of the parent					
	Equity contributed			Consolidated shareholders' equity generated		
	Number of shares thousands	Issued capital	Treasury shares	Capital reserves	Retained earnings including carry-forwards	Net profit (loss)
<b>Balance at January 1, 2019</b>	<b>4,761,459</b>	<b>12,189</b>	<b>(49)</b>	<b>54,646</b>	<b>(37,392)</b>	<b>2,166</b>
Changes in accounting standards					221	
Changes in the composition of the Group						
Transactions with owners				77		
Unappropriated profit (loss) carried forward					2,166	(2,166)
Dividends					(3,320)	
Capital increase at Deutsche Telekom AG						
Capital increase from share-based payment				306		
Share buy-back/shares held in a trust deposit			1		4	
Profit (loss)						3,867
Other comprehensive income					(463)	
<b>Total comprehensive income</b>						
Transfer to retained earnings					74	
<b>Balance at December 31, 2019</b>	<b>4,761,459</b>	<b>12,189</b>	<b>(47)</b>	<b>55,029</b>	<b>(38,709)</b>	<b>3,867</b>
<b>Balance at January 1, 2020</b>	<b>4,761,459</b>	<b>12,189</b>	<b>(47)</b>	<b>55,029</b>	<b>(38,709)</b>	<b>3,867</b>
Changes in accounting standards						
Changes in the composition of the Group						
Transactions with owners				7,356		
Unappropriated profit (loss) carried forward					3,867	(3,867)
Dividends					(2,846)	
Capital increase at Deutsche Telekom AG						
Capital increase from share-based payment				256		
Share buy-back/shares held in a trust deposit			1			
Profit (loss)						4,158
Other comprehensive income					(1,218)	
<b>Total comprehensive income</b>						
Transfer to retained earnings					1	
<b>Balance at December 31, 2020</b>	<b>4,761,459</b>	<b>12,189</b>	<b>(46)</b>	<b>62,640</b>	<b>(38,905)</b>	<b>4,158</b>
<b>Balance at January 1, 2021</b>	<b>4,761,459</b>	<b>12,189</b>	<b>(46)</b>	<b>62,640</b>	<b>(38,905)</b>	<b>4,158</b>
Changes in accounting standards						
Changes in the composition of the Group						
Transactions with owners				(183)		
Unappropriated profit (loss) carried forward					4,158	(4,158)
Dividends					(2,846)	
Capital increase at Deutsche Telekom AG	225,000	576		1,063		
Capital increase from share-based payment				253		
Share buy-back/shares held in a trust deposit			9			
Profit (loss)						4,176
Other comprehensive income					1,125	
<b>Total comprehensive income</b>						
Transfer to retained earnings					110	
<b>Balance at December 31, 2021</b>	<b>4,986,459</b>	<b>12,765</b>	<b>(37)</b>	<b>63,773</b>	<b>(36,358)</b>	<b>4,176</b>

Issued capital and reserves attributable to owners of the parent								Total	Non-controlling interests	Total shareholders' equity
Total other comprehensive income										
Translation of foreign operations	Revaluation surplus	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			
(1,120)	(28)	84	2	519	58	(4)	(165)	30,907	12,530	43,437
								221	125	346
								0	239	239
(7)				4			(1)	73	340	413
								0	0	0
								(3,320)	(236)	(3,555)
								0	0	0
								306	178	484
								5	0	5
								3,867	1,401	5,268
319		99	(9)	(393)	(7)	4	97	(353)	(54)	(407)
								3,514	1,347	4,861
	7	(82)						0	0	0
(808)	(21)	101	(6)	130	51	0	(69)	31,707	14,524	46,231
(808)	(21)	101	(6)	130	51	0	(69)	31,707	14,524	46,231
								0	0	0
								0	17,329	17,329
(339)		0	12	380			(109)	7,299	5,967	13,266
								0	0	0
								(2,846)	(215)	(3,061)
								0	0	0
								256	262	517
								1	0	1
								4,158	2,589	6,747
(2,945)		62	(6)	(733)	(27)	1	213	(4,654)	(3,827)	(8,481)
								(496)	(1,238)	(1,734)
	7	(7)		0		(1)		0	0	0
(4,092)	(14)	156	0	(223)	24	0	34	35,922	36,628	72,550
(4,092)	(14)	156	0	(223)	24	0	34	35,922	36,628	72,550
								0	0	0
								0	(181)	(181)
				5			(1)	(179)	(48)	(227)
								0	0	0
								(2,846)	(292)	(3,138)
(83)				(64)			19	1,511	(2,358)	(847)
								253	252	505
								9	0	9
								4,176	1,927	6,103
2,427		107	(37)	227	62		(77)	3,833	2,861	6,694
								8,010	4,788	12,798
	6	(120)	0				3	0	0	0
(1,747)	(7)	143	(37)	(56)	86	0	(22)	42,679	38,790	81,469

## Consolidated statement of cash flows

millions of €	Note	2021	2020	2019
<b>Profit (loss) before income taxes</b>	<b>35</b>	<b>7,918</b>	<b>8,677</b>	<b>7,260</b>
Depreciation, amortization and impairment losses		27,482	25,829	17,663
(Profit) loss from financial activities		5,139	4,128	2,197
(Profit) loss on the disposal of fully consolidated subsidiaries		(130)	(10)	9
(Income) loss from the sale of stakes accounted for using the equity method		(13)	0	(143)
Other non-cash transactions		226	(857)	569
(Gains) losses from the disposal of intangible assets and property, plant and equipment		161	368	112
Change in assets carried as operating working capital		(1,475)	(2,702)	(814)
Change in other operating assets		(1,059)	(509)	(248)
Change in provisions		(152)	20	203
Change in liabilities carried as operating working capital		241	(2,108)	(440)
Change in other operating liabilities		(260)	(239)	(325)
Income taxes received (paid)		(893)	(690)	(758)
Dividends received		8	6	15
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives		(1)	(2,207)	(3)
<b>Cash generated from operations</b>		<b>37,191</b>	<b>29,706</b>	<b>25,297</b>
Interest paid		(6,158)	(7,252)	(3,924)
Interest received		1,138	1,289	1,701
<b>Net cash from operating activities</b>		<b>32,171</b>	<b>23,743</b>	<b>23,074</b>
Cash outflows for investments in				
Intangible assets		(12,749)	(5,756)	(4,375)
Property, plant and equipment		(13,616)	(12,938)	(9,982)
Non-current financial assets		(336)	(566)	(417)
Payments for publicly funded investments in the broadband build-out <sup>a</sup>		(436)	(507)	(401)
Proceeds from public funds for investments in the broadband build-out <sup>a</sup>		420	431	341
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates		(1,617)	(5,028)	(261)
Proceeds from disposal of				
Intangible assets		2	3	0
Property, plant and equipment		137	233	176
Non-current financial assets		352	112	251
Changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates		352	1,094	62
Net change in short-term investments and marketable securities and receivables		89	273	376
Other		0	(2)	(1)
<b>Net cash (used in) from investing activities</b>		<b>(27,403)</b>	<b>(22,649)</b>	<b>(14,230)</b>
Proceeds from issue of current financial liabilities		4,431	19,018	10,778
Repayment of current financial liabilities		(18,040)	(34,939)	(16,533)
Proceeds from issue of non-current financial liabilities		12,925	34,131	6,278
Repayment of non-current financial liabilities		0	(1,699)	(21)
Dividend payments (including to other shareholders of subsidiaries)		(3,145)	(3,067)	(3,561)
Principal portion of repayment of lease liabilities		(6,458)	(5,371)	(3,835)
Cash inflows from transactions with non-controlling entities		14	53	13
Cash outflows from transactions with non-controlling entities		(506)	(565)	(261)
Other		0	0	0
<b>Net cash (used in) from financing activities</b>		<b>(10,779)</b>	<b>7,561</b>	<b>(7,141)</b>
Effect of exchange rate changes on cash and cash equivalents		620	(1,036)	11
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale		68	(73)	0
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(5,323)</b>	<b>7,547</b>	<b>1,713</b>
<b>Cash and cash equivalents, at the beginning of the year</b>		<b>12,939</b>	<b>5,393</b>	<b>3,679</b>
<b>Cash and cash equivalents, at the end of the year</b>		<b>7,617</b>	<b>12,939</b>	<b>5,393</b>

<sup>a</sup> The payments and proceeds shown here relate to those investments in the broadband build-out that are publicly financed in full. Since the payments are not made at the same point in time as the proceeds are received, the net amounts can be positive or negative in the individual periods. These investments are not included in the operational KPIs "Cash capex" and "Free cash flow," because the payments made do not result in additions to property, plant and equipment.

# Notes to the consolidated financial statements

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## Summary of accounting policies

### General information

The Deutsche Telekom Group (hereinafter referred to as “Deutsche Telekom” or the “Group”) is one of the world’s leading service providers in the telecommunications and information technology sector. Deutsche Telekom offers its customers all kinds of products and services for connected life and work. The Group reports on the operating segments Germany, United States, Europe, Systems Solutions, and Group Development, as well as on the Group Headquarters & Group Services segment.

The Company was entered in the commercial register of the Bonn District Court (Amtsgericht – HRB 6794) as a stock corporation under the name Deutsche Telekom AG on January 2, 1995.

The Company has its registered office in Bonn, Germany. Its address is Deutsche Telekom AG, Friedrich-Ebert-Allee 140, 53113 Bonn.

The Declaration of Conformity with the German Corporate Governance Code required pursuant to § 161 of the German Stock Corporation Act (Aktiengesetz – AktG) has been released and made available to shareholders. The Declaration of Conformity can also be found on the website of Deutsche Telekom in accordance with § 161 AktG.

#### [Declaration of Conformity](#)

The shares of Deutsche Telekom AG are traded on the Frankfurt/Main Stock Exchange as well as on other stock exchanges.

The annual financial statements of Deutsche Telekom AG as well as the consolidated financial statements of Deutsche Telekom AG, which have an unqualified audit opinion from PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, are published in the Federal Gazette (Bundesanzeiger). The Annual Report is available on Deutsche Telekom’s website.

#### [Publications](#)

The consolidated financial statements of Deutsche Telekom for the 2021 financial year were released for publication by the Board of Management on February 15, 2022.

### Basis of preparation

The consolidated financial statements of Deutsche Telekom are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), as well as with the regulations under commercial law as set forth in § 315e (1) of the German Commercial Code (Handelsgesetzbuch – HGB). The term IFRS is consistently used in the following.

The financial year corresponds to the calendar year. The consolidated statement of financial position includes comparative amounts for one reporting date. The consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows include two comparative years.

Presentation in the statement of financial position differentiates between current and non-current assets and liabilities, which – where required – are broken down further by their respective maturities in the notes to the consolidated financial statements. The consolidated income statement is presented using the total cost method. Here, the costs incurred in the financial year are broken down by cost type and the costs capitalized under inventories as well as under intangible assets and property, plant and equipment are presented separately as changes in inventories or own capitalized costs. The consolidated financial statements are prepared in euros.

The financial statements of Deutsche Telekom AG and its subsidiaries included in the consolidated financial statements were prepared using uniform group accounting policies.



**Initial application of standards, interpretations, and amendments in the financial year**

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
<b>IFRSs endorsed by the EU</b>				
Amendments to IFRS 16	Covid-19-Related Rent Concessions/ Covid-19-Related Rent Concessions beyond June 30, 2021 <sup>a</sup>	Jan. 1, 2021 <sup>b</sup>	Practical expedient for lessee accounting of rent concessions granted due to the Covid-19 pandemic. Instead of assessing whether a rent concession is a lease modification, the lessee may account for the changes in lease payments as if they were not lease modifications.	Practical expedient not applied by Deutsche Telekom.
Amendments to IFRS 4	Insurance Contracts – deferral of IFRS 9	Jan. 1, 2021	Deferral of first-time application of IFRS 9 for insurance companies.	No impact.
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)	Jan. 1, 2021	The amendments address the impact of modifications of financial instruments required as a direct consequence of the IBOR reform, hedge accounting requirements, and the accompanying disclosures.	No material impact expected.

<sup>a</sup> On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2021. The IASB granted an extension to June 30, 2022.

<sup>b</sup> Earlier application is permissible. Deutsche Telekom already decided in the 2020 financial year to not apply the practical expedient.

Thanks to intensive preparatory and implementation work, the reform of interbank offered rates (IBORs) is currently generating low residual risks regarding the timing of implementation and the precise content of the planned changes for individual contracts concluded in foreign currencies. Deutsche Telekom is affected by this uncertainty in its hedging of interest rate and currency risks in designated fair value and cash flow hedges where certain IBORs are part of the hedging relationship (EURIBOR, USD LIBOR, GBP LIBOR, and CHF LIBOR). Group Treasury continuously analyzes the latest developments and takes any additional steps needed to transition to the new reference interest rates. EONIA had already been transitioned to €STR, while specific implementation work for the currencies CHF, GBP, and JPY was successfully finalized by the end of 2021, so that these currencies were effectively transitioned to the new reference interest rates at the start of 2022. The transition date for all other currencies affected by the reform will depend on the relevant market liquidity of the new risk free rates. For the USD LIBOR, the market is expected to make the switch by mid-2023.

For information on hedging relationships, please refer to Note 40 "Financial instruments and risk management."

**Standards, interpretations, and amendments issued, but not yet to be applied**

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
<b>IFRSs endorsed by the EU</b>				
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.

<sup>a</sup> For standards not yet endorsed by the EU, the date of first-time adoption scheduled by the IASB is assumed for the time being as the likely date of first-time adoption.

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
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.
IFRS 17	Insurance Contracts	Jan. 1, 2023	IFRS 17 governs the accounting for insurance contracts and replaces IFRS 4.	No material impact expected.
Amendments to IFRS 17	Insurance Contracts	Jan. 1, 2023	Deferral of first-time application of IFRS 17 to January 1, 2023. The fundamental principles under IFRS 17 remain unaffected. The amendments to the standard, which refer to specific topics, are aimed at helping entities implement the standard and, at the same time, avoiding a significant loss of useful information. The option for companies to delay application of IFRS 9 until the initial application of IFRS 17 has also been extended until January 1, 2023.	No material impact.
<b>IFRSs not yet endorsed by the EU<sup>a</sup></b>				
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	Jan. 1, 2023	Clarification that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The amendment also clarifies the definition of settlement of a liability.	No material impact.
Amendments to IAS 1 and IFRS Practice Statement 2	Presentation of Financial Statements	Jan. 1, 2023	The amendments to IAS 1 will require entities to disclose their material accounting policies in the future rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 "Making Materiality Judgements" contain guidance on applying materiality judgments to accounting policy disclosures.	No material impact.
Amendments to IAS 8	Definition of Accounting Estimates	Jan. 1, 2023	Definition of accounting estimates. Clarification of how entities can distinguish between accounting policies and accounting estimates.	No material impact.
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023	Clarification that deferred tax must be recognized when an entity accounts for transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments clarify in particular the recognition of deferred tax arising from transactions such as leases or restoration/decommissioning obligations.	No material impact.
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative information	Jan. 1, 2023	Supplementary transition option relating to comparatives in the first reporting year, which allows for the option of a different classification pursuant to IFRS 9 (classification overlay) for the comparative periods in the year of first-time application of both standards. Under this option, for each financial asset for which the comparative period has not been adjusted to IFRS 9, the classification underlying the information available at the date of transition may be used. In addition, for financial assets that relate to insurance contracts, existing classification options under IFRS 9 can be exercised again if IFRS 9 was applied prior to the first-time application of IFRS 17.	No impact.

<sup>a</sup> For standards not yet endorsed by the EU, the date of first-time adoption scheduled by the IASB is assumed for the time being as the likely date of first-time adoption.

### Changes in accounting policies, changes in the reporting structure

Deutsche Telekom did not make any major changes to its accounting policies in the reporting year.

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

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

### Accounting policies

Key assets and liabilities shown in the consolidated statement of financial position are measured as follows:

Items in the statement of financial position	Measurement principle
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	Amortized cost
Trade receivables	Depending on the underlying business model in each case: at amortized cost, at fair value through other comprehensive income with recycling to profit or loss, or at fair value through profit or loss
Contract assets	Amortized cost
Current recoverable income taxes	Amount expected to be recovered from the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period
Other financial assets	
Originated loans and other receivables	Depending on the underlying business model in each case: at amortized cost, at fair value through other comprehensive income with recycling to profit or loss, or at fair value through profit or loss
Equity instruments	Fair value through other comprehensive income without recycling to profit or loss
Derivative financial assets	At fair value through profit or loss or, in the case of certain hedging relationships, at fair value through other comprehensive income with recycling to profit or loss
Inventories	Lower of net realizable value and cost
Non-current assets and disposal groups held for sale	Lower of carrying amount or fair value less costs of disposal (including allocable liabilities)
<b>Non-current assets</b>	
Intangible assets	
Of which: with finite useful lives	Amortized cost or lower recoverable amount
Of which: with indefinite useful lives (including goodwill)	Cost or lower recoverable amount (impairment-only approach)
Property, plant and equipment	Amortized cost or lower recoverable amount
Right-of-use assets	Amortized cost or lower recoverable amount
Capitalized contract costs	Amortized cost or lower recoverable amount
Investments accounted for using the equity method	Pro rata value of the investment's equity carried forward or lower recoverable amount
Other financial assets	
Originated loans and other receivables	Depending on the underlying business model in each case: at amortized cost, at fair value through other comprehensive income with recycling to profit or loss, or at fair value through profit or loss
Equity instruments	Fair value through other comprehensive income without recycling to profit or loss
Derivative financial assets	At fair value through profit or loss or, in the case of specific hedge accounting, at fair value through other comprehensive income with recycling to profit or loss
Deferred tax assets	Non-discounted amount measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled
<b>Liabilities</b>	
<b>Current liabilities</b>	
Financial liabilities	
Non-derivative interest-bearing and non-interest-bearing liabilities	Amortized cost

Items in the statement of financial position	Measurement principle
Derivative financial liabilities	At fair value through profit or loss or, in the case of certain hedging relationships, at fair value through other comprehensive income with recycling to profit or loss
Lease liabilities	Amortized cost
Trade payables	Amortized cost
Income tax liabilities	Amount expected to be paid to the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period
Other provisions	Present value of the settlement amount
Contract liabilities	Amortized cost
<b>Non-current liabilities</b>	
Financial liabilities	
Non-derivative interest-bearing and non-interest-bearing liabilities	Amortized cost
Derivative financial liabilities	At fair value through profit or loss or, in the case of certain hedging relationships, at fair value through other comprehensive income with recycling to profit or loss
Lease liabilities	Amortized cost
Provisions for pensions and other employee benefits	Actuarial projected unit credit method
Other provisions	Present value of the settlement amount
Contract liabilities	Amortized cost
Deferred tax liabilities	Non-discounted amount measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled

The material principles on recognition and measurement set out below were applied uniformly to all accounting periods presented in these consolidated financial statements.

#### Intangible assets

Intangible assets with finite useful lives, including 5G, LTE, UMTS, and GSM licenses, are measured at cost and generally amortized on a straight-line basis over their useful lives. Such assets are impaired if their recoverable amount, which is measured at the higher of fair value less costs of disposal and value in use, is lower than the carrying amount. Indefinite-lived intangible assets (mobile communications licenses granted by the Federal Communications Commission in the United States (FCC licenses)) are carried at cost. While FCC licenses are issued for a fixed time, renewals of FCC licenses have occurred routinely and at negligible costs. Moreover, Deutsche Telekom has determined that there are currently no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful lives of the FCC licenses, and therefore treats the FCC licenses as an indefinite-lived intangible asset. They are not amortized, but tested for impairment annually or whenever there are indications of impairment and, if necessary, written down to the recoverable amount. If the reasons for recognizing the original impairment loss no longer apply, impairment losses are reversed taking amortization into account, i.e., not exceeding the value that would have been applied if no impairment losses had been recognized in prior periods.

Intangible assets may also be acquired in connection with a frequency or spectrum exchange. The costs of intangible assets acquired in such a barter transaction are measured at fair value if the swap has commercial substance and the fair value of the asset received and the asset given up is reliably measurable. If the barter transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable, the carrying amount of the asset given up is used as the fair value of the asset received.

Limited-term spectrum leases normally satisfy the recognition criteria because the lessors fulfill their performance obligations on entering into the contract, which means there are no more executory contracts. Acquired television, film, and sports rights (media broadcasting rights) are recognized if the content is sufficiently developed to satisfy the identifiability criterion.

On initial recognition, the intangible asset and the corresponding financial liability are measured only on the basis of the minimum contract term. Where a right of termination exists, the period beyond the effective date of the earliest possible termination is not considered on initial recognition. Where a right of renewal exists, the renewal period is not considered on initial recognition.

The useful lives and the amortization methods of the intangible assets are reviewed at least at each financial year-end. If expectations differ from previous estimates, the changes are recognized as changes in accounting estimates in accordance with IAS 8.

Amortization of mobile communications licenses begins as soon as the related network is ready for use. The useful lives of mobile communications licenses are determined based on several factors, including the term of the licenses granted by the respective regulatory body in each country, the availability and expected cost of renewing the licenses, as well as the development of future technologies.

The useful lives of Deutsche Telekom's most important mobile communications licenses are as follows:

Mobile communications licenses	Years
FCC licenses	Indefinite
5G licenses	19 to 23
LTE licenses	6 to 25
UMTS licenses	17 to 19
GSM licenses	7 to 27

Expenditures for internally generated intangible assets incurred during the development phase are capitalized if they meet the criteria for recognition as assets, and are amortized over their useful lives. Research expenditures are expensed as incurred. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems, or services prior to the commencement of commercial production or use. Examples of activities typically included in development are the design, construction, and testing of pre-production or pre-use prototypes and models involving new technology. The development phase is deemed complete when the IT department has formally documented that the capitalized asset is ready for its intended use.

Goodwill is not amortized, but is tested for impairment based on the recoverable amount of the cash-generating unit to which the goodwill is allocated (impairment-only approach). The impairment test is carried out on a regular basis at the end of each financial year, as well as whenever there are indications that a carrying amount of the cash-generating unit is impaired.

#### Property, plant and equipment

Property, plant and equipment is carried at cost less straight-line depreciation, and impairment losses, if applicable. The depreciation period is based on the expected useful life of the assets. Items of property, plant and equipment are depreciated pro rata temporis in the year of acquisition. The residual values, useful lives, and the depreciation methods of the assets are reviewed at least at each financial year-end. If expectations differ from previous estimates, the changes are recognized as changes in accounting estimates in accordance with IAS 8. In addition to directly attributable costs, the costs of internally developed assets include proportionate indirect material and labor costs, as well as administrative expenses relating to production or the provision of services. In addition to the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, costs also include the estimated costs for dismantling and removing the asset, and restoring the site on which it is located. If an item of property, plant and equipment consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual useful lives. Maintenance and repair costs are expensed as incurred. If an asset is owned and a portion is used as an item of property, plant and equipment while another physically distinct portion of the owned asset is leased under an operating lease (e.g., office floors of a building or individual optical fibers of a cable), the portion of the asset that is leased is not presented separately.

Public investment grants reduce the cost of the property, plant and equipment for which the grants were made.

Investment grants are recognized when there is reasonable assurance that the entity will comply with the conditions attached to them, and the grants will be received in the full amount. If this reasonable assurance already exists when the contract is being concluded, the grant is recognized in full under other financial assets upon conclusion of the agreement, with a matching non-financial other liability for the build-out obligation. In subsequent periods, the financial asset measured at amortized cost is reduced upon receipt of the payments. The other liability is derecognized on a pro rata basis as the build-out progresses, reducing the carrying amount of the publicly funded property, plant and equipment. If there is not yet reasonable assurance, only the installment payments received are recognized, with a matching non-financial other liability. As soon as there is reasonable assurance, outstanding grants are recognized under other financial assets, and the carrying amounts of the other liability and the publicly funded property, plant and equipment are adjusted in accordance with the actual build-out progress. All grants received are recognized in net cash used in/from investing activities.

On disposal of an item of property, plant and equipment or when no future economic benefits are expected from its use or disposal, the carrying amount of the item is derecognized. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognized as other operating income or other operating expenses when the item is derecognized. The useful lives of the main asset classes are shown in the table below:

Asset classes	Years <sup>a</sup>
Buildings	25 to 50
Technical equipment and machinery	2 to 35
Other equipment, operating and office equipment	2 to 23

<sup>a</sup> The useful lives indicated represent the maximum number of years as specified by the Group. The actual useful lives may be shorter due to contractual arrangements or other specific factors such as time and location.

Leasehold improvements are depreciated over the shorter of their useful lives or terms of the lease.

### Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset. Deutsche Telekom defines qualifying assets as construction projects or other assets for which a period of at least twelve months is necessary in order to get them ready for their intended use or sale. Borrowing costs relating to assets measured at fair value and to inventories that are manufactured or produced in large quantities on a repetitive basis are not capitalized.

### Impairments of intangible assets, items of property, plant and equipment, and right-of-use assets

Impairments are identified by comparing the carrying amount with the recoverable amount. If individual assets do not generate future cash flows independently of other assets, recoverability is assessed on the basis of the larger cash-generating unit to which the assets belong. At each reporting date, Deutsche Telekom assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or cash-generating unit must be determined. In addition, annual impairment tests are carried out for intangible assets with indefinite useful lives (goodwill and FCC licenses) at regular intervals. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination. If the carrying amount of the cash-generating unit to which goodwill is allocated exceeds its recoverable amount, goodwill allocated to this cash-generating unit must be reduced in the amount of the difference. Impairment losses for goodwill must not be reversed. If the impairment loss recognized for the cash-generating unit exceeds the carrying amount of the allocated goodwill, the additional amount of the impairment loss is to be distributed on a pro rata basis to the assets allocated to the cash-generating unit. The fair values or values in use (if measurable) of the individual assets shall be considered to be the minimum values. If the reasons for previously recognized impairments no longer exist, the impairment losses on the assets concerned (with the exception of goodwill) must be reversed.

The recoverable amount of a cash-generating unit is measured at the higher of fair value less costs of disposal and the value in use. The recoverable amount is generally determined by means of a discounted cash flow (DCF) calculation, unless it can be determined on the basis of a market price. These DCF calculations use projections that are based on financial budgets approved by management covering a ten-year period and are also used for internal purposes. The planning horizon reflects the assumptions for short- to mid-term market developments. Cash flows beyond the ten-year period are extrapolated using appropriate growth rates. For the key assumptions on which management has based its calculation of the recoverable amount, please refer to the explanations provided under "Judgments and estimates," further on in this section.

### Inventories

Inventories are carried at cost at initial recognition and are subsequently measured at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Cost is measured using the weighted average cost method. Net realizable value is the estimated standalone selling price in the ordinary course of business less the estimated costs of completion and the necessary estimated selling expenses.

### Non-current assets and disposal groups held for sale

Non-current assets and disposal groups held for sale are classified as such if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets are measured at the lower of the carrying amount and fair value less costs of disposal and classified as non-current assets and disposal groups held for sale. Such assets are no longer depreciated. Impairment of such assets is recognized if fair value less costs of disposal is lower than the carrying amount. If fair value less costs of disposal subsequently increases, the impairment loss previously recognized must be reversed. The reversal of impairment losses is limited to the impairment losses previously recognized for the assets concerned. If the requirements for the classification of assets as held for sale are no longer met, the assets may no longer be shown as held for sale. The assets are to be measured at the lower of the carrying amount that would have applied if the asset had not been classified as held for sale, and the recoverable amount at the date at which the requirements for the classification as held for sale are no longer met.

### Employee benefits

Deutsche Telekom maintains **defined benefit pension plans** in various countries on the basis of the pensionable compensation of its employees and their length of service. Some of these pension plans are financed through external pension funds and some through incorporation in a contractual trust agreement (CTA). Provisions for pensions are actuarially measured using the projected unit credit method for defined benefit pension plans, taking into account not only the pension obligations and vested pension rights known at the reporting date, but also expected future salary and benefit increases. The interest rate used to determine the present value of the obligations is generally set on the basis of the yields on high-quality corporate bonds in the respective currency area. The return on plan assets and interest expenses resulting from the unwinding of the discount are reported in profit/loss from financial activities. Service cost is classified as operating expenses. Past service cost resulting from a change in the pension plan shall immediately be recognized in the income statement in the period in which the change took effect. Gains and losses arising from adjustments and changes in actuarial assumptions are recognized immediately and in full in the period in which they occur outside profit or loss within equity. Some Group entities grant defined contribution plans to their employees in accordance with statutory or contractual requirements, with the payments being made to state or private pension insurance funds. Under defined contribution plans, the employer does not assume any other obligations above and beyond the payment of contributions to an external fund. The amount of the future pension payments will exclusively depend on the contribution made by the employer (and their employees, if applicable) to the external fund, including income from the investment of such contributions. The amounts payable are expensed when the obligation to pay the amounts is established, and classified as expenses.

Up until December 31, 2012, Deutsche Telekom maintained a joint pension fund, **Bundes-Pensions-Service für Post und Telekommunikation e.V.**, Bonn (Federal Pension Service for Post and Telecommunications – BPS-PT), together with Deutsche Post AG and Deutsche Postbank AG for civil-servant pension plans. BPS-PT made pension and allowance payments to retired employees and their surviving dependents who are entitled to pension payments as a result of civil-servant status. The German Act on the Reorganization of the Civil Service Pension Fund (Gesetz zur Neuordnung der Postbeamtenversorgungskasse – PVKNeuG) transferred the functions of BPS-PT relating to civil-servant pensions (organized within the Civil Service Pension Fund) to the German Federal Posts and Telecommunications Agency effective January 1, 2013. The level of Deutsche Telekom AG's payment obligations to the Civil Service Pension Fund is defined under § 16 of the German Act on the Legal Provisions for the Former Deutsche Bundespost Staff (Postpersonalrechtsgesetz). Deutsche Telekom AG has been legally obligated since 2000 to make an annual contribution to the special pension fund amounting to 33 % of the pensionable gross emoluments of active civil servants and the notional pensionable gross emoluments of civil servants on leave of absence. Deutsche Telekom is not required to fulfill any other obligations in respect of pensions for civil servants. The payment obligations are therefore to be considered defined contribution plans.

In the past, Deutsche Telekom AG and its domestic subsidiaries agreed on **phased retirement arrangements** with varying terms and conditions, predominantly based on what is known as the block model. Two types of obligations, both measured at their present value in accordance with actuarial principles, arise and are accounted for separately. The first type of obligation relates to the cumulative outstanding settlement amount, which is recorded on a pro rata basis during the active or working phase. The cumulative outstanding settlement amount is based on the difference between the employee's remuneration before entering phased retirement (including the employer's social security contributions) and the remuneration for the part-time service (including the employer's social security contributions, but excluding top-up payments). The second type of obligation relates to the employer's obligation to make top-up payments plus an additional contribution to the statutory pension scheme. Top-up payments are often hybrid in nature, i.e., although the agreement is often considered a form of compensation for terminating the employment relationship at an earlier date, payments to be made at a later date are subject to the performance of work in the future. Despite having the characteristics of severance payments, the top-up payments must be recognized ratably over the vesting period due to their dependency on the performance of work in the future. If the block model is used, the vesting period for top-up payments starts when the employee is granted the entitlement to participate in the phased retirement program and ends upon entry into the passive phase (leave from work).

Obligations arising from the granting of termination benefits are recognized when Deutsche Telekom does not have a realistic possibility of withdrawal from the granting of the corresponding benefits. **Severance payments for employees and obligations arising in connection with early retirement arrangements** in Germany are mainly granted in the form of offers to the employees to leave the Company voluntarily. As a rule, such obligations are not recognized before the employees have accepted an offer from the Company, unless the Company is prevented by legal or other restrictions from withdrawing its offer at an earlier date. Obligations arising from the sole decision by the Company to shed jobs are recognized when the Company has announced a detailed formal plan to terminate employment relationships. If termination benefits are granted in connection with restructuring measures within the meaning of IAS 37, a liability under IAS 19 is recognized at the same time as a restructuring provision. Where termination benefits fall due more than twelve months after the reporting date, the expected amount to be paid is discounted to the reporting date. If the timing or the amount of the payment is still uncertain at the reporting date, the obligations are reported under other provisions.

#### Other provisions

**Other provisions** are recognized for current legal or constructive obligations to third parties that are uncertain with regard to their timing or their amount. Provisions are recognized for these obligations provided they relate to past transactions or events, will more likely than not require an outflow of resources to settle, and this outflow can be reliably measured. Provisions are carried at their expected settlement amount, taking into account all identifiable risks and uncertainties. The settlement amount is calculated on the basis of a best estimate; suitable estimation methods and sources of information are used depending on the characteristics of the obligation. In the case of a number of similar obligations, the group of obligations is treated as one single obligation. The expected value method is used as the estimation method. If there is a range of potential events with the same probability of occurrence, the average value is taken. Individual obligations (e.g., legal and litigation risks) are regularly evaluated based on the most probable outcome, provided an exceptional probability distribution does not mean that other estimates would lead to a more appropriate evaluation. The measurement of provisions is based on past experience, current costing, and price information, as well as estimates and reports from experts. If experience or current costing or price information is used to determine the settlement amount, these values are extrapolated to the expected settlement date. Suitable price trend indicators (e.g., construction price indexes or inflation rates) are used for this purpose. Provisions are discounted when the effect of the time value of money is material. Provisions are discounted using pre-tax market interest rates that reflect the term of the obligation and the risk associated with it (insofar as not already taken into consideration in the calculation of the settlement amount). Reimbursement claims are not netted against provisions; they are recognized separately as soon as their realization is virtually certain.

**Provisions for decommissioning, restoration, and similar obligations** arising from the acquisition of property, plant and equipment are offset by a corresponding increase in the capitalized cost of the relevant asset. Changes at a later date in estimates of the amount or timing of payments or changes to the interest rate applied in measuring such obligations also result in retrospective increases or decreases in the carrying amount of the relevant item of property, plant and equipment. These in turn change the depreciation of the asset to be recognized in the future, which leads to the changes in estimates being recognized in profit or loss over the remaining useful life. Where the decrease in the amount of a provision exceeds the carrying amount of the related asset, the excess is recognized immediately in profit or loss.

#### Financial instruments

Financial instruments are recognized as soon as Deutsche Telekom becomes a party to the contractual regulations of the financial instrument. However, in the case of regular way purchase or sale, the settlement date is relevant for the initial recognition and derecognition. This is the day on which the asset is delivered to or by Deutsche Telekom. In general, financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity currently has a right to offset the recognized amounts and intends to settle on a net basis. Transferred financial assets are derecognized in full if substantially all the risks and rewards of ownership are transferred or if some of the risks and rewards of ownership are transferred (risk sharing) and the acquirer has both the legal and the practical ability to sell the assets to a third party. If, in cases where risk is shared, the acquirer is unable to sell the assets to a third party, the assets will continue to be recognized to the extent of the maximum risk retained. Financial liabilities are derecognized when the obligation specified in the contract expires or if there is a substantial modification of the terms of the contract.



**Financial assets** include cash and cash equivalents, trade receivables, originated loans and other receivables, investments in equity instruments, and derivative financial assets. They are measured at fair value upon initial recognition. For all financial assets not subsequently measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition are taken into account plus, in the case of debt instruments held, a loss account for expected credit losses. The fair values recognized in the statement of financial position are generally based on market prices of the financial assets. If these are not available, the fair value is determined using standard valuation models on the basis of current market parameters. For the classification and measurement of debt instruments held, the respective business model for managing the debt instruments and whether the instruments have the characteristics of a standard loan, i.e., whether the cash flows are solely payments of principal and interest, is relevant. Assuming the assets have these characteristics and if the business model is to hold to collect the asset's contractual cash flows, they are measured at amortized cost. If the objective of the business model is to hold to collect and sell the contractual cash flows, they are measured at fair value through other comprehensive income with recycling to profit or loss. In all other cases, financial assets are measured at fair value through profit or loss. There may be different business models for separate portfolios of the same types of debt instruments, for example if factoring transactions exist for certain trade receivables.

**Cash and cash equivalents** include cash accounts and short-term cash deposits at banks; they have maturities of up to three months at initial recognition.

**Trade receivables** and **originated loans and other receivables** are measured at their transaction price at initial recognition if they do not contain a significant financing component. Instruments with a significant financing component are initially measured at fair value.

Investments in **equity instruments** represent strategic investments. Deutsche Telekom has exercised the option of generally measuring these through other comprehensive income without recycling to profit or loss. This is due to the fact that Deutsche Telekom's primary goal for strategic investments is not a short-term maximization of profit (trading). The acquisition and disposal of strategic investments is based on business policy considerations.

**Dividends** received are recognized immediately in profit or loss unless they constitute a repayment of capital.

**Derivative financial assets** that are not part of an effective hedging relationship are measured at fair value through profit or loss.

In the **consolidated statement of cash flows**, Deutsche Telekom reports cash flows from interest and dividends received as cash inflows or outflows in net cash from operating activities.

**Financial liabilities** are measured at fair value on initial recognition. For all financial liabilities not subsequently measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition are also a component of the carrying amount.

If the contractual payment term for **liabilities to suppliers** is longer than the normal credit period in the relevant procurement market at this point in time, this liability is reported under other interest-bearing liabilities in financial liabilities instead of under trade payables. A financing agreement of this nature is shown as a non-cash transaction in the consolidated statement of cash flows and the relevant repayment of the financial liability reported under net cash from/used in financing activities. This applies regardless of whether the supplier sells its receivable or not.

For further information on the effects on the consolidated statement of cash flows, please refer to Note 35 "[Notes to the consolidated statement of cash flows.](#)"

**Derivative financial liabilities** that are not part of an effective hedging relationship are measured at fair value through profit or loss.

Deutsche Telekom has not yet made use of the option to designate financial instruments upon initial recognition as **at fair value through profit or loss**.

At initial recognition, debt instruments that are not measured at fair value through profit or loss are measured including a loss allowance account for expected **credit losses**. For trade receivables with and without a significant financing component, contract assets, and lease assets, the loss allowance is calculated at an amount equal to the lifetime expected credit losses. For all other instruments, the loss allowance is determined at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Otherwise, the loss allowance is calculated at an amount equal to twelve-month expected credit losses. In this case, losses incurred later than twelve months after the reporting date would therefore not be considered.

When a loss allowance for expected credit losses is being determined, the historical probability of default supplemented by the relevant future parameters for the credit risk is used as the basis for the calculation. For debt instruments traded in an active market, publicly available market data is used to determine the loss allowance for expected credit losses.

The loss allowance takes adequate account of the future expected credit risk; write-offs lead to the derecognition of the respective receivables. For allowances, financial assets are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment, and written off, if necessary. The cash flows are discounted on the basis of the weighted average of the original effective interest rates of the financial assets in the relevant portfolio. Impairments of trade receivables are recognized in some cases using allowance accounts. The decision to account for credit risks using an allowance account or by directly reducing the receivable will depend on the reliability of the risk assessment. As there are a variety of operating segments and regional circumstances, this decision is the responsibility of the respective portfolio managers.

Deutsche Telekom uses **derivatives** to hedge the interest rate and currency risks resulting from its operating, financing, and investing activities. The Company does not hold or issue derivatives for speculative trading purposes. Derivatives are carried at their fair value upon initial recognition and also for subsequent measurement. The fair value of traded derivatives is equal to their market price, which can be positive or negative. If there is no market price available, the fair value is determined using standard financial valuation models.

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. This is calculated on the basis of the counterparties' relevant exchange rates and interest rates at the reporting date. Calculations are made using average rates. In the case of interest-bearing derivatives, a distinction is made between the clean price and the dirty price (full fair value). In contrast to the clean price, the dirty price also includes the interest accrued. The fair values carried correspond to the dirty price.

Embedded derivatives must be separated from financial liabilities and other non-financial contracts that are not measured at fair value through profit or loss if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. These derivatives must then be recognized separately and measured at fair value through profit or loss. Derivatives embedded in financial assets do not need to be separated, however. In such cases, the entire instrument must be measured at fair value through profit or loss.

Recording the changes in the fair values – either in profit or loss or directly in equity – depends on whether or not the derivative is part of an effective hedging relationship as set out in IFRS 9. If hedge accounting is not applied, the changes in the fair values of the derivatives must be recognized immediately in profit or loss. If, on the other hand, effective hedge accounting exists, the hedge will be recognized as such.

Deutsche Telekom applies hedge accounting to hedged items in the statement of financial position and future cash flows, thus reducing income statement volatility. A distinction is made between fair value hedges, cash flow hedges, and hedges of a net investment in a foreign operation depending on the nature of the hedged item. Hedging relationships are exclusively accounted for in accordance with the requirements of IFRS 9. Deutsche Telekom has exercised the option of designating cross-currency basis spreads as hedging costs rather than as part of the hedging relationship and presenting them separately in equity. To hedge the currency risk of an unrecognized firm commitment, Deutsche Telekom makes use of the option to recognize it as a cash flow hedge rather than a fair value hedge. In the case of fair value hedges, the cumulative adjustments to the carrying amount of the hedged item are amortized when the hedging relationship has been discontinued.

IFRS 9 sets out strict requirements on the use of hedge accounting. Deutsche Telekom complies with these requirements by documenting, at the inception of a hedge, both the relationship between the financial instrument used as the hedging instrument and the hedged item, as well as the risk management objective and the risk strategy of the hedge. This involves concretely assigning the hedging instruments to the corresponding assets or liabilities or (firmly committed/highly probable) future transactions and also assessing the effectiveness of the hedging instruments designated. The effectiveness of existing hedging relationships is monitored on an ongoing basis. If the criteria for applying hedge accounting are no longer met, the hedging relationship will be de-designated immediately.

Deutsche Telekom does not use hedge accounting in accordance with IFRS 9 to hedge the foreign-currency exposure of recognized monetary assets and liabilities, because the gains and losses on the hedged item from currency translation that are recognized in profit or loss in accordance with IAS 21 are shown in the income statement together with the gains and losses on the derivatives used as hedging instruments.

#### **Contingencies (contingent liabilities and assets)**

Contingencies (contingent liabilities and assets) are potential liabilities or assets arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of Deutsche Telekom. Contingent liabilities are also present obligations that arise from past events for which an outflow of resources embodying economic benefits is not probable or for which the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only recognized at their fair value if they were assumed in the course of a business combination. Contingent liabilities not assumed in the course of a business combination are not recognized. Contingent assets are not recognized. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset. Information on contingent liabilities is disclosed in the notes to the consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. The same applies to contingent assets where an inflow of economic benefits is probable.

#### **Leases**

A lease is a contract in which the lessor conveys the right to use an asset for a period of time to the lessee in exchange for consideration, typically a payment or series of payments. The scope of IFRS 16 applies to standard lease, rental, and tenancy agreements as well as agreements in which the lessee is granted other rights to use assets, such as certain easements. A lease only exists if the contract conveys the right to control the use of an identified asset to the lessee. The lessee has control when it has the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

**Lessee.** At the commencement date of the lease, a lessee recognizes a right-of-use asset and a lease liability in the statement of financial position for all leases. The right-of-use asset is measured applying the cost model and the lease liability is measured at the present value of the future lease payments. This measurement concept also applies to leases for which the underlying asset is of low value and to short-term leases for which the lease term is no longer than twelve months. Non-lease components are not separated from lease components, i.e., all non-lease payments due under the contract are also recognized in the statement of financial position. This practical expedient does not include contracts relating to data centers, which due to their special requirements in terms of equipment and premises form their own separate class of underlying asset. For this class of assets, the non-lease payments are recognized as an expense. IAS 38 is applied for leases of intangible assets rather than IFRS 16.

The lease liability is recognized at the present value of the future lease payments to be made over the reasonably certain lease term. Lease payments are all of the fixed and in-substance fixed payments, less any future lease incentives payable by the lessor. Variable lease payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and payment for the exercise of reasonably certain purchase and termination options are also measured and recognized as part of the lease liability. The series of payments is discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, at the lessee's incremental borrowing rate. The incremental borrowing rate is determined by deriving benchmark interest rates for a period of up to 30 years from maturity-related risk-free interest rates which are increased by a credit-risk premium and adjusted for a liquidity and country-risk premium. All other variable payments are recognized as an expense. The lease liability is subsequently measured using the effective interest method.

The cost of the right-of-use asset comprises: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received from the lessor; any initial direct costs incurred for obtaining the lease; the costs for preparing the leased asset for its intended use; and an estimate of any future dismantling and restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term and, if applicable, reduced by any impairment losses. If ownership of the leased asset is transferred to the lessee at the end of the lease term, or if it is reasonably certain that a purchase or put option will be exercised, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

The lease term is the period during which it is reasonably certain that an underlying asset will be used by the lessee. The lease term includes the non-cancelable period of a lease together with periods covered by options to extend the lease, if their exercise is reasonably certain, and periods covered by termination options, if it is reasonably certain that the termination option will not be exercised. This estimate is reassessed either upon the occurrence of an event or a significant change in circumstances that is within the control of the lessee and affects a change in lease term. The lease term will be revised if an extension option not previously included in the entity's determination of the lease term is exercised or a termination option not previously included in the entity's determination of the lease term is not exercised. The revision of the lease term leads to a change in the future series of lease payments and therefore to a remeasurement of the lease liability using a revised current discount rate. The amount of the resulting difference is recognized outside profit or loss as an adjustment to the right-of-use asset or is offset against it. Derecognition amounts that exceed the carrying amount of the right-of-use asset are recognized as an income in profit or loss.

A lease modification that substantially increases the scope of the original lease is accounted for as a separate lease if both the lessee is granted an additional right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope that the lessee would otherwise have to pay for use if it had leased these assets from a third party under a separate lease.

For lease modifications that increase the scope of a lease but are not accounted for as a separate lease, the required remeasurement of the lease liability is accounted for outside profit or loss as an adjustment to the carrying amount of the right-of-use asset and the lease liability for the existing lease. If a lease modification decreases the scope of the lease, the lessee also remeasures both the right-of-use asset and the lease liability and recognizes any gain or loss in profit or loss. The modified amounts are measured at the modification date with a revised discount rate.

**Lessor.** If a lease does not transfer substantially all risks and rewards incidental to ownership of an underlying asset to the lessee (**operating lease**), the leased asset is recognized in the statement of financial position by the lessor. Measurement of the leased asset is then based on the accounting policies applicable to the underlying asset. The lease payments, including contractually defined future changes in the lease payments, are recognized in profit or loss by the lessor. Contractually defined future changes in the lease payments during the term of the lease are recognized as lease revenue on a straight-line basis over the lease term, which is assessed at the commencement date of the contract. Where extension options exist, the exercise of those extension options that are reasonably certain is initially taken into account at the time the lease is concluded. If, contrary to the original expectation, these options are exercised or not exercised during the lease term, the previously assessed term will be revised and taken into account in the recognition of future lease revenue from operating lease transactions.

If substantially all risks and rewards incidental to ownership of the underlying leased asset are transferred to the lessee (**finance lease**), the lessor recognizes at the commencement date, in place of the leased asset, a finance lease receivable at an amount equal to the net investment in the lease. The net investment is defined as the discounted aggregate of future lease payments and any unguaranteed residual value accruing to the lessor (gross investment). The lease payments made by the lessees are split into an interest component and a principal component using the effective interest method. In subsequent measurement, the lease receivable is reduced by the principal lease payments received. The interest component of the payments received is recognized as finance income over the lease term in the consolidated income statement.

Under business models in which Deutsche Telekom is classified as a manufacturer or dealer lessor within the meaning of IFRS 16, revenue from finance leases is recognized at the date at which the asset is made available for use to the lessee at the fair value of the underlying leased asset or, if lower, the present value of the payments including any guaranteed residual value and presented as lease revenue. The selling profit or loss from the finance lease is realized in the amount of the difference between the revenue and the carrying amount of the underlying asset less the present value of the unguaranteed residual value. The finance income (interest income) is subsequently also presented as lease revenue.

For sale and leaseback transactions, if there is a transfer of control within the meaning of IFRS 15, Deutsche Telekom as the seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Any gain or loss that relates to the rights transferred to the buyer-lessor is recognized in profit or loss. If there is no transfer of control, the seller-lessee recognizes the transaction as a financing transaction. While the transaction is legally subject to a lease contract, it is not accounted for as a lease and the underlying asset is not derecognized.

#### **Share-based payment programs**

Equity-settled share-based payment transactions are measured at fair value on the grant date. The fair value of the obligation is recognized as personnel costs over the vesting period and offset against capital reserves. For equity-settled share-based payment transactions, the fair value is determined using internationally accepted valuation techniques, such as the Black-Scholes model or the Monte Carlo model. For cash-settled share-based payment transactions, the goods and services acquired and the liability incurred are recognized at the fair value of the liability. The fair value of the liability has to be newly determined at each reporting date and at the settlement date, and the changes in the fair value have to be recognized in profit and loss, until the liability is settled.

#### **Net revenue, contract assets and liabilities/contract costs**

**Revenues** include all revenues from the ordinary business activities of Deutsche Telekom. Ordinary activities do not only refer to the core business but also to other recurring sales of goods or rendering of services. However, gains from sales of items of property, plant and equipment or intangible assets are not classified as revenue but as other operating income. All ancillary income in connection with the delivery of goods and rendering of services in the course of an entity's ordinary activities is also presented as revenue. Examples include dunning fees, contractual penalties, and default interest. Income from interest added back from long-term customer receivables and contract assets is also considered ancillary income in the course of an entity's ordinary activities where the underlying receivables or contract assets have resulted in the recognition of revenue. Revenues are recorded net of value-added tax and other taxes collected from customers that are remitted to governmental authorities. They are recognized in accordance with the provision of goods or services, provided that collectability of the consideration is probable. For service contracts with a continuous service provision, the contractually agreed total consideration is recognized as revenue on a straight-line basis over the minimum contract term, regardless of the payment pattern.

A **contract asset** must be recognized when Deutsche Telekom recognized revenue for fulfillment of a contractual performance obligation before the customer paid consideration or before – irrespective of when payment is due – the requirements for billing and thus the recognition of a receivable exist.

A **contract liability** must be recognized when the customer paid consideration or a receivable from the customer is due before Deutsche Telekom fulfilled a contractual performance obligation and thus recognized revenue. In a customer contract, contract liabilities must be set off against contract assets.

**Multiple-element arrangements** involving the delivery or provision of multiple products or services must be separated into distinct performance obligations, each with its own separate revenue contribution that is recognized as revenue on fulfillment of the obligation to the customer. At Deutsche Telekom, this especially concerns the sale or lease of a mobile handset or other telecommunications equipment combined with the conclusion of a mobile or fixed-network telecommunications contract. The total transaction price of the bundled contract is allocated among the individual performance obligations based on their relative – possibly estimated – standalone selling prices, i.e., based on a ratio of the standalone selling price of each separate element to the aggregated standalone selling prices of the contractual performance obligations. As a result, the revenue to be recognized for products (often delivered in advance) such as mobile handsets that are sold at a subsidized price in combination with a long-term service contract is higher than the amount billed or collected. This leads to the recognition of what is known as a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is reversed and reduced over the remaining minimum contract period, reducing revenue from the other performance obligations (in this case: mobile service revenues) compared with the amounts billed. In contrast to the amounts billed, this results in higher revenue from the sale of goods and merchandise and lower revenue from the provision of services.

**Customer activation fees** and other advance one-time payments by the customer that do not constitute consideration for a separate performance obligation are deferred as contract liabilities and recognized as revenue over the minimum contract term or, in exceptional cases (e.g., in the case of contracts that can be terminated at any time) over the expected contract period. The same applies to fees for installation and set-up activities that do not have an independent value for the customer.

As distinct from promotional offers, **options to purchase additional goods or services free of charge or at a discount** are separate performance obligations (material rights) for which part of the revenue is deferred as a contract liability until the option is exercised or expires, providing the discount on future purchases is an implicit component of the consideration for the current contract and is also significant. The measure of significance is whether the decision by the (average) customer to enter into the current contract is likely to have been significantly influenced by their right to the future discount. Offers for volume discounts for the purchase of additional core products of an entity (e.g., a discount offered on an additional fixed-network contract for mobile customers) are considered by Deutsche Telekom as promotional offers for which customers do not (implicitly) pay as part of the current contract.

Long-term customer receivables (e.g., arising from sales of handsets in installments), contract assets (e.g., arising from the subsidized sale of a handset in connection with the conclusion of a long-term customer contract), or contract liabilities (e.g., arising from a prepayment by the customer) are recognized at present value if the **financing component** is significant in relation to the total contract value (i.e., including those performance obligations that do not contain a financing component). The discount rate also reflects the customer credit risk. Deutsche Telekom makes use of the option not to recognize a significant financing component if the period between when a good or service is transferred to the customer and when the customer pays for that good or service will be one year or less.

**Payments to customers** including credits or subsequent discounts are recognized as a reduction in revenue unless the payment constitutes consideration for a distinct good or service from the customer, for which the fair value can be reasonably estimated.

**Gross vs. net presentation.** In cases where a company is in an intermediary position between another supplier/vendor (e.g., manufacturer, wholesaler) and a retail customer, it must be assessed whether the company itself supplies the relevant product or provides the service requested by the customer as the principal or whether the company merely acts as the agent for the supplier. The outcome determines whether the entity can recognize revenue on a gross basis (as the principal) or on a net basis after deducting the costs to the supplier (as the agent). For Deutsche Telekom, the question arises particularly in the case of digital services (e.g., streaming services, cloud-based software as a service) purchased from third parties and sold to retail customers as part of Deutsche Telekom's product portfolio. In summary, in case of rights to another party's goods or services, Deutsche Telekom considers itself to be the principal vis-à-vis the retail customer if all of the following conditions are met and thus reports gross revenues:

- Deutsche Telekom has a contractual enforceable right to receive the predefined services "on demand" at predefined (fixed or variable) prices, and accordingly the other party has entered into an enforceable ongoing commitment to provide them.
- Deutsche Telekom sells access to the other party's services in its own name and for its own account under a contract between Deutsche Telekom and the retail customer.
- Deutsche Telekom has discretion in setting the price for the other party's services sold for its own account.

Contract costs comprise the incremental costs of obtaining a contract (mainly sales commission paid to employees and third-party retailers in the direct and indirect sales channel) and the costs to fulfill a contract. These must be capitalized if it can be assumed that the costs will be compensated by future revenue from the contract. Incremental costs of obtaining a contract are additional costs that would not have been incurred had the contract not been concluded. Costs to fulfill a contract are costs relating directly to a contract that are incurred after contract inception and serve the purpose of fulfilling the contract but are incurred prior to fulfillment and cannot be capitalized under any other standard. Deutsche Telekom makes use of the option to immediately recognize contract costs whose amortization period would not be more than one year as an expense.

The capitalized contract costs are generally recognized on a straight-line basis over the expected contract period. The expenses are disclosed in Deutsche Telekom's income statement, not under depreciation and amortization but – depending on the sales channel – as goods and services purchased or personnel costs.

In the **indirect sales channel**, third-party retailers often arrange service contracts on behalf of and for the account of Deutsche Telekom (as the agent) in connection with the sale of subsidized handsets in their own name and for their own account (as the principal). In such cases, the retailers receive commission in an amount that explicitly or implicitly compensates them for the handset subsidy granted. As in the case of multiple-element arrangements in the direct sales channel, the customer ultimately covers the handset subsidy by paying a price above the standalone selling price for the service contract. Deutsche Telekom considers this an implicit promise to the customer that on conclusion of this service contract they will be able to purchase a handset at a discounted price. The only difference between this promise and the purchase of a service in the direct sales channel is that it is not Deutsche Telekom that is granting the discount as part of a multiple-element arrangement but a third-party retailer that is compensated for it by Deutsche Telekom through the commission it receives for arranging the service contract. As, from an economic substance perspective, these payments constitute indirect payments by Deutsche Telekom to customers, the portion of the commission payments attributable to the (implicit) cost reimbursements to the retailer is not capitalized as contract costs but as a contract asset and is therefore recognized as a reduction of the service revenues over the contract term rather than as an expense. This ensures that the amount of the service revenues generated with retail customers for identical rate plans does not depend on the type of sales channel.

Depending on the business model, **revenue recognition** at Deutsche Telekom is as follows:

The **mobile and fixed-network business** of the Germany, United States, Europe, and Group Development operating segments includes mobile services, narrow- and broadband access to the fixed network and the internet, television via internet, connection and roaming fees billed to other fixed-network and mobile operators (wholesale business), and sales or lease of mobile handsets, other telecommunications equipment, and accessories. Revenue generated from the use of voice and data communications as well as television via internet is recognized upon rendering of the agreed service. The services rendered relate to use by customers (e.g., call minutes), availability over time (e.g., monthly flat rates), or other agreed rate plans. Revenue and expenses associated with the sale of telecommunications equipment and accessories are recognized when the products are delivered, provided there are no unfulfilled company obligations that affect the customer's final acceptance of the arrangement. Revenue from the lease of mobile handsets and telecommunications equipment that is not considered a sale in economic terms is recognized monthly as the entitlement to the fees accrued. Advertising revenues are recognized in the period in which the advertisements are exhibited.

Trade-in rights for used handsets which are granted to customers upon contract conclusion under the condition of a new purchase transaction (including renewal of an existing service contract) do not constitute repurchase arrangements; however, if the repurchase prices exceed the fair value of the handsets these rights must be recognized as separate performance obligations for which part of the contractual revenue is deferred until they are exercised or expire.

Particularly in the mobile communications business, the timing of payments for mobile handsets purchased in connection with the conclusion of a service contract differs from the timing of the delivery and hence from revenue recognition. Where a significant financing component exists, revenue is measured at the present value. Whereas the sale of subsidized handsets in connection with the conclusion of service contracts in the consumer business is still common in the Germany operating segment and also to some extent in the Europe operating segment, handsets are not sold at a discount at all, or only to a limited extent, in the United States and to some extent in the Europe operating segments; payment-by-installment models or lease models are offered to customers instead. In both the subsidy model and the payment-by-installment model, an asset must thus be recognized at the date of revenue recognition and is generally settled over a 24-month service contract term through payments made by the customer. The only difference is that with the subsidy model it is a contract asset that is repaid through the portion of the monthly bill that exceeds the allocated monthly service revenues. By contrast, the payment-by-installment model involves an existing legal customer receivable that is settled based on an installment plan – separately from the monthly billing for telecommunications services.

The **Systems Solutions** operating segment provides, among other things, IT services and network services for corporate customers including IT outsourcing services and the sale of hardware including desktop services. Revenue from service contracts is recognized as the service is performed, i.e., normally on a pro rata basis over the contract term. Revenue from service contracts billed on the basis of time and material used is recognized at the contractual hourly rates as labor hours are delivered and direct expenses are incurred.

Revenue from hardware sales or sales-type leases is recognized when the product is shipped to the customer, provided there are no unfulfilled company obligations that affect the customer's final acceptance of the arrangement. Any costs of these obligations are recognized when the corresponding revenue is recognized.

Revenue from construction contracts and construction-type service contracts (or elements of service contracts), for which a defined output is promised (e.g., IT developments), is recognized using the percentage-of-completion method. The measure of progress or stage of completion of a contract is generally determined as the percentage of cost incurred up until the reporting date relative to the total estimated cost at the reporting date (cost-to-cost method). In particular for complex outsourcing contracts with corporate customers, a reliable estimate of the total cost and therefore of the stage of completion is not possible in many cases, so revenue is only recognized in the amount of the contract costs expensed. This means that a proportionate profit is not realized until the contract has been completed (zero-profit method).

Revenue from non-sales-type rentals and leases is recognized on a straight-line basis over the lease term.

### Income taxes

Income taxes include current income taxes as well as deferred taxes. Current and deferred tax assets and liabilities must be recognized where they are probable. They are measured in accordance with the tax laws applicable or already announced as of the reporting date, provided said announcement has the effect of actual enactment. Where uncertain tax assets or uncertain tax liabilities are recognized because they are probable, these must be measured at their most probable amount. In exceptional cases the expected value is considered. Where current and deferred taxes are recognized, they must be reported as income or expense except to the extent that the tax arises from a transaction which is recognized outside the consolidated income statement, either in other comprehensive income or directly in equity, or in connection with a business combination. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset in the statement of financial position if Deutsche Telekom has a legally enforceable right to set off current tax assets against current tax liabilities, has an intention to settle net, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Current tax assets and current tax liabilities must be recognized in the amount that Deutsche Telekom expects to settle with or recover from the tax authorities. They include liabilities/receivables for the current period as well as for prior periods.

Deferred taxes are recognized for temporary differences between the carrying amounts in the consolidated statement of financial position and the tax base, as well as for tax loss carryforwards and tax credits. As an exception to this principle, a deferred tax liability is not recognized for temporary differences if the deferred tax liability arises from the initial recognition of an asset or a liability in a transaction which is not a business combination and, at the time of the transaction, affects neither IFRS accounting profit (before taxes) nor taxable profit/tax loss. Nor is a deferred tax liability recognized for temporary differences arising from the initial recognition of goodwill. A deferred tax liability is generally recognized for temporary differences associated with investments in subsidiaries, joint arrangements, and associates, unless Deutsche Telekom is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

### Judgments and estimates

The presentation of the results of operations or financial position in the consolidated financial statements is dependent upon and sensitive to the accounting policies, assumptions, and estimates. The actual amounts may differ from those estimates. The following critical accounting estimates and related assumptions and uncertainties inherent in accounting policies applied are essential to understand the underlying financial reporting risks and the effects that these accounting estimates, assumptions, and uncertainties may have on the consolidated financial statements.

Measurement of **property, plant and equipment, and intangible assets** involves the use of estimates for determining the fair value at the acquisition date, provided they were acquired in a business combination. Furthermore, the expected useful lives of these assets must be estimated. The determination of the fair values of assets and liabilities, as well as of the useful lives of the assets is based on management's judgment. The measurement of intangible assets acquired in barter transactions is based on management's judgment as to whether a barter transaction has commercial substance. For this, an analysis is performed to determine to what extent the future cash flows (risk, timing, and amount) are expected to change as a consequence of the transaction. Information from external experts is obtained for this analysis and for the determination of the fair values of assets.



The determination of **impairments of property, plant and equipment, intangible assets, and right-of-use assets** involves the use of estimates that include, but are not limited to, the cause, timing, and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the telecommunications industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions, and other changes in circumstances that may indicate an impairment. Management is required to make significant judgments concerning the identification and validation of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets), applicable discount rates, useful lives, and residual values of the relevant assets. Specifically, the estimation of cash flows underlying the fair values from the mobile business considers the continued investment in network infrastructure required to generate future revenue growth through the offering of new data products and services, for which only limited historical information on customer demand is available. If the demand for these products and services did not materialize as expected, this would result in less revenue, less cash flow, and potential impairment. In addition, when determining fair values, further planning uncertainties that reflect the risks of macroeconomic development could adversely affect future results of operations.

The determination of the **recoverable amount of a cash-generating unit** involves the use of estimates by management. Methods used to calculate the recoverable amount include discounted cash flow-based methods and methods that use market prices as a basis. The discounted cash flow valuations refer to projections that are based on financial plans that have been approved by management and are also used for internal purposes. The chosen planning horizon reflects the assumptions for short- to medium-term market developments and is selected to achieve a steady state in the business outlook that is necessary for calculating the perpetual annuity. This steady state will only be reached based on the planning horizon selected, in particular due to the sometimes long investment cycles in the telecommunications industry and the investments planned and expected in the long run to acquire and extend spectrum licenses. Cash flows beyond the internal mid-term planning are extrapolated using appropriate growth rates defined separately for each cash-generating unit. These growth rates are based on real growth and inflation expected in the long term for the countries in which the respective unit operates. To achieve the sustainable growth rates set for the period of the perpetual annuity, additional sustainable investments derived specifically for each cash-generating unit are taken into account. The key assumptions on which management has based its calculation of the recoverable amount include the following assumptions that were primarily derived from internal sources and are based on past experience and extended by current internal expectations, and that are underscored by external market data and estimates: development of revenue, customer acquisition and retention costs, churn rates, capital expenditure, market share, and growth rates. Discount rates are determined on the basis of external figures derived from the market, taking account of the risks associated with the cash-generating unit (market and country risks). Any future changes in the aforementioned assumptions could have a significant impact on the fair values of the cash-generating units. Changes in the assumptions may have a negative impact, as a result of future macroeconomic trends, continued intense competition, further possible legislation changes (e.g., as part of national austerity programs), and regulatory intervention.

Management recognizes an **allowance for doubtful accounts** to account for expected losses resulting from payment default of customers. When evaluating the adequacy of an allowance for doubtful accounts, management bases its estimates on the aging of accounts receivable balances and historical write-off experience, customer creditworthiness, and changes in customer payment terms. If the financial condition of customers were to deteriorate, actual write-offs might be higher than expected.

In each tax jurisdiction in which Deutsche Telekom operates, management must make judgments for the calculation of **current and deferred taxes**. This is relevant, for example, when it comes to a decision on recognizing deferred tax assets because it must be probable that a taxable profit will be available against which the deductible temporary differences, loss carryforwards, and tax credits can be utilized. In addition to the estimate of future earnings, various factors are used to assess the probability of the future utilization of deferred tax assets, including past results of operations, the reliability of planning, and tax planning strategies. The period used for the assessment of the recoverability depends on the circumstances at the respective Group company and typically is in a range of five to ten years.

**Pension obligations for benefits to non-civil servants** are generally satisfied by defined benefit plans. Pension benefit costs for non-civil servants are determined in accordance with actuarial valuations, which rely on assumptions regarding the discount rate, the expected salary increase rate, the expected pension trend, and life expectancy. In the event that changes in the assumptions regarding these parameters are required, the future amounts of the pension benefit costs may be affected materially.

Deutsche Telekom is obligated, under the German Federal Posts and Telecommunications Agency Reorganization Act (Gesetz zur Reorganisation der Bundesanstalt für Post und Telekommunikation Deutsche Bundespost), to pay for its share of any operating cost shortfalls between the income of the **Civil Service Health Insurance Fund** (Postbeamtenkrankenkasse) and benefits paid. The Civil Service Health Insurance Fund provides services mainly in cases of illness, birth, or death for its members, who are civil servants employed by or retired from Deutsche Telekom AG, Deutsche Post AG, and Deutsche Postbank AG, and their relatives. When Postreform II came into effect, participation in the Civil Service Health Insurance Fund was closed to new members. The insurance premiums collected by the Civil Service Health Insurance Fund must not exceed the insurance premiums imposed by alternative private health insurance enterprises for comparable insurance benefits, and, therefore, do not reflect the changing age distribution of the participants in the fund. Deutsche Telekom recognizes provisions in the amount of the actuarially determined present value of Deutsche Telekom's share in the fund's future deficit, using a discount rate and making assumptions about life expectancies and projections for contributions and future increases in general health care costs in Germany. Since the calculation of these provisions involves long-term projections over periods of more than 50 years, the present value of the liability may be highly sensitive even to small variations in the underlying assumptions.

Deutsche Telekom exercises considerable judgment in measuring and recognizing **provisions** and **contingent liabilities** related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration, or government regulation. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the final settlement. Provisions are recognized for losses from executory contracts, provided a loss is considered probable and can be reasonably estimated. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. In addition, significant estimates are involved in the determination of provisions related to taxes and litigation risks. These estimates are subject to change as new information becomes available, primarily with the support of internal specialists or with the support of outside consultants, such as actuaries or legal counsel. Revisions to the estimates of these losses from executory contracts may significantly affect future results of operations.

**Significant judgments: revenue recognition, contract assets and liabilities/contract costs**

The standalone selling prices of individual products or services that are part of **multiple-element arrangements** are complex to determine, because some of the elements are price-sensitive and, thus, volatile in a competitive marketplace. In many cases, standalone selling prices can also not be observed for the company's own products. Due to the fact that comparability is generally not completely assured, the use of market prices for similar products is subject to an element of uncertainty, as is an estimate using a cost-plus-margin approach. Changes in estimates of standalone selling prices can significantly influence the allocation of the transaction price for the entire multiple-element arrangement among the individual performance obligations and therefore affect both the financial position, i.e., the carrying amount of contract assets and contract liabilities, and the current and future results of operations.

One-time payments by the customer for contracts that can be terminated at any time are recognized over an expected contract period, the length of which depends on the period over which, from a commercial perspective, the customer is expected to renew or not terminate the contract on a monthly basis.

**Contract costs** are deferred and generally recognized as expense over the expected contract period. The estimate of the expected average contract period is based on historical customer turnover. However, this is subject to fluctuations and has only limited informative value with regard to future customer behavior, particularly if new products are rolled out. If management's estimates are revised, material differences may result in the amount and timing of expenses for subsequent periods.

The significance of material rights is an estimate that is based on both quantitative and qualitative factors. This is ultimately a matter of judgment, even though it is supported by quantitative facts. Depending on the decision as to whether or not the customer has a material right to be deferred, there may be material differences in the amount and timing of revenues for the current and subsequent periods.

**Gross vs. net presentation.** The assessment of whether Deutsche Telekom presents revenue gross as the principal or net after deduction of costs as the agent, i.e., only in the amount of the remaining margin, requires an analysis of both the legal form and the substance of contracts. After all of the relevant facts and circumstances of the individual case have been weighed up, in many cases the decision also involves a degree of discretion, even if a uniform Group method of assessment is applied. Depending on the conclusion reached, there may be material differences in the amounts of revenues and expenses for the current and subsequent periods. This has no bearing on profit/loss from operations, however.

**Judgments: extension and termination options for the lessee**

**Extension and termination options** are included in many lease arrangements across the Deutsche Telekom Group. Local teams are responsible for negotiating contracts and managing their individual leases. As a result, lease contracts include a wide range of different terms and conditions in order to provide local management with the flexibility needed to run their business, i.e., to give them operational flexibility in terms of managing the underlying lease assets used in their operations and to allow them to react to changing business needs.

The main population of lease contracts in the Deutsche Telekom Group comprises arrangements for cell site infrastructure, land/ground underneath the infrastructure, switch sites, office buildings, and retail stores, which are mainly located in the United States and Germany. The length of the lease term in these contracts is the main factor in measuring the lease liabilities.

The majority of cell site leases in the United States have an initial non-cancelable term of 5 to 15 years, with several renewal options that can extend the lease term from five to 35 years. Cell site leases in Germany, on the other hand, typically have an initial non-cancelable period of 1 to 15 years, during which the lease cannot be terminated. After the initial period of time, the lease extends automatically if neither party terminates the lease or if Deutsche Telekom, as lessee, exercises an extension option, which is typically for five years. Leases can be extended on up to three occasions. The majority of extension options are exercisable by the relevant business units of the Deutsche Telekom Group.

In **determining the lease term**, management applies judgment and considers all facts and circumstances that create an economic incentive for Deutsche Telekom to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if Deutsche Telekom is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The threshold for a “reasonably certain” exercise is lower than “virtually certain” and higher than “more likely than not.”

In determining the duration of leases of cell site space, land/ground, switch sites, office buildings, and retail stores, which are the most relevant lease contracts in the Deutsche Telekom Group, the following are the most relevant factors that are considered:

- Rapidly advancing and ever-changing technology in the telecommunications industry requires flexible lease contracts, i.e., management tries to minimize longer periods during which the contracts cannot be canceled.
- When determining whether an extension of a lease contract is reasonably certain, in addition to any significant penalties for terminating (or not extending) the lease, business plans and the business model are considered, e.g., cost/benefit analysis, consolidation plans for the mobile network and office facilities, new mobile network standards, significance of the property for the underlying operations, replacement or usage of additional technology, as well as the availability and cost of alternative locations.
- Often leasehold improvements can be used in alternative locations. In many cases, the costs of moving or replacing the asset or initial construction costs are not the main factor considered when determining whether to extend or not to extend the lease.
- Significant investments made in a location, e.g., construction of towers and masts on the leased land, are economic penalties typically considered when determining the lease term.

After having considered all of the factors above, for cell site contracts in the United States as of the lease commencement date, Deutsche Telekom concluded that it is generally not reasonably certain that an option to extend the lease term beyond the initial non-cancelable lease term will be exercised. For cell site contracts – including the land/ground underneath the infrastructure – in Germany, a lease term of 10 to 15 years is considered reasonably certain. Extension options after that period are typically not considered reasonably certain at commencement of the lease. Payments associated with these optional periods are not included in the measurement of the lease liabilities.

Most extension options for office and shop leases are not included in the lease liability because Deutsche Telekom could replace the leased assets without significant cost or business disruption.

Exposure to future additional cash outflows will only arise when an extension option (not determined to be reasonably certain) is exercised or when a termination option (determined to be reasonably certain) is not exercised.

After the commencement date, the likelihood of exercising an option is only reassessed if a significant event or a significant change in circumstances occurs that affects this judgment, and this is within the control of the lessee. Deutsche Telekom reassesses the lease term when an option is exercised (or not exercised) or Deutsche Telekom becomes obligated to exercise or not to exercise it.

For further information on undiscounted future lease payments, please refer to Note 13 "[Financial liabilities and lease liabilities.](#)"

## Consolidation methods

### Subsidiaries

Subsidiaries are companies that are directly or indirectly controlled by Deutsche Telekom. Control only exists if an investor has power over the investee, is exposed to variable returns or has rights to variable returns, and is able to use its power to affect the amount of variable returns. The existence and effect of substantive potential voting rights that are currently exercisable or convertible, including potential voting rights held by other Group companies, are considered when assessing whether an entity is controlled.

All subsidiaries are included in the consolidated financial statements, unless the costs of preparing the reporting required for inclusion by means of full consolidation would outweigh the benefits of such reporting, which is primarily the case for subsidiaries which an operating segment or the Group considers to be insignificant based on the following criterion: the sum of all unconsolidated subsidiaries must not account for more than 1% of the Group's total assets, revenue, profit/loss for the year, contingent assets/liabilities, and other financial obligations. If the 1% limit is exceeded, Deutsche Telekom determines which companies are to be included in the consolidated financial statements, taking the long-term development of the investment and consolidation effects into account. Aside from the quantitative criteria, qualitative criteria will also be used to assess the materiality of an entity for the consolidated group. Excluding a subsidiary must not significantly change the segment result or the Group's profit/loss for the year, nor may other significant trends be ignored. Subsidiaries that are not included in the consolidated financial statements due to their subordinate significance are recognized under other assets.

Income and expenses of a subsidiary are included in the consolidated financial statements from the acquisition date and remain included in the consolidated financial statements until the date on which the parent company ceases to control the subsidiary. If necessary, the subsidiaries' accounting principles will be aligned with the uniform accounting principles applied by the Deutsche Telekom Group. Intercompany income and expenses, receivables and liabilities, and profits or losses are eliminated.

Upon loss of control, a gain or loss from the disposal of the subsidiary is recognized in the consolidated income statement in the amount of the difference between (i) the proceeds from the disposal of the subsidiary, the fair value of the remaining shares, the carrying amount of the non-controlling interests, and the cumulative amounts of other comprehensive income attributable to the subsidiary, and (ii) the carrying amount of the subsidiary's net assets to be disposed of.

### Joint operations, joint ventures, and associates

Joint arrangements, in which two or more parties have joint control over an activity, must be classified as either joint operations or joint ventures.

A **joint operation** is characterized by the fact that the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in the joint operation as well as its share of the joint assets, liabilities, revenues, and expenses.

In a **joint venture**, on the other hand, the parties that have joint control of the arrangement (partners) have rights to the net assets of the entity. **Associates** are companies on which Deutsche Telekom has a significant influence, and that are neither subsidiaries nor joint ventures. As with joint ventures, associates are accounted for using the **equity method**.

Investments in joint ventures and associates that are included in the consolidated financial statements using the equity method are recognized at cost at the time of acquisition. The carrying amount of the investment may include goodwill as the positive difference between the cost of the investment and Deutsche Telekom's proportionate share in the fair values of the entity's identifiable net assets. If necessary, the accounting principles of joint ventures and associates will be aligned with the uniform accounting principles applied by the Deutsche Telekom Group. The carrying amount of the investment accounted for using the equity method is tested for impairment provided there are indications of impairment. If the carrying amount of the investment exceeds its recoverable amount, an impairment loss must be recognized in the amount of the difference. The recoverable amount is measured at the higher of fair value less costs of disposal and value in use.

Upon loss of significant influence, a gain or loss from the disposal of the joint venture/associate is recognized in the amount of the difference between (i) the proceeds from the disposal of the shares, the fair value of the remaining shares, and the cumulative amounts of other comprehensive income attributable to the joint venture or associate, and (ii) the carrying amount of the investment to be disposed of.

The materiality assessment for jointly controlled entities and associates is generally performed using the same methods as for subsidiaries, but is limited to the criteria of profit/loss for the year, contingent assets and liabilities, and other financial obligations.

### **Business combinations**

A business combination exists when Deutsche Telekom obtains control of another entity. All business combinations must be accounted for using the acquisition method. The cost of an acquired subsidiary is measured at the fair value of the consideration transferred, i.e., the sum of the assets transferred, liabilities assumed, and equity instruments issued. Transaction costs are generally recognized as expense. The acquisition cost is allocated to the acquired assets, liabilities, and contingent liabilities. The identifiable assets acquired and the liabilities and contingent liabilities assumed are recognized in full at their fair values at the acquisition date, regardless of the level of the investment held by Deutsche Telekom.

Goodwill arising in a business combination is measured as the excess of the aggregate of the cost of acquisition, the amount of any non-controlling interest in the acquiree, and, in a business combination achieved in stages, the fair value of the equity interest held by Deutsche Telekom in the acquiree prior to the acquisition date over the fair value of the net assets acquired. Any difference arising on the revaluation of equity interests previously held by Deutsche Telekom is recognized in profit or loss.

For all business combinations there is an option in relation to the measurement of the non-controlling interests. These can be recognized either directly at their fair value (i.e., the non-controlling interest in the enterprise value of the acquiree) or at the non-controlling interest in the fair value of the net assets acquired. As a result, in the first case, the non-controlling interests also have a share in the goodwill arising from the business combination, while in the second case the non-controlling interest is limited to the remeasured assets and liabilities and the goodwill is therefore recognized only as the amount attributable to Deutsche Telekom.

Transactions relating to the further acquisition or sale of equity interests with other shareholders that do not affect Deutsche Telekom's controlling interest do not lead to any change in goodwill. The difference between the fair value of the consideration transferred or received (i.e., the purchase price of the interests) and the carrying amount of the equity attributable to the non-controlling interests must be offset directly against consolidated shareholders' equity in capital reserves or increases the capital reserves.

### **Changes in the composition of the Group and other transactions**

In the 2021 financial year, the following developments were recorded in the Group in connection with transactions conducted by Deutsche Telekom in prior periods.

#### **Business combination of T-Mobile US and Sprint**

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

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

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

The consideration transferred is comprised as follows:

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

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

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

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

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

The acquired intangible assets mainly comprise FCC spectrum licenses and customer relationships, which were measured at fair value in the amount of EUR 41,629 million and EUR 4,481 million, respectively. Spectrum licenses were measured using the greenfield method. Under the greenfield method, the value of an intangible asset is determined using a hypothetical cash flow scenario. The scenario projects the development of an entity's operating business on the assumption that the entity owns only this intangible asset at inception. FCC spectrum licenses have an indefinite useful life. The multi-period excess earnings method was used to measure customer relationships. Under this method, the fair value of the customer base is calculated by determining the present value of earnings after tax attributable to existing customers. The expected useful life of customer relationships is 8 years on average. Other intangible assets include, among other things, limited-term spectrum leases, the measurement of which includes the contractual payment obligations and also reflects the extent to which contractual terms are favorable compared to current market values. The average remaining lease term at the acquisition date was 20 years for non-cancelable leases, generally with a term of 30 years, and 7 years for cancelable leases, generally with a minimum term of 10 years.

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

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

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

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

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

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

#### Acquisition of Simpel by T-Mobile Netherlands

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

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

The consideration transferred is comprised as follows:

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

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



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

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

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

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

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

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

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

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

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

In the 2021 financial year, 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.

### Combination of the cell tower business in the Netherlands and creation of an infrastructure fund

Deutsche Telekom has set up a fund for investments in digital infrastructure in Europe. On January 21, 2021, Deutsche Telekom, Cellnex Telecom S.A. (Cellnex), the newly established independently managed investment company Digital Infrastructure Vehicle II SICAF-RAIF (DIV), and others signed an agreement to merge Deutsche Telekom's and Cellnex's respective Dutch subsidiaries for passive mobile infrastructure, T-Mobile Infra B.V. and Cellnex Netherlands B.V. (Cellnex NL), into Cellnex NL. In a first step, Deutsche Telekom and Cellnex carried out an increase in capital at DIV. As a result, Deutsche Telekom holds 66.67 % and Cellnex 33.33 % of the shares in DIV. Since Deutsche Telekom has control over DIV, DIV is included in the consolidated financial statements of Deutsche Telekom as a subsidiary. T-Mobile Infra B.V. was then sold to DIV. Immediately before the sale, Deutsche Telekom received a dividend of EUR 0.3 billion from T-Mobile Infra B.V. In the next step, DIV contributed its stake in T-Mobile Infra B.V. into Cellnex NL. In return, DIV received a stake of 37.65 % in the "new" company Cellnex NL. The transaction was consummated on June 1, 2021, after the responsible antitrust authority had granted all the necessary approvals. As a consequence, Deutsche Telekom lost control over T-Mobile Infra B.V. and EUR 0.2 billion of the resulting gain on deconsolidation of EUR 0.3 billion was included in other operating income as of December 31, 2021. EUR 0.1 billion will be recognized pro rata in later periods through the sale-and-leaseback transaction described below. Since June 1, 2021, the stake in Cellnex NL has been indirectly included in the consolidated financial statements through the investment in DIV as an investment accounted for using the equity method. The non-controlling interest of 33.33 % in DIV is recognized under non-current financial liabilities due to the existing put options. The carrying amount of the non-controlling interest in DIV amounted to EUR 0.1 billion as of December 31, 2021.

For further information on the stake in Cellnex NL, please refer to Note 10 "[Investments accounted for using the equity method.](#)"

For further information on the carrying amount of the non-controlling interest in DIV, please refer to Note 40 "[Financial instruments and risk management.](#)"

T-Mobile Netherlands will continue to have full access to the contributed passive mobile infrastructure by means of a long-term agreement at arm's length conditions, primarily on the lease of the corresponding infrastructure. The lease component included in the agreement with a non-cancelable basic lease term of around 12 years fulfills the conditions of a sale-and-leaseback transaction. Right-of-use assets in the amount of EUR 0.3 billion and lease liabilities in the amount of EUR 0.4 billion were recognized in this context as of June 1, 2021. The gain from the sale-and-leaseback transaction totaled EUR 0.1 billion, EUR 12 million of which was recognized directly in profit or loss; the remainder will be released to profit or loss over the residual useful lives of the rights-of-use assets. The cash inflow totaling EUR 377 million resulting from the sale of T-Mobile Infra B.V. is recognized in the consolidated statement of cash flows as of December 31, 2021, with EUR 135 million relating to the sale of the business operation recognized under net cash used in investing activities and EUR 242 million relating to the sale and leaseback of the passive mobile infrastructure recognized under net cash from/used in financing activities.

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

### Acquisition of Shentel

Sprint is party to a variety of agreements with Shenandoah Personal Communications Company (Shentel), pursuant to which Shentel is the exclusive provider of Sprint wireless communications network products in certain parts of several U.S. states that are home to approximately 1.1 million subscribers. Pursuant to one such agreement, Sprint was granted an option to purchase Shentel's wireless telecommunications assets. On August 26, 2020, Sprint exercised its option by delivering a binding notice of exercise to Shentel. On May 28, 2021, a purchase agreement was signed between T-Mobile US and Shentel for the acquisition of assets and liabilities directly associated with the aforementioned wireless telecommunications operation of Shentel. The base purchase price is USD 1.9 billion, subject to certain purchase price adjustments prescribed by the agreement as well as additional purchase price adjustments agreed by the parties. The transaction was consummated on July 1, 2021 after obtaining the necessary approvals from the regulatory authorities and satisfying the other closing conditions.

The consideration transferred as of the acquisition date in the form of a cash payment – taking into account the settlement paid for the pre-existing relationships between T-Mobile US and Shentel for a total of USD 0.1 billion (EUR 0.1 billion) – amounted to USD 1.9 billion (EUR 1.6 billion).

The acquisition meets the conditions for a business combination in accordance with IFRS 3. The purchase price allocation and the measurement of Shentel's assets and liabilities at the acquisition date were finalized as of December 31, 2021. The fair values of Shentel's acquired assets and liabilities are presented in the following table:

millions of €	Fair value at the acquisition date
<b>Assets</b>	
<b>Current assets</b>	<b>2</b>
Inventories	2
<b>Non-current assets</b>	<b>1,899</b>
Goodwill	872
Other intangible assets	654
Property, plant and equipment	109
Right-of-use assets	259
Deferred tax assets	5
<b>Assets</b>	<b>1,901</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	<b>61</b>
Lease liabilities	61
<b>Non-current liabilities</b>	<b>252</b>
Other provisions	30
Lease liabilities	222
<b>Liabilities</b>	<b>313</b>

The goodwill of EUR 872 million is calculated as follows:

millions of €	Fair value at the acquisition date
Consideration transferred	1,588
– Fair value of assets acquired	(1,029)
+ Fair value of the liabilities recognized	313
<b>= Goodwill</b>	<b>872</b>

Other intangible assets primarily include reacquired rights for the provision of telecommunications services in Shentel's former area of business activities. The reacquired rights are attributable to the fact that the management and service agreement with Shentel, due to expire in 2029, was terminated prematurely in connection with the business combination. As a result, T-Mobile US recovered the rights of distribution and operation transferred to Shentel for this period of time and thus the cash flows from the customer contracts. The reacquired rights were measured using the multi-period excess earnings method. These rights are amortized over their remaining useful life of around 9 years.

The goodwill comprises the cost savings anticipated in connection with the acquisition, from the integration of the network infrastructure and the telecommunications systems, the staff hired and the expected cash flows from the customer contracts, to the extent that they go beyond the period through 2029 and are therefore not included in the measurement of reacquired rights. No part of the recognized goodwill is deductible for income tax purposes.

No material contingent liabilities have been identified.

Transaction-related costs totaling EUR 11 million were incurred in the Group in the reporting period. These mainly comprised legal and consulting fees and are included under other operating expenses.

Deutsche Telekom's net revenue increased by EUR 261 million in the reporting period due to the acquisition. Net profit for the reporting period includes Shentel's total profit before non-controlling interests of EUR 10 million. If the business combination had taken place at the beginning of the 2021 financial year, net revenue and net profit before non-controlling interests would have been respectively EUR 202 million and EUR 24 million higher than reported.

### Sale of Telekom Romania Communications

On November 6, 2020, OTE concluded an agreement with Orange Romania concerning the sale of the 54 % stake in Telekom Romania Communications S.A. (TKR), which operates the Romanian fixed-network business, to Orange Romania. The transaction was consummated on September 30, 2021 after obtaining the necessary approvals from the authorities and satisfying the other closing conditions. The purchase price is EUR 296 million. The loss on deconsolidation resulting from the sale amounts to EUR 29 million. TKR's 30 % stake in Telekom Romania Mobile Communications (TKRM) had previously been acquired by OTE on September 9, 2021 as agreed for a purchase price of EUR 59 million.

The composition of the Deutsche Telekom Group changed as follows in the 2021 financial year:

	Domestic	International	Total
<b>Consolidated subsidiaries</b>			
January 1, 2021	61	364	425
Additions	2	4	6
Disposals (including mergers)	1	54	55
<b>December 31, 2021</b>	<b>62</b>	<b>314</b>	<b>376</b>
<b>Associates accounted for using the equity method</b>			
January 1, 2021	3	12	15
Additions	2	3	5
Disposals	1	3	4
<b>December 31, 2021</b>	<b>4</b>	<b>12</b>	<b>16</b>
<b>Joint ventures accounted for using the equity method</b>			
January 1, 2021	4	5	9
Additions	1	0	1
Disposals	0	0	0
<b>December 31, 2021</b>	<b>5</b>	<b>5</b>	<b>10</b>
<b>Total</b>			
January 1, 2021	68	381	449
Additions	5	7	12
Disposals (including mergers)	2	57	59
<b>December 31, 2021</b>	<b>71</b>	<b>331</b>	<b>402</b>

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

### Agreed sale of T-Mobile Netherlands

On September 6, 2021, Deutsche Telekom and Tele2 agreed to sell T-Mobile Netherlands to WP/AP Telecom Holdings IV, a private equity consortium advised by Apax Partners and Warburg Pincus. The preliminary sale price is based on an enterprise value of EUR 5.1 billion. The cash inflow – based on a shareholding of 75 % – is expected to be around EUR 3.8 billion. The transaction is subject to approval by the authorities as well as other closing conditions. The assets and liabilities of T-Mobile Netherlands as of December 31, 2021 are reported in the consolidated statement of financial position as “held for sale.” The transaction is expected to be completed in the first quarter of 2022.

### Fiber-optic build-out through joint venture with IFM

On November 5, 2021, Deutsche Telekom announced that IFM Global Infrastructure Fund – advised by IFM Investors – will acquire a stake of 50 % in GlasfaserPlus GmbH, a fiber-optic build-out entity. The agreed purchase price for the 50 % stake in the subsidiary amounts to EUR 0.9 billion, half of which is to be settled upon conclusion of the transaction, and the remainder once progress has been made in the build-out. The newly established joint venture is to build out an additional 4 million gigabit-capable FTTH lines in rural and development areas between 2022 and 2028. As a consequence of the agreed sale of the 50 % stake in the company and the concomitant future loss of control of the company on completion of the transaction, the assets and liabilities of GlasfaserPlus as of December 31, 2021 are recognized in the consolidated statement of financial position as “held for sale.” On completion of the transaction, the stake in the joint venture will be included in the consolidated financial statements using the equity method. Following its approval by the European Commission on January 25, 2022, the transaction is expected to be completed before the end of the first quarter of 2022.

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

### OTE share buy-back

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

In addition, between November 1, 2020 and April 30, 2021, OTE acquired another 3,469,500 of its own shares with an aggregate value of EUR 47 million as part of the continued share buy-back program. The shareholders' meeting of OTE S.A. on June 9, 2021 resolved to retire 3,469,500 treasury shares with a corresponding capital reduction of around EUR 10 million. The shares were retired from the Athens Stock Exchange on July 19, 2021. As a result, Deutsche Telekom's share in OTE increased from 47.90 % to 48.29 %.

### Increase in Deutsche Telekom's stake in T-Mobile US in a deal positioning SoftBank as a new shareholder and strategic partner

On September 6, 2021, Deutsche Telekom and SoftBank Group (SoftBank) agreed a two-part transaction. This deal is in line with Deutsche Telekom's strategy of increasing its stake in T-Mobile US to more than 50 % in order to secure its existing entrepreneurial control over the U.S. company and full consolidation in the long term.

In the deal, Deutsche Telekom acquired a total of around 45.4 million T-Mobile US shares from SoftBank. To this end Deutsche Telekom exercised, on September 23, 2021, a portion of the stock options it had received from SoftBank in June 2020 to purchase shares in T-Mobile US. SoftBank received in return 225 million new shares in Deutsche Telekom AG from the 2017 Authorized Capital, excluding subscription rights for existing shareholders. The capital increase against a non-cash contribution amounted to EUR 576 million. The capital increase of Deutsche Telekom AG was carried out with effect upon entry into the commercial register on September 28, 2021. As a result of this transaction, SoftBank is a shareholder in Deutsche Telekom AG with around 4.5 % of the outstanding shares. In connection with the exercise of the existing stock options, the weighted average price for the total around 45.4 million T-Mobile US shares acquired as part of this share swap calculates to around USD 118 per T-Mobile US share. For the 225 million Deutsche Telekom shares received by SoftBank, which are subject to a lock-up until 2024, the two companies agreed a value of EUR 20 per share. This capital increase against a non-cash contribution brings the number of outstanding shares of Deutsche Telekom AG up from 4,761 million shares to 4,986 million shares. Upon its completion, the transaction raised Deutsche Telekom's stake in T-Mobile US by 3.6 percentage points to 46.8 %. The fair value of the consideration transferred to SoftBank (within the meaning of the IFRSs) amounts to EUR 4.8 billion and is measured based on Deutsche Telekom AG's share price on the date the shares were transferred to SoftBank and on the fair value of the stock options exercised on the date of exercise. The percentage of T-Mobile US shares for which Deutsche Telekom can exercise voting rights, including an agreement concluded with SoftBank in connection with the acquisition of Sprint, amounted to 52.0 % as of December 31, 2021. The aim is to support SoftBank in their efforts to take a seat on Deutsche Telekom AG's Supervisory Board.

For the presentation of the effects in connection with the capital increase against a non-cash contribution and the partial exercising and subsequent measurement of the stock options, please refer to the Notes 19 "Shareholders' equity," 11 "Other financial assets," and 40 "Financial instruments and risk management."

Deutsche Telekom is also weighing plans to invest up to USD 2.4 billion (around EUR 2.1 billion) of the proceeds from the planned sale of T-Mobile Netherlands, which was agreed on September 6, 2021, to exercise further fixed-price and variable stock options to purchase T-Mobile US shares. These depend, in half, on the average share price of T-Mobile US, and a fixed price has been set for the other half. This would further increase Deutsche Telekom's stake in T-Mobile US by approximately 1.6 percentage points, depending on the number of shares to be acquired. Deutsche Telekom expects its total stake to be around 48.4 % upon completion of these two transactions.

### Principal subsidiaries

The Group's principal subsidiaries are presented in the following table:

Name and registered office		Deutsche Telekom share %	Net revenue <sup>a</sup> millions of €	Profit (loss) from operations <sup>a</sup> millions of €	Shareholders' equity <sup>a</sup> millions of €	Average number of employees	Assigned to segment
Telekom Deutschland GmbH, Bonn, Germany	<b>Dec. 31, 2021/2021</b>	100.00	22,037	4,852	7,762	3,816	Germany
	Dec. 31, 2020/2020	100.00	22,215	4,604	7,290	3,836	
T-Mobile US, Inc., Bellevue, Washington, United States <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	46.75	68,359	7,217	67,259	70,793	United States
	Dec. 31, 2020/2020	43.37	61,208	9,187	59,084	65,015	
T-Systems International GmbH, Frankfurt/Main, Germany	<b>Dec. 31, 2021/2021</b>	100.00	2,248	(365)	716	6,661	Systems Solutions
	Dec. 31, 2020/2020	100.00	2,462	(573)	575	8,042	
Hellenic Telecommunications Organization S.A. (OTE), Athens, Greece <sup>b</sup>	<b>Dec. 31, 2021/2021</b>	48.29	3,775	865	2,652	13,736	Europe
	Dec. 31, 2020/2020	46.91	3,878	448	2,826	16,441	
Magyar Telekom Telecommunications Public Limited Company, Budapest, Hungary <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	59.21	1,952	259	2,243	6,933	Europe
	Dec. 31, 2020/2020	59.21	1,914	240	2,177	7,349	
T-Mobile Netherlands Holding B.V., The Hague, Netherlands <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	75.00	2,071	414	2,328	1,863	Group Development
	Dec. 31, 2020/2020	75.00	1,946	178	2,030	1,832	
T-Mobile Polska S.A., Warsaw, Poland <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	100.00	1,427	91	1,940	3,895	Europe
	Dec. 31, 2020/2020	100.00	1,453	87	2,111	4,117	
T-Mobile Czech Republic a.s., Prague, Czech Republic <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	100.00	1,146	317	2,040	3,229	Europe
	Dec. 31, 2020/2020	100.00	1,072	246	1,885	3,272	
Hrvatski Telekom d.d., Zagreb, Croatia <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	52.17	982	106	2,179	4,668	Europe
	Dec. 31, 2020/2020	51.71	989	81	2,199	4,957	
T-Mobile Austria Holding GmbH, Vienna, Austria <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	100.00	1,351	93	3,168	1,876	Europe
	Dec. 31, 2020/2020	100.00	1,302	83	4,776	2,016	
Slovak Telekom a.s., Bratislava, Slovakia <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	100.00	790	161	1,548	3,211	Europe
	Dec. 31, 2020/2020	100.00	773	139	1,523	3,336	

<sup>a</sup> IFRS figures of the respective subgroup.

<sup>b</sup> Consolidated subgroup.

<sup>c</sup> Indirect shareholding of Deutsche Telekom AG.

In accordance with § 313 HGB, the full statement of investment holdings, which forms part of the notes to the consolidated financial statements, is published in the Federal Gazette (Bundesanzeiger) together with the consolidated financial statements. It is available upon request from Deutsche Telekom AG, Bonn, Investor Relations, and on Deutsche Telekom's website ([www.telekom.com](http://www.telekom.com)). Furthermore, the statement of investment holdings includes a full list of all subsidiaries that exercise simplification options in accordance with § 264 (3) HGB or disclosure simplification options in accordance with § 264b HGB.

The following table shows the non-controlling interests for principal subsidiaries:

Name and registered office		Percentage of shareholding for non-controlling interests %	Percentage of voting rights for non-controlling interests %	Cumulative non-controlling interests <sup>a</sup> millions of €	Dividends paid out to non-controlling interests millions of €
T-Mobile US, Inc., Bellevue, Washington, United States <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	53.25	47.98	35,640	0
	Dec. 31, 2020/2020	56.63	47.67	33,306	0
Hellenic Telecommunications Organization S.A. (OTE), Athens, Greece <sup>b</sup>	<b>Dec. 31, 2021/2021</b>	51.71	50.00	1,129	219
	Dec. 31, 2020/2020	53.09	50.00	1,317	135
Magyar Telekom Telecommunications Public Limited Company, Budapest, Hungary <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	40.79	40.79	605	27
	Dec. 31, 2020/2020	40.79	40.79	600	33
T-Mobile Netherlands Holding B.V., The Hague, Netherlands <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	25.00	25.00	582	0
	Dec. 31, 2020/2020	25.00	25.00	507	0
Hrvatski Telekom d.d., Zagreb, Croatia <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	47.83	47.83	831	41
	Dec. 31, 2020/2020	48.29	48.29	854	42

<sup>a</sup> IFRS figures at the level of the consolidated financial statements of Deutsche Telekom.

<sup>b</sup> Consolidated subgroup.

<sup>c</sup> Indirect shareholding of Deutsche Telekom AG.

Deutsche Telekom held 46.75 % of the shares in T-Mobile US as of the reporting date. Due to a proxy agreement concluded with SoftBank and the fact that persons nominated by Deutsche Telekom hold a majority on the Board of Directors of the new company, T-Mobile US is being included in the consolidated financial statements of Deutsche Telekom as a fully consolidated subsidiary. The proportion of T-Mobile US shares for which Deutsche Telekom can exercise voting rights totaled around 52.0 % as of December 31, 2021.

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

Deutsche Telekom held 48.29 % plus one vote of the shares in the OTE group as of the reporting date. In accordance with shareholder agreements between Deutsche Telekom and the Hellenic Republic, Deutsche Telekom controls 50 % plus two voting shares and therefore the OTE group's financial and operating policy. Consequently, the OTE group companies are fully consolidated subsidiaries.

Summarized financial information for subsidiaries with significant non-controlling interests:

millions of €							
Name and registered office		Current assets <sup>a</sup>	Non-current assets <sup>a</sup>	Current liabilities <sup>a</sup>	Non-current liabilities <sup>a</sup>	Profit (loss) <sup>a</sup>	Total comprehensive income <sup>a</sup>
T-Mobile US, Inc., Bellevue, Washington, United States <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	21,532	175,248	21,671	107,851	2,508	7,714
	Dec. 31, 2020/2020	21,983	154,782	18,849	98,832	4,160	(2,510)
Hellenic Telecommunications Organization S.A. (OTE), Athens, Greece <sup>b</sup>	<b>Dec. 31, 2021/2021</b>	1,434	4,619	1,984	1,417	603	615
	Dec. 31, 2020/2020	1,787	4,917	2,093	1,785	343	327
Magyar Telekom Telecommunications Public Limited Company, Budapest, Hungary <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	691	3,482	800	1,129	174	149
	Dec. 31, 2020/2020	775	3,315	873	1,041	129	(56)
Hrvatski Telekom d.d., Zagreb, Croatia <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	709	1,779	208	101	80	89
	Dec. 31, 2020/2020	703	1,849	244	109	51	20
T-Mobile Netherlands Holding B.V., The Hague, Netherlands <sup>b, c</sup>	<b>Dec. 31, 2021/2021</b>	749	4,118	746	1,905	186	193
	Dec. 31, 2020/2020	704	3,769	852	1,591	157	157

- <sup>a</sup> IFRS figures of the respective subgroup.
- <sup>b</sup> Consolidated subgroup.
- <sup>c</sup> Indirect shareholding of Deutsche Telekom AG.

millions of €				
Name and registered office		Net cash from operating activities <sup>a</sup>	Net cash (used in) from investing activities <sup>a</sup>	Net cash (used in) from financing activities <sup>a</sup>
T-Mobile US, Inc., Bellevue, Washington, United States <sup>b, c</sup>	<b>2021</b>	19,663	(19,816)	(3,042)
	2020	13,501	(14,001)	8,469
Hellenic Telecommunications Organization S.A. (OTE), Athens, Greece <sup>b</sup>	<b>2021</b>	1,204	(320)	(842)
	2020	1,214	(565)	(1,114)
Magyar Telekom Telecommunications Public Limited Company, Budapest, Hungary <sup>b, c</sup>	<b>2021</b>	548	(288)	(345)
	2020	525	(422)	(61)
Hrvatski Telekom d.d., Zagreb, Croatia <sup>b, c</sup>	<b>2021</b>	381	(207)	(191)
	2020	334	(98)	(204)
T-Mobile Netherlands Holding B.V., The Hague, Netherlands <sup>b, c</sup>	<b>2021</b>	664	(273)	(337)
	2020	609	(737)	148

- <sup>a</sup> IFRS figures of the respective subgroup.
- <sup>b</sup> Consolidated subgroup.
- <sup>c</sup> Indirect shareholding of Deutsche Telekom AG.

### Structured entities

Deutsche Telekom processes factoring transactions by means of structured entities.

For further information, please refer to Note 40 "Financial instruments and risk management."

Since 2014, Deutsche Telekom has consolidated four structured leasing SPEs, and since 2018 two more such SPEs, for real estate as well as operating and office equipment at two sites for the operation of data centers in Germany. The two data centers were built under the management of an external leasing company and are operated by T-Systems International GmbH. Apart from the contractual obligations to make lease payments to the leasing SPEs, Deutsche Telekom has no obligation to give them further financial support.

T-Mobile USA Tower LLC and T-Mobile West Tower LLC, which are included in the consolidated financial statements as investments accounted for using the equity method, are also structured entities.

For further information, please refer to Note 10 "Investments accounted for using the equity method."

### Joint operations

On the basis of a contractual arrangement concluded by T-Mobile Polska S.A., Deutsche Telekom combined the activities for the planning, building, and operation of the Polish mobile communications network with a partner in 2011 to generate savings. Deutsche Telekom recognizes its share (50 %) of the corresponding assets in line with the economic substance in the consolidated statement of financial position.

### Currency translation

Foreign-currency transactions are translated into the functional currency at the exchange rate at the date of transaction. At the reporting date, monetary items are translated at the closing rate, and non-monetary items are translated at the exchange rate at the date of transaction. Exchange rate differences are recognized in profit or loss.

The assets and liabilities of Group entities whose functional currency is not the euro are translated into euros from the local currency using the middle rates at the reporting date. The income statements and corresponding profit or loss of foreign-currency denominated Group entities are translated at monthly average exchange rates for the period. The differences that arise from the use of both rates are recognized directly in equity.

The exchange rates of certain significant currencies changed as follows:

€	Annual average rate			Rate at the reporting date	
	2021	2020	2019	Dec. 31, 2021	Dec. 31, 2020
100 Czech korunas (CZK)	3.89888	3.78060	3.89551	4.02124	3.81076
100 Croatian kuna (HRK)	13.28220	13.26560	13.48050	13.30760	13.24500
1,000 Hungarian forints (HUF)	2.78908	2.84691	3.07429	2.70845	2.74454
100 Macedonian denars (MKD)	1.62324	1.62187	1.62726	1.62339	1.62246
100 Polish zlotys (PLN)	21.90100	22.51210	23.26470	21.75600	21.93370
1 U.S. dollar (USD)	0.84568	0.87553	0.89326	0.88285	0.81510

### Coronavirus pandemic

In 2021, the global economy recovered from the coronavirus-induced crisis, although economic development is still feeling the reverberations. Due to higher demand for certain telecommunications services, the impact of the crisis is being felt less severely by the telecommunications industry and Deutsche Telekom than by other industries. Business activities and thus the results of operations and financial position of Deutsche Telekom were impacted by the coronavirus pandemic in various business areas, affecting revenue and earnings, although not to any significant extent. Deutsche Telekom has put in place cost-saving measures to mitigate potential effects on earnings. At this time, we can report only very minor repercussions with respect to payment defaults and customer numbers.

Possible future effects on the measurement of individual assets and liabilities are being analyzed on an ongoing basis. Due to the uncertain path of the coronavirus pandemic, Deutsche Telekom cannot rule out economic implications resulting from possible further developments, such as the emergence of virus mutations. 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.



### Climate risks

In the 2021 financial year, Deutsche Telekom analyzed potential sustainability risks in the areas of climate change and scarcity of resources. Deutsche Telekom did not identify any key risks to its business model in either area and, as such, also does not currently anticipate any significant impacts from such risks on its business model or on the presentation of its results of operations or financial position.

## Notes to the consolidated statement of financial position

### 1 Cash and cash equivalents

Cash and cash equivalents have an original maturity of less than three months and mainly comprise fixed-term bank deposits. They also include small amounts of cash-in-hand and checks. Deutsche Telekom obtained cash collateral of EUR 1,616 million (December 31, 2020: EUR 1,530 million) on the basis of collateral contracts as surety for potential credit risks arising from derivative transactions. In the reporting period, cash and cash equivalents decreased by EUR 5.3 billion to EUR 7.6 billion.

For further information, please refer to Note 35 "[Notes to the consolidated statement of cash flows.](#)"

As of December 31, 2021, Deutsche Telekom reported cash and cash equivalents of EUR 36.0 million held by subsidiaries in North Macedonia (December 31, 2020: EUR 38.0 million). These subsidiaries are subject to foreign exchange controls or other legal restrictions. As a result, the cash balances are not fully available for use by the parent or other Group companies.

### 2 Trade receivables

Trade receivables increased by EUR 1.8 billion to EUR 15.3 billion. The increase was primarily driven by higher receivables under the Equipment Installment Plan and growth in customer numbers in the United States operating segment. The carrying amount also increased in the Germany and Europe operating segments due to the reporting date. Exchange rate effects, primarily from the translation from U.S. dollars into euros, also increased receivables. Lower receivables in the Group Development operating segment, primarily as a result of the reclassification of T-Mobile Netherlands' assets to non-current assets and disposal groups held for sale in connection with the agreed sale, had an offsetting effect. Of the total of trade receivables, EUR 12,462 million (December 31, 2020: EUR 11,473 million) is due within one year.

For further information on the agreed sale of T-Mobile Netherlands, please refer to the section "[Changes in the composition of the Group and other transactions](#)" under "Summary of accounting policies."

For information on allowances, credit ratings, and write-offs of receivables as well as on factoring agreements, please refer to Note 40 "[Financial instruments and risk management.](#)"

### 3 Contract assets

Contract assets stood at EUR 2.0 billion as of December 31, 2021, unchanged against the prior-year level. 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 under long-term multiple-element arrangements (e.g., mobile contract plus handset). Receivables from long-term construction contracts are also recognized under contract assets. Of the total contract assets, EUR 0.2 billion related to contract assets in connection with long-term construction contracts (December 31, 2020: EUR 0.1 billion).

Contract assets were reduced by EUR 51 million in the reporting year due to a change in the business model in Poland from subsidized terminal equipment business to a business model that does not provide for handsets to be sold at a discount.

For information on allowances on contract assets, please refer to Note 40 "[Financial instruments and risk management.](#)"

### 4 Inventories

millions of €	Dec. 31, 2021	Dec. 31, 2020
Raw materials and supplies	53	49
Work in process	19	23
Finished goods and merchandise	2,783	2,623
	<b>2,855</b>	<b>2,695</b>

The carrying amount of inventories increased by EUR 0.2 billion compared to December 31, 2020 to EUR 2.9 billion, primarily due to increased stockpiling of high-priced handsets for planned marketing campaigns in the United States operating segment. Exchange rate effects, in particular from the translation of U.S. dollars into euros, also contributed to the increase. A decrease in inventories in the Group Development operating segment, primarily as a result of the reclassification of T-Mobile Netherlands' assets to non-current assets and disposal groups held for sale in connection with the agreed sale, had an offsetting effect. Write-downs of EUR 23 million (2020: EUR 42 million, 2019: EUR 20 million) on the net realizable value were recognized in profit or loss in 2021. The carrying amount of inventories expensed during the reporting period was EUR 22,532 million (2020: EUR 16,693 million, 2019: EUR 14,340 million).

For further information on the agreed sale of T-Mobile Netherlands, please refer to the section "Changes in the composition of the Group and other transactions" under "Summary of accounting policies."

Finished goods and merchandise primarily comprise retail products (e.g., terminal equipment and accessories) not manufactured by Deutsche Telekom and services rendered but not yet invoiced, primarily to business customers.

**5 Non-current assets and disposal groups held for sale and liabilities directly associated with non-current assets and disposal groups held for sale**

As of December 31, 2021, current assets recognized in the consolidated statement of financial position included EUR 4.9 billion (December 31, 2020: EUR 1.1 billion) in non-current assets and disposal groups held for sale. Current liabilities in the consolidated statement of financial position included liabilities directly associated with non-current assets and disposal groups held for sale of EUR 1.4 billion as of December 31, 2021 (December 31, 2020: EUR 0.4 billion). The change in carrying amounts resulted from the transactions described below.

	Dec. 31, 2021					Dec. 31, 2020				
	T-Mobile Netherlands B.V.	Glasfaser-Plus GmbH	T-Mobile US spectrum	Other	Total	Telekom Romania Communications S.A.	T-Mobile Infra B.V.	T-Mobile US spectrum	Other	Total
<b>Non-current assets and disposal groups held for sale</b>										
Cash and cash equivalents	8	3			11	73				73
Trade receivables	396				396	120			1	121
Inventories	44				44	10				10
Other current assets	64				64	76	9		2	87
Intangible assets	2,253	120	27	5	2,405	32	259	39		330
Of which: goodwill	876	120		2	998		259			259
Property, plant and equipment	746			18	764	176	123		8	307
Right-of-use assets	612				612	102	34			136
Investments accounted for using the equity method					0					0
Deferred tax assets	414				414					0
Other non-current assets	117			29	146	17			32	49
<b>Total</b>	<b>4,654</b>	<b>123</b>	<b>27</b>	<b>52</b>	<b>4,856</b>	<b>606</b>	<b>425</b>	<b>39</b>	<b>43</b>	<b>1,113</b>
<b>Liabilities directly associated with non-current assets and disposal groups held for sale</b>										
Trade and other payables	324				324	155	3			158
Income tax liabilities					0		4			4
Other current provisions	81				81	14				14
Other current liabilities	247				247	71	22		2	95
Lease liabilities	634				634					0
Provisions and similar obligations					0	11				11
Other non-current provisions	32				32	1	35			36
Deferred tax liabilities	39				39		3			3
Other non-current liabilities	8				8	43	85			128
<b>Total</b>	<b>1,365</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,365</b>	<b>295</b>	<b>152</b>	<b>0</b>	<b>2</b>	<b>449</b>

As of December 31, 2021, the carrying amounts included the reclassified assets and liabilities of T-Mobile Netherlands B.V. in the Group Development operating segment, and of GlasfaserPlus GmbH in the Germany operating segment. Both these companies were classified as held for sale as of December 31, 2021 on account of the specific intention to sell them.

The assets and liabilities of both companies were measured at the lower of the carrying amount and fair value less costs of disposal. The fair values were determined on the basis of the sale agreements concluded with the contracting parties (Level 1 inputs).

For further information on the two agreed transactions, please refer to the section [“Changes in the composition of the Group and other transactions”](#) under [“Summary of accounting policies.”](#)

In September and December 2021, transactions were agreed between T-Mobile US and two competitors for the exchange of mobile spectrum licenses in order to improve mobile network coverage. In the prior year, a transaction was agreed between T-Mobile US and a competitor for the exchange of mobile spectrum licenses, which was consummated in the reporting year. The measurement uses parameters for which there are no observable market parameters (Level 3).

As of December 31, 2020, the carrying amounts included the reclassified assets and liabilities of Telekom Romania Communications S.A. (TKR), which at that time operated the Romanian fixed-network business in the Europe operating segment. They also included the assets and liabilities of the Dutch company T-Mobile Infra B.V., which at that time was assigned to the Group Development operating segment.

For further information on the disposals consummated in the reporting year, please refer to the section [“Changes in the composition of the Group and other transactions”](#) under [“Summary of accounting policies.”](#)

No reversals of impairments of the carrying amounts of the non-current assets and disposal groups held for sale were recognized either in the reporting year or in the prior year.

## 6 Intangible assets

millions of €

	Internally generated intangible assets	Acquired intangible assets		
		Total	Acquired concessions, industrial and similar rights and assets	LTE licenses
<b>Cost</b>				
<b>At December 31, 2019</b>	<b>8,200</b>	<b>83,687</b>	<b>1,542</b>	<b>6,404</b>
Changes in accounting standards	0	0	0	0
Currency translation	(529)	(10,209)	(52)	(138)
Changes in the composition of the Group	292	49,575	243	0
Additions	448	2,752	149	259
Disposals	(723)	(11,362)	(134)	(20)
Change from non-current assets and disposal groups held for sale	0	(317)	0	0
Reclassifications	1,506	2,640	53	284
<b>At December 31, 2020</b>	<b>9,195</b>	<b>116,766</b>	<b>1,801</b>	<b>6,789</b>
Changes in accounting standards	0	0	0	0
Currency translation	505	8,072	43	(15)
Changes in the composition of the Group	0	659	(21)	0
Additions	612	10,075	455	286
Disposals	(609)	(2,654)	(773)	(75)
Change from non-current assets and disposal groups held for sale	(664)	(2,849)	(15)	(1,093)
Reclassifications	1,344	1,973	128	(0)
<b>At December 31, 2021</b>	<b>10,383</b>	<b>132,041</b>	<b>1,618</b>	<b>5,893</b>
<b>Accumulated amortization and impairment losses</b>				
<b>At December 31, 2019</b>	<b>(5,171)</b>	<b>(33,110)</b>	<b>(1,066)</b>	<b>(2,294)</b>
Changes in accounting standards	0	0	0	0
Currency translation	356	1,282	28	49
Changes in the composition of the Group	0	6	0	0
Additions (amortization)	(1,432)	(5,039)	(377)	(436)
Additions (impairment)	(180)	(252)	(4)	(99)
Disposals	723	11,357	132	20
Change from non-current assets and disposal groups held for sale	0	248	0	0
Reclassifications	(2)	(6)	(25)	0
Reversal of impairment losses	0	1,605	0	0
<b>At December 31, 2020</b>	<b>(5,707)</b>	<b>(23,908)</b>	<b>(1,311)</b>	<b>(2,759)</b>
Changes in accounting standards	0	0	0	0
Currency translation	(345)	(840)	(35)	7
Changes in the composition of the Group	0	7	13	0
Additions (amortization)	(1,599)	(4,869)	(424)	(410)
Additions (impairment)	(63)	(42)	0	0
Disposals	608	2,596	773	75
Change from non-current assets and disposal groups held for sale	607	1,593	1	505
Reclassifications	(53)	34	(55)	2
Reversal of impairment losses	0	0	0	0
<b>At December 31, 2021</b>	<b>(6,552)</b>	<b>(25,429)</b>	<b>(1,038)</b>	<b>(2,581)</b>
<b>Net carrying amounts</b>				
At December 31, 2020	3,488	92,858	490	4,030
<b>At December 31, 2021</b>	<b>3,832</b>	<b>106,611</b>	<b>580</b>	<b>3,313</b>

Acquired intangible assets					Goodwill	Advance payments and intangible assets under development	Total
UMTS licenses	GSM licenses	FCC licenses (T-Mobile US)	5G licenses	Other acquired intangible assets			
9,937	1,390	42,283	2,237	19,895	30,796	2,161	124,844
0	0	0	0	0	0	0	0
(21)	(15)	(8,215)	0	(1,768)	(2,270)	(93)	(13,100)
0	0	41,629	0	7,703	8,867	565	59,300
0	0	1,107	387	851	0	3,635	6,836
(8,541)	(128)	0	(29)	(2,510)	0	(224)	(12,308)
0	0	(68)	0	(249)	(279)	0	(596)
0	0	0	41	2,262	0	(4,082)	63
1,375	1,247	76,736	2,635	26,184	37,115	1,962	165,038
0	0	0	0	0	0	0	0
5	1	6,806	0	1,233	1,655	54	10,286
0	0	5	0	675	890	0	1,548
0	0	8,353	0	979	0	3,091	13,778
(178)	(11)	0	0	(1,618)	0	(9)	(3,273)
(641)	(10)	(26)	(233)	(831)	(1,884)	(47)	(5,445)
167	29	(0)	47	1,603	0	(3,287)	30
727	1,256	91,873	2,449	28,225	37,775	1,764	181,963
(9,244)	(781)	(4,232)	(13)	(15,480)	(18,360)	0	(56,641)
0	0	0	0	0	0	0	0
17	11	345	0	831	1,070	0	2,708
0	0	0	0	6	0	0	6
(579)	(55)	0	(71)	(3,523)	0	0	(6,472)
(24)	0	(29)	0	(96)	(26)	(67)	(525)
8,541	128	0	29	2,507	0	5	12,085
0	0	29	0	219	20	0	268
0	0	0	0	19	0	0	(8)
0	0	1,604	0	1	0	0	1,605
(1,289)	(697)	(2,282)	(55)	(15,515)	(17,295)	(62)	(46,972)
0	0	0	0	0	0	0	0
(4)	(1)	(198)	0	(610)	(834)	0	(2,020)
0	0	0	0	(7)	0	0	7
(44)	(54)	0	(97)	(3,839)	0	0	(6,468)
0	(4)	0	0	(38)	0	(51)	(155)
178	11	0	0	1,559	0	(0)	3,204
480	10	0	12	585	886	0	3,086
(0)	(1)	0	0	89	0	21	3
0	0	0	0	0	0	0	0
(679)	(737)	(2,480)	(139)	(17,774)	(17,243)	(91)	(49,315)
85	550	74,454	2,580	10,668	19,819	1,900	118,066
48	519	89,393	2,310	10,450	20,531	1,673	132,647

The carrying amount of intangible assets increased by EUR 14.6 billion to EUR 132.6 billion, primarily due to the following effects: additions of EUR 13.8 billion, EUR 8.4 billion of which resulted from the acquisition of mobile spectrum in the United States operating segment, primarily in connection with the conclusion of the FCC C-band auction in the United States. T-Mobile US purchased 142 licenses for EUR 7.8 billion (USD 9.3 billion) in the auction and made initial “relocation payments” of EUR 0.2 billion to relocate incumbent licensees. T-Mobile US anticipates additional “relocation payments” of USD 1.0 billion (around EUR 0.9 billion), which will be paid out by 2024. In the Europe operating segment, licenses were purchased for a total value of EUR 0.3 billion. The 5G licenses acquired at auction in November 2020 by T-Mobile Czech Republic were purchased in 2021 for EUR 0.1 billion. In Hungary, proceedings to re-award 900 and 1,800 MHz spectrum licenses were held on January 28, 2021 and concluded the same day. Magyar Telekom acquired spectrum licenses for EUR 0.1 billion. In addition, further spectrum licenses were acquired and rights to use spectrum were extended in Croatia and Romania. Exchange rate effects of EUR 8.3 billion, primarily from the translation of U.S. dollars into euros, and effects of changes in the composition of the Group of EUR 1.6 billion, mainly from the first-time inclusion of Shentel, acquired by T-Mobile US, also increased the carrying amount. This also includes goodwill of EUR 0.9 billion arising from the transaction. The reclassification of assets worth EUR 2.4 billion to non-current assets and disposal groups held for sale reduced the carrying amount. These reclassifications mainly resulted from the agreed sale of T-Mobile Netherlands and the agreed sale of the 50 % stake in GlasfaserPlus GmbH. The carrying amount was further reduced by amortization totaling EUR 6.5 billion and impairment losses of EUR 0.2 billion.

For further information on amortization and impairment losses, please refer to Note 27 “[Depreciation, amortization and impairment losses.](#)”

For further information on the aforementioned business combinations and the agreed sale of T-Mobile Netherlands, please refer to the section “[Changes in the composition of the Group and other transactions](#)” under “Summary of accounting policies.”

In the 2021 financial year, the **carrying amount of goodwill in cash-generating units** in the operating segments increased by EUR 0.7 billion to EUR 20.5 billion. This was the result of the following effects:

**Germany operating segment.** In the Germany operating segment, goodwill decreased by EUR 0.1 billion to EUR 4.8 billion. As a consequence of the agreed sale of the 50 % stake in fiber-optic build-out company GlasfaserPlus GmbH and the concomitant future loss of control of the company on completion of the transaction, the assets and liabilities of GlasfaserPlus as of December 31, 2021 were disclosed in the consolidated statement of financial position as “held for sale.”

For further information on the fiber-optic build-out through the joint venture with IFM, please refer to the section “[Changes in the composition of the Group and other transactions](#)” under “Summary of accounting policies.”

**United States operating segment.** The increase in goodwill of EUR 1.7 billion compared with December 31, 2020 was due to an increase of EUR 0.9 billion from the acquisition of Shentel by T-Mobile US, consummated on July 1, 2021. Exchange rate effects from the translation of U.S. dollars to euros also have an increasing effect. A further acquisition of a company was immaterial for the United States operating segment.

For further information on the acquisition of Shentel, please refer to the section “[Changes in the composition of the Group and other transactions](#)” under “Summary of accounting policies.”

**Europe operating segment.** Goodwill of the Austria cash-generating unit decreased by EUR 0.3 billion. As part of the transfer of the Austrian cell tower business from the Europe operating segment to GD Towers in the Group Development operating segment, the cell towers and roof-top sites were spun off to the newly created cash-generating unit Magenta Telekom Infra. Consequently, the carrying amount of the goodwill was also transferred on a pro rata basis. Changes in goodwill in the cash-generating units Poland, Hungary, Croatia, and the Czech Republic result from exchange rate effects.

**Group Development operating segment.** Goodwill in the Netherlands cash-generating unit decreased by EUR 0.9 billion on account of the agreed sale of T-Mobile Netherlands. As of December 31, 2021, this item was recognized as “held for sale” in the consolidated statement of financial position. Goodwill in the Magenta Telekom Infra cash-generating unit, which was newly created in the 2021 financial year, increased by EUR 0.3 billion due to the transfer of the Austrian cell tower business.

For further information on the agreed sale of T-Mobile Netherlands, please refer to the section “[Changes in the composition of the Group and other transactions](#)” under “Summary of accounting policies” and to Note 5 “[Non-current assets and disposal groups held for sale and liabilities directly associated with non-current assets and disposal groups held for sale.](#)”

**Impairment losses in the Systems Solutions operating segment.** As part of the realignment of the B2B telecommunications business, the assets and liabilities assigned to the relevant business areas were transferred to the Germany operating segment at the start of the third quarter of 2020, primarily from the Systems Solutions and Europe operating segments. The goodwill previously allocated to the Systems Solutions and Telekom Global Carrier cash-generating units was thereby allocated in full to the telecommunications business being transferred to the Germany cash-generating unit. The realignment of the B2B telecommunications business in combination with the effects of the coronavirus pandemic triggered ad hoc impairment testing in the prior year of the assets assigned to the Systems Solutions cash-generating unit, which identified a deterioration in the business outlook for IT operations. The result was the recognition in the 2020 financial year of an impairment loss of EUR 470 million on non-current assets of the Systems Solutions cash-generating unit. The recoverable amount – determined as fair value less costs of disposal – was calculated at EUR -976 million, which is EUR 1,428 million lower than the carrying amount of the Systems Solutions cash-generating unit. The fair values of the individual assets were set as the lower limit for the amount of the impairment loss. EUR 299 million of the impairment loss recognized in the Systems Solutions operating segment related to intangible assets, and EUR 127 million to property, plant and equipment. Another EUR 44 million related to intangible assets in the Group Headquarters & Group Services segment that are subject to use by the Systems Solutions operating segment and are allocated to the Systems Solutions cash-generating unit for the purposes of impairment testing. An external expert opinion was obtained to determine the fair values of the individual assets. The value was calculated using Level 3 input parameters. A discount rate of 4.32 % was used.

Impairment losses recognized in the 2021 financial year on intangible assets and property, plant and equipment totaled EUR 0.2 billion. This was a consequence of several factors, including the ad hoc impairment testing carried out in the Systems Solutions cash-generating unit in the prior year and related to follow-up investments in the reporting year. In addition, despite the marginal improvement in the business outlook, the increase in the cost of capital in the reporting year prompted further impairment losses to be recognized on non-current assets in the Systems Solutions cash-generating unit at the end of 2021. The recoverable amount – determined as fair value less costs of disposal – was calculated at EUR 186 million, which is EUR 328 million lower than the carrying amount of the Systems Solutions cash-generating unit. The fair values of the individual assets were set as the lower limit for the amount of the impairment loss. An external expert opinion was obtained to determine the fair values of the individual assets. The value was calculated using Level 3 input parameters. A discount rate of 6.22 % was used.

EUR 118 million of the total impairment losses recognized in the reporting year in the Systems Solutions operating segment related to intangible assets, and EUR 61 million to property, plant and equipment. Another EUR 21 million related to intangible assets in the Group Headquarters & Group Services segment that are subject to use by the Systems Solutions operating segment and are allocated to the Systems Solutions cash-generating unit for the purposes of impairment testing.

**Reversal in 2022 of impairment losses recognized in prior years on FCC licenses in the United States operating segment.**

In the prior year, the partial reversal of impairment losses on FCC licenses previously acquired by T-Mobile US increased the carrying amount by EUR 1.6 billion before deferred taxes. These FCC licenses were impaired as of September 30, 2012 following ad hoc impairment testing of the United States cash-generating unit. As the impairment of the FCC licenses related entirely to the PCS licenses, only these licenses were subject to the reversal of the impairment loss. Regular assessments had to be made in subsequent periods to determine whether the reasons for impairment still existed – in full or in part. The fair value less costs of disposal of the United States cash-generating unit derived from the share price of T-Mobile US, which has been listed since 2013, has increased significantly over the last few years and exceeded its carrying amount. However, the reversal was limited to the lower of the recoverable amount of the impaired spectrum licenses determined by the fair value less costs of disposal on the one hand and the acquisition cost of these licenses on the other. An initial reversal of the impairment loss in the amount of EUR 1.7 billion (before deferred taxes) was recognized in the third quarter of 2017, which was indicated back then by the results of the 600 MHz spectrum auction completed in 2017.

The measurement of Sprint's FCC licenses at fair value in connection with the purchase price allocation following the business combination of T-Mobile US and Sprint effective April 1, 2020 indicated a further increase in the PCS licenses' value. This triggered a remeasurement in 2020 of the PCS licenses held by T-Mobile US, which was performed using a market value approach. The value was calculated on the basis of Level 2 inputs in accordance with the fair value hierarchy under IFRS 13. The market approach on which the remeasurement was based drew on market prices from comparable auctions and secondary market transactions, as well as analyst estimates. Analyst estimates were used because they included estimated market values for the individual frequency ranges of mobile companies in the United States. These analyst estimates also covered T-Mobile US' PCS licenses. Transactions for PCS and AWS spectrum were included to the extent that they related to similar frequency ranges and a comparable population density. Multipliers were derived from these market prices for the price in U.S. dollars per MHz per member of the population (price per MHz/pop). Based on the bandwidth of observable multipliers, a multiplier of USD 1.84 per MHz/pop, derived from current analyst estimates and past transactions, was used to derive the fair value of T-Mobile US' PCS licenses. A recoverable amount of USD 18.1 billion (EUR 14.7 billion) was calculated from this for the FCC licenses previously impaired. Taking the carrying amount of USD 16.1 billion (EUR 13.1 billion) into account, a partial reversal of the impairment losses of USD 2.0 billion (EUR 1.6 billion) was recorded in 2020 under other operating income.

**Agreed sale of Telekom Romania Communications in 2020.** An ad hoc impairment test was conducted in 2020 at the Romania – Fixed network (Telekom Romania Communications S.A. (TKR)) and Romania – Mobile communications (Telekom Romania Mobile Communications S.A. (TKRM)) cash-generating units, which are assigned to the Europe operating segment. TKR operates the Romanian fixed-network business and TKRM the Romanian mobile communications business. Even though these two entities are essentially independent companies, each with their own commercial focus, the sale of the fixed-network business agreed in November 2020 had economic and strategic implications for the mobile business in Romania, which remains in the Deutsche Telekom Group. For example, since the sale of TKR on September 30, 2021, there is no longer an MVNO agreement between the two entities allowing TKR to offer FMC products to its own fixed-network customers. Furthermore, terminal equipment revenues that TKRM previously generated from sales to TKR, as well as synergies arising from joint procurement and sales activities, are no longer realized. Consequently, an ad hoc impairment test was conducted in 2020 on TKRM's assets, which resulted in the recognition of an impairment loss of EUR 160 million on TKRM's non-current assets. The recoverable amount – determined as fair value less costs of disposal – was calculated at EUR 171 million, which is EUR 160 million lower than the carrying amount of TKRM. EUR 126 million of the impairment loss related to intangible assets and EUR 34 million to property, plant and equipment. An expert opinion was obtained to determine the fair values of the individual assets. The value was calculated using Level 3 input parameters. A discount rate of 7.78 % was used. No goodwill remained at the cash-generating unit Romania – Mobile communications. In the Romanian fixed-network business, the sale of TKR, planned since 2020, resulted in a reversal of impairment losses recognized in the past on property, plant and equipment of EUR 50 million. The sale of TKR was consummated on September 30, 2021.

For further information, please refer to the section [“Changes in the composition of the Group and other transactions”](#) under “Summary of accounting policies.”

**Disclosures on annual impairment tests.** As of December 31, 2021, Deutsche Telekom carried out its annual impairment tests on the goodwill and intangible assets with an indefinite useful life (in particular, FCC licenses in the United States) assigned to the cash-generating units.

The recoverable amounts to be identified for the impairment tests were largely determined on the basis of the fair values less costs of disposal. With the exception of the United States cash-generating unit (Level 1 measurement), these figures were calculated using the net present value method. The main parameters are shown in the following table. The impairment test on goodwill as of December 31, 2021 did not result in any need for impairment in the cash-generating units.

The recoverable amounts at the cash-generating units Croatia, Montenegro, and North Macedonia were determined using the value in use. The market price of an active and liquid market (share price) of T-Mobile US was used to determine the fair value less costs of disposal in the case of the United States cash-generating unit. The measurements of all other cash-generating units are founded on projections for a ten-year projection period that are based on financial plans that have been approved by management and are also used for internal purposes.

A need for a partial impairment of goodwill of EUR 26 million was identified in the Europe operating segment at the Montenegro cash-generating unit as of December 31, 2020 on the basis of information available at the reporting date and expectations with respect to the future development of the market and competitive environment. The need for impairment was primarily attributable to the difficult economic situation in Montenegro, which had been intensified by the coronavirus pandemic. As a result, the market has not developed as positively as originally assumed. Accordingly, an adjustment was made to the EBITDA planning to include additional need for investment, which will be reflected in lower future cash flows. The recoverable amount (prior to the deduction of net debt) for the Montenegro cash-generating unit was EUR 133 million as of December 31, 2020 (December 31, 2019: EUR 202 million). This amount was calculated on the basis of the value in use.

For further information on the determination of the recoverable amounts of the cash-generating units, please refer to the section [“Accounting policies”](#) under “Summary of accounting policies.”

The following table provides an overview of the main factors affecting the measurement and the classification of the input parameters (levels) used to determine the recoverable amounts in accordance with IFRS 13.



		Goodwill carrying amount millions of €	Impairment millions of €	Detailed planning period years	Discount rates <sup>a</sup> %	Sustainable growth rate p. a. Ø in %	Level allocation of input parameters <sup>b</sup>
<b>Germany</b>	<b>2021</b>	4,845	0	10	3.19	0.0	Level 3
	2020	4,964	0	10	3.49	0.0	Level 3
<b>United States</b>	<b>2021</b>	10,654	0	n.a.	n.a.	n.a.	Level 1
	2020	8,964	0	n.a.	n.a.	n.a.	Level 1
<b>Europe</b>							
Poland	<b>2021</b>	189	0	10	6.17	1.0	Level 3
	2020	191	0	10	5.24	2.0	Level 3
Hungary	<b>2021</b>	900	0	10	7.24	1.0	Level 3
	2020	914	0	10	6.38	2.0	Level 3
Czech Republic	<b>2021</b>	812	0	10	5.24	1.0	Level 3
	2020	769	0	10	5.12	2.0	Level 3
Croatia	<b>2021</b>	508	0	10	5.75	1.0	Value in use
	2020	518	0	10	5.67	2.0	Value in use
Slovakia	<b>2021</b>	424	0	10	3.95	1.0	Level 3
	2020	424	0	10	3.85	2.0	Level 3
Greece	<b>2021</b>	422	0	10	4.91	1.0	Level 3
	2020	422	0	10	5.01	2.0	Level 3
Austria <sup>c</sup>	<b>2021</b>	613	0	10	4.16	1.0	Level 3
	2020	877	0	10	3.71	2.0	Level 3
Other <sup>d</sup>	<b>2021</b>	53	0	10	7.42–7.48	1.0	Value in use
	2020	53	26	10	7.30–7.43	2.0	Value in use
<b>Group Development</b>							
Netherlands <sup>e</sup>	<b>2021</b>						
	2020	876	0	10	3.65	0.5	Value in use
Deutsche Funkturm	<b>2021</b>	259	0	10	4.15	1.0	Level 3
	2020	259	0	10	3.74	1.0	Level 3
Magenta Telekom Infra <sup>c</sup>	<b>2021</b>	264	0	10	4.69	1.0	Level 3
	2020						
<b>Group Headquarters &amp; Group Services</b>							
Deutsche Telekom IT	<b>2021</b>	590	0	10	6.94	1.0	Level 3
	2020	590	0	10	6.63	1.0	Level 3
<b>Deutsche Telekom in total</b>	<b>2021</b>	<b>20,531</b>	<b>0</b>				
	<b>2020</b>	<b>19,819</b>	<b>26</b>				

<sup>a</sup> Discount rate consistently after taxes. The discount rate before taxes for the calculation of the value in use amounts to 6.92 % (2020: 6.82 %) for Croatia, and 8.32 to 8.33 % (2020: 8.18 to 8.27 %) for “Other.”

<sup>b</sup> Level of input parameters in the case of fair value less costs of disposal.

<sup>c</sup> As part of the transfer of the Austrian cell tower business from the Europe operating segment to the GD Towers unit of the Group Development operating segment, the cell towers and roof-top sites were divested to the newly created cash-generating unit Magenta Telekom Infra. This involved the transfer of goodwill of EUR 264 million.

<sup>d</sup> This includes goodwill from the cash-generating units Montenegro and North Macedonia.

<sup>e</sup> Reclassification of goodwill to non-current assets and disposal groups held for sale due to the agreed sale of T-Mobile Netherlands.

The sensitivity analyses for the need for impairment resulting from a change in the main parameters affecting measurement did not result in any need for impairment for any cash-generating unit to which goodwill is allocated. Changes of plus or minus 50 basis points in the discount rate and in the sustainable growth rate, and of 5 percentage points in net cash flows, were each analyzed separately.

Deutsche Telekom had commitments for the acquisition of intangible assets in the amount of EUR 2.0 billion (December 31, 2020: EUR 1.1 billion) as of the reporting date. The majority of this related to commitments entered into by T-Mobile US.

Expenditure on research and development recognized as an expense by Deutsche Telekom amounted to EUR 32.5 million in the reporting year (2020: EUR 33.1 million).

## 7 Property, plant and equipment

millions of €					
	Land and equivalent rights, and buildings including buildings on land owned by third parties	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total
<b>Cost</b>					
<b>At December 31, 2019</b>	<b>16,522</b>	<b>132,885</b>	<b>9,839</b>	<b>4,174</b>	<b>163,421</b>
Changes in accounting standards	0	0	0	0	0
Currency translation	(562)	(4,304)	(318)	(229)	(5,413)
Changes in the composition of the Group	2,002	11,222	261	168	13,653
Additions	116	5,711	571	9,337	15,734
Disposals	(182)	(7,414)	(717)	(199)	(8,512)
Change from non-current assets and disposal groups held for sale	(131)	(1,443)	(71)	(79)	(1,723)
Reclassifications	738	8,111	679	(8,428)	1,100
<b>At December 31, 2020</b>	<b>18,503</b>	<b>144,769</b>	<b>10,244</b>	<b>4,745</b>	<b>178,261</b>
Changes in accounting standards	0	0	(0)	0	0
Currency translation	456	3,491	252	191	4,390
Changes in the composition of the Group	36	(17)	(0)	5	25
Additions	187	3,638	487	11,149	15,461
Disposals	(1,100)	(10,111)	(828)	(98)	(12,137)
Change from non-current assets and disposal groups held for sale	(430)	(914)	(110)	(143)	(1,597)
Reclassifications	547	9,503	910	(10,526)	433
<b>At December 31, 2021</b>	<b>18,197</b>	<b>150,360</b>	<b>10,956</b>	<b>5,322</b>	<b>184,835</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>At December 31, 2019</b>	<b>(10,923)</b>	<b>(96,176)</b>	<b>(6,761)</b>	<b>(13)</b>	<b>(113,872)</b>
Changes in accounting standards	0	0	0	0	0
Currency translation	228	2,080	192	0	2,499
Changes in the composition of the Group	0	11	8	0	19
Additions (depreciation)	(725)	(11,787)	(985)	0	(13,496)
Additions (impairment)	(28)	(140)	(27)	(16)	(210)
Disposals	172	6,069	655	7	6,903
Change from non-current assets and disposal groups held for sale	60	1,337	64	5	1,466
Reclassifications	4	(641)	(12)	(0)	(649)
Reversal of impairment losses	4	48	1	0	53
<b>At December 31, 2020</b>	<b>(11,207)</b>	<b>(99,198)</b>	<b>(6,864)</b>	<b>(17)</b>	<b>(117,286)</b>
Changes in accounting standards	0	0	(0)	0	(0)
Currency translation	(206)	(1,910)	(147)	(0)	(2,263)
Changes in the composition of the Group	(0)	52	1	1	54
Additions (depreciation)	(792)	(12,748)	(1,055)	0	(14,595)
Additions (impairment)	(11)	(53)	(13)	(15)	(92)
Disposals	1,059	8,720	741	4	10,525
Change from non-current assets and disposal groups held for sale	185	566	97	12	860
Reclassifications	68	(225)	(111)	0	(269)
Reversal of impairment losses	1	0	0	0	1
<b>At December 31, 2021</b>	<b>(10,903)</b>	<b>(104,796)</b>	<b>(7,351)</b>	<b>(15)</b>	<b>(123,065)</b>
<b>Net carrying amounts</b>					
At December 31, 2020	7,296	45,571	3,380	4,728	60,975
<b>At December 31, 2021</b>	<b>7,294</b>	<b>45,564</b>	<b>3,605</b>	<b>5,307</b>	<b>61,770</b>

The carrying amount of property, plant and equipment increased by EUR 0.8 billion compared to December 31, 2020 to EUR 61.8 billion. Additions of EUR 15.5 billion to upgrade and build out the network and acquire mobile devices in our United States operating segment and in connection with the broadband/fiber-optic build-out and mobile infrastructure build-out in the Germany and Europe operating segments increased the carrying amount. Exchange rate effects of EUR 2.1 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, mainly in connection with the acquisition of Shentel, also increased the carrying amount, while depreciation totaling EUR 14.6 billion and disposals of EUR 1.6 billion had an offsetting effect. The reclassification of assets worth EUR 0.7 billion to non-current assets and disposal groups held for sale reduced the carrying amount. These reclassifications mainly resulted from the agreed sale of T-Mobile Netherlands. In addition, impairment losses decreased the carrying amount by EUR 0.1 billion.

For further information on depreciation, amortization and impairment losses, please refer to Notes 6 “Intangible assets” and 27 “Depreciation, amortization and impairment losses.”

For further information on the aforementioned business combinations and the agreed sale of T-Mobile Netherlands, please refer to the section “Changes in the composition of the Group and other transactions” under “Summary of accounting policies.”

In 2020, ad hoc impairment tests were conducted at the Romania – Fixed network TKR and Romania – Mobile communications TKRM cash-generating units, which were assigned to the Europe operating segment. In the Romanian fixed-network business TKR, the agreed sale of TKR resulted in a reversal of impairment losses recognized in the past on property, plant and equipment of EUR 50 million. The recoverable amount was calculated at EUR 242 million, which is EUR 50 million higher than the carrying amount of TKR. The observable market price (Level 1 input parameter/agreed purchase price) was used to determine the recoverable amount. The reversal of impairment losses was recognized as other operating income.

Deutsche Telekom had commitments for the acquisition of property, plant and equipment in the amount of EUR 5.9 billion as of the reporting date (December 31, 2020: EUR 7.0 billion). Restoration obligations of EUR 0.7 billion were recognized as of December 31, 2021 (December 31, 2020: EUR 0.9 billion), mainly attributable to restoration obligations of T-Mobile US.

### 8 Right-of-use assets – lessee relationships

millions of €					
	Land and equivalent rights, and buildings including buildings on land owned by third parties	Land and buildings from sale and leaseback transactions	Technical equipment and machinery	Other equipment, operating and office equipment	Total
<b>Carrying amounts of right-of-use assets by class of underlying asset</b>					
<b>At December 31, 2019</b>	<b>6,163</b>	<b>529</b>	<b>11,171</b>	<b>135</b>	<b>17,998</b>
Currency translation	(254)	(2)	(1,849)	(6)	(2,111)
Changes in the composition of the Group	580	0	5,674	36	6,291
Additions	1,409	93	12,727	49	14,278
Disposals	(237)	(64)	(79)	(7)	(386)
Depreciation	(1,352)	(112)	(3,518)	(82)	(5,064)
Impairment losses	(1)	0	(62)	0	(63)
Reclassifications	0	0	(500)	(7)	(507)
Reversal of impairment losses	2	0	0	0	2
Change from non-current assets and disposal groups held for sale	(118)	0	(12)	(6)	(136)
<b>At December 31, 2020</b>	<b>6,193</b>	<b>445</b>	<b>23,552</b>	<b>111</b>	<b>30,302</b>
Currency translation	175	0	1,882	1	2,058
Changes in the composition of the Group	1	0	256	(1)	256
Additions	1,282	319	3,844	41	5,486
Disposals	(235)	(17)	(154)	(14)	(419)
Depreciation	(1,373)	(103)	(4,607)	(51)	(6,134)
Impairment losses	(10)	0	(26)	0	(37)
Reclassifications	(1)	0	(197)	0	(198)
Reversal of impairment losses	0	0	0	0	0
Change from non-current assets and disposal groups held for sale	(237)	(273)	0	(28)	(537)
<b>At December 31, 2021</b>	<b>5,796</b>	<b>371</b>	<b>24,550</b>	<b>60</b>	<b>30,777</b>

The carrying amount of the right-of-use assets increased by EUR 0.5 billion compared to December 31, 2020 to EUR 30.8 billion. The carrying amount was increased by additions of EUR 5.5 billion, including as a result of a sale and leaseback transaction concluded after the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund. The carrying amount was also increased by exchange rate effects of EUR 2.1 billion, primarily from the translation of U.S. dollars into euros, and effects from changes in the composition of the Group of EUR 0.3 billion, mainly in connection with the acquisition of Shentel. The carrying amount was decreased by depreciation, amortization and impairment losses of EUR 6.2 billion. This included a EUR 0.8 billion increase in depreciation and amortization due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint. The reclassification of T-Mobile Netherlands' assets to non-current assets and disposal groups held for sale in the amount of EUR 0.5 billion and disposals of EUR 0.4 billion also reduced the carrying amount. In addition, 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, reduced the carrying amount by EUR 0.2 billion.

For further information on the aforementioned business combinations and the agreed sale of T-Mobile Netherlands, please refer to the section [“Changes in the composition of the Group and other transactions”](#) under [“Summary of accounting policies.”](#)

For information on corresponding lease liabilities, please refer to Note 13 [“Financial liabilities and lease liabilities.”](#)

The right-of-use assets recognized in the statement of financial position relate in particular to leases for cell sites, network infrastructure, and real estate in the United States operating segment.

The right-of-use assets for land and equivalent rights, and buildings including buildings on land owned by third parties, include right-of-use assets related to data centers with a carrying amount of EUR 76 million (December 31, 2020: EUR 86 million). The corresponding depreciation amounted to EUR 18 million in the reporting year (December 31, 2020: EUR 18 million). In addition, the right-of-use assets for technical equipment and machinery also include right-of-use assets related to data centers with a carrying amount of EUR 23 million (December 31, 2020: EUR 30 million). The corresponding depreciation amounted to EUR 7 million in the reporting year (December 31, 2020: EUR 13 million).

Right-of-use assets in connection with sale and leaseback transactions mainly relate to office and technical facilities in the Group Headquarters & Group Services segment, with Group companies selling real estate and then leasing back the facilities and buildings required for business. The gain from the aforementioned sale-and-leaseback transaction in connection with the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund totaled EUR 0.1 billion, EUR 12 million of which was recognized directly in profit or loss; the remainder will be released to profit or loss over the residual useful lives of the rights-of-use assets. No other significant gains and losses from sale and leaseback transactions were recorded in the 2021 and 2020 financial years.

Leases can include extension and termination options that can have a substantial impact on the period of depreciation of the right-of-use assets if it is deemed to be reasonably certain that extension options will be exercised or termination options will not be exercised.

For further information, please refer to the section [“Accounting policies”](#) under [“Summary of accounting policies.”](#)

**9 Capitalized contract costs**

millions of €	Dec. 31, 2021	Dec. 31, 2020
Costs of obtaining a contract	2,574	2,182
Costs to fulfill a contract	11	10
	<b>2,585</b>	<b>2,192</b>

As of December 31, 2021, the carrying amount of capitalized contract costs stood at EUR 2.6 billion and was thus EUR 0.4 billion higher than at the end of the prior year. This increase was attributable in particular to a higher level of capitalized costs of obtaining a contract in postpaid customer business in the United States operating segment. The costs of obtaining a contract mainly include sales commissions paid to employees and third-party retailers in the direct and indirect sales channel. Overall, capitalized contract costs of EUR 1,832 million (2020: EUR 1,668 million) were written down on a straight-line basis over the estimated customer retention period.

**10 Investments accounted for using the equity method**

Deutsche Telekom publishes the following information on significant investments included in the consolidated financial statements using the equity method:

Name and registered office	Deutsche Telekom share		Percentage of voting rights		Assigned to segment	Fair value of the investment, if a listed market price is available	
	Dec. 31, 2021 %	Dec. 31, 2020 %	Dec. 31, 2021 %	Dec. 31, 2020 %		Dec. 31, 2021 millions of €	Dec. 31, 2020 millions of €
Hrvatske telekomunikacije d.d. Mostar, Mostar, Bosnia-Herzegovina <sup>a</sup>	39.10	39.10	39.10	39.10	Europe	28	30
Stratospheric Platforms Ltd., Isle of Man, United Kingdom	38.05	38.05	38.05	38.05	Group Development	n.a.	n.a.
T-Mobile USA Tower LLC, Wilmington, United States <sup>b</sup>	100.00	100.00	100.00	100.00	United States	n.a.	n.a.
T-Mobile West Tower LLC, Wilmington, United States <sup>b</sup>	100.00	100.00	100.00	100.00	United States	n.a.	n.a.
Cellnex Netherlands B.V., Utrecht, Netherlands <sup>c</sup>	37.65	n.a.	37.65	n.a.	Group Development	n.a.	n.a.

<sup>a</sup> Indirect shareholding via Hrvatski Telekom d.d., Croatia (Deutsche Telekom AG's share: 52.17 %).

<sup>b</sup> Indirect shareholding via T-Mobile US, Inc., United States (Deutsche Telekom AG's share: 46.75 %).

<sup>c</sup> Indirect shareholding via Digital Infrastructure Vehicle II SICAF-RAIF, Luxembourg (Deutsche Telekom AG's share: 66.67 %). The shareholding has been included in Deutsche Telekom's consolidated financial statements using the equity method since June 1, 2021.

**Description of the nature of the activities of the joint arrangement or associate**

Hrvatske telekomunikacije d.d. (HT Mostar d.d.) provides mobile and fixed-network communications services in Bosnia-Herzegovina.

Stratospheric Platforms Ltd. develops new communications technologies for stationary and mobile use.

T-Mobile USA Tower LLC and T-Mobile West Tower LLC are structured entities founded by T-Mobile US in each of which it holds a 100 % stake for the purpose of contributing cell sites in accordance with a framework agreement signed in 2012 between T-Mobile US and Crown Castle International Corp., Houston, United States, concerning the leasing and use of the cell sites. The sole right to continue to use and lease out these sites was transferred to Crown Castle. T-Mobile US continues to operate its mobile equipment on these cell towers and, to this end, leases back the required capacity from Crown Castle. Previously unused infrastructure is thus available for Crown Castle to lease to third parties. In return, the owners of the land on which the cell towers are built will no longer receive lease payments from T-Mobile US for those cell towers that were contributed to the two associates and those companies that were disposed of. Both entities were deconsolidated as of the date of the closing of the transaction in 2012, because Crown Castle independently operates the cell towers, generates revenues from leasing out the sites for an average of 27 years, and determines the finance and business activities of both entities that are relevant for consolidation purposes. It is expected that the leasing of tower space will allow Crown Castle to generate sufficient ongoing profits and cash flows to be able to meet its contractual obligations. Thus Deutsche Telekom has only a significant influence and includes these companies in the consolidated financial statements as associates. Under certain conditions, T-Mobile US will continue to be held liable for any default in the lease payment by Crown Castle to the owners of the underlying land of the cell sites. The agreement includes an extremely low maximum guarantee amount for Deutsche Telekom, since in the unlikely event that this case occurs, T-Mobile US could take over the further use of the relevant cell sites or alternatively terminate the contracts with the owners of the cell site land at short notice. At closing, T-Mobile US established an immaterial cash reserve in the entities sufficient to fund the payment of ongoing administrative expenses not payable by Crown Castle. Aside from the guarantee and the payment of administrative expenses, there is no other funding obligation by T-Mobile US.

Cellnex Netherlands B.V. (Cellnex NL) operates telecommunications infrastructure in the Netherlands.

For further information on the acquisition of the stake in Cellnex NL in connection with the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund, please refer to the section "Changes in the composition of the Group and other transactions" under "Summary of accounting policies."

The following tables provide summarized financial information on the main companies included in the consolidated financial statements and accounted for using the equity method. The data is not based on the stakes attributable to Deutsche Telekom AG, but represents the shareholdings on an assumed 100 % basis.

**Summarized financial information on the main entities accounted for using the equity method**

millions of €

	HT Mostar d.d.		Stratospheric Platforms Ltd. <sup>a</sup>	
	Dec. 31, 2021/ 2021	Dec. 31, 2020/ 2020	Dec. 31, 2021/ 2021	Dec. 31, 2020/ 2020
Current assets	38	45	5	11
Of which: cash and cash equivalents	10	12	5	11
Non-current assets	173	165	0	5
Current liabilities	26	22	1	3
Non-current liabilities	15	18	0	0
Net revenue	39	38	0	0
Profit (loss)	0	0	(14)	(24)
Other comprehensive income	0	0	0	0
Total comprehensive income	0	0	(14)	(24)
Depreciation, amortization and impairment losses	(10)	(9)	0	0
Dividends paid to Deutsche Telekom	0	0	0	0

<sup>a</sup> As financial data of Stratospheric Platforms Ltd. as of December 31, 2021 was not yet available to Deutsche Telekom at the date of preparation, the company's annual financial statements as of December 31, 2020 were used as a basis for the summarized financial information. The comparatives as of December 31, 2020 were similarly based on the company's annual financial statements as of December 31, 2019.

millions of €

	T-Mobile USA Tower LLC		T-Mobile West Tower LLC	
	Dec. 31, 2021/ 2021	Dec. 31, 2020/ 2020	Dec. 31, 2021/ 2021	Dec. 31, 2020/ 2020
Current assets	0	0	0	0
Non-current assets	138	117	184	157
Current liabilities	0	0	0	0
Non-current liabilities	0	0	0	0
Net revenue	0	0	0	0
Profit (loss)	0	0	0	0
Other comprehensive income	0	0	0	0
Total comprehensive income	0	0	0	0
Dividends paid to Deutsche Telekom	0	0	0	0

millions of €

	Cellnex NL <sup>a</sup>	
	Dec. 31, 2021/ 2021	Dec. 31, 2020/ 2020
Current assets	60	n.a.
Of which: cash and cash equivalents	3	n.a.
Non-current assets	1,622	n.a.
Current liabilities	52	n.a.
Of which: financial liabilities	2	n.a.
Non-current liabilities	571	n.a.
Of which: financial liabilities	250	n.a.
Net revenue	37	n.a.
Profit (loss)	(2)	n.a.
Other comprehensive income	0	n.a.
Total comprehensive income	(2)	n.a.
Depreciation, amortization and impairment losses	(22)	n.a.
Dividends paid to Deutsche Telekom	0	n.a.

<sup>a</sup> As financial data of Cellnex NL as of December 31, 2021 was not yet available in its entirety to Deutsche Telekom at the date of preparation, the interim financial statements of Cellnex NL as of June 30, 2021 were used as a basis for the summarized financial information and for the reconciliation statement to the carrying amount reported in Deutsche Telekom's consolidated statement of financial position.

**Reconciliation to the carrying amount included in the consolidated statement of financial position**

millions of €

	HT Mostar d.d.		Stratospheric Platforms Ltd. <sup>a</sup>	
	2021	2020	2021	2020
<b>Net assets as of January 1</b>	<b>170</b>	<b>170</b>	<b>14</b>	<b>20</b>
Profit (loss)	0	0	(14)	(24)
Other comprehensive income	0	0	0	0
Share-based payment	0	0	2	0
Change in interest without loss of control	0	0	0	0
Dividends paid	0	0	0	0
Capital increase	0	0	3	17
Exchange rate effects	1	0	(1)	1
<b>Net assets as of December 31<sup>b</sup></b>	<b>171</b>	<b>170</b>	<b>4</b>	<b>14</b>
<b>Share of net assets attributable to Deutsche Telekom as of December 31<sup>b</sup></b>	<b>67</b>	<b>66</b>	<b>2</b>	<b>5</b>
Goodwill – equity method	0	0	56	55
Impairment	0	0	(58)	0
Other reconciliation effects	(17)	(16)	0	0
<b>Carrying amount as of December 31</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>60</b>

<sup>a</sup> As financial data of Stratospheric Platforms Ltd. as of December 31, 2021 was not yet available to Deutsche Telekom at the date of preparation, the company's annual financial statements as of December 31, 2020 were used as a basis for the summarized financial information and for the reconciliation statement to the carrying amount reported in Deutsche Telekom's consolidated statement of financial position. The resulting effects for the extrapolation of the carrying amount as of December 31, 2021 were estimated and are included under other reconciliation effects. Similarly, the comparatives as of December 31, 2020 are summarized financial information determined on the basis of the company's annual financial statements as of December 31, 2019 and the reconciliation statement.

<sup>b</sup> The figures for net assets and the share of the net assets of Stratospheric Platforms Ltd. relate to December 31, 2020 and December 31, 2019, respectively.

millions of €

	T-Mobile USA Tower LLC		T-Mobile West Tower LLC	
	2021	2020	2021	2020
<b>Net assets as of January 1</b>	<b>117</b>	<b>118</b>	<b>157</b>	<b>160</b>
Profit (loss)	11	10	14	11
Other comprehensive income	0	0	0	0
Dividends paid	0	0	0	0
Exchange rate effects	10	(10)	14	(14)
<b>Net assets as of December 31</b>	<b>138</b>	<b>117</b>	<b>185</b>	<b>157</b>
<b>Share of net assets attributable to Deutsche Telekom as of December 31</b>	<b>138</b>	<b>117</b>	<b>185</b>	<b>157</b>
Adjustment of carrying amount	0	0	0	0
Other reconciliation effects	0	0	0	0
<b>Carrying amount as of December 31</b>	<b>138</b>	<b>117</b>	<b>185</b>	<b>157</b>

millions of €

	Cellnex NL <sup>a</sup>	
	2021	2020
<b>Net assets as of January 1<sup>b</sup></b>	<b>0</b>	<b>n.a.</b>
Net assets as of date of inclusion in the consolidated financial statements using the equity method <sup>b, c</sup>	1,058	n.a.
Profit (loss)	0	n.a.
Other comprehensive income	0	n.a.
Dividends paid	0	n.a.
<b>Net assets as of December 31<sup>c</sup></b>	<b>1,058</b>	<b>n.a.</b>
<b>Share of net assets attributable to Deutsche Telekom as of December 31<sup>c</sup></b>	<b>398</b>	<b>n.a.</b>
Other reconciliation effects	(1)	n.a.
<b>Carrying amount as of December 31</b>	<b>397</b>	<b>n.a.</b>

<sup>a</sup> As financial data of Cellnex NL as of December 31, 2021 was not yet available in its entirety to Deutsche Telekom at the date of preparation, the interim financial statements of Cellnex NL as of June 30, 2021 were used as a basis for the summarized financial information and for the reconciliation statement to the carrying amount reported in Deutsche Telekom's consolidated statement of financial position. The resulting effects for the extrapolation of the carrying amount as of December 31, 2021 were estimated and are included under other reconciliation effects.

<sup>b</sup> The shareholding has been included in Deutsche Telekom's consolidated financial statements using the equity method since June 1, 2021.

<sup>c</sup> The purchase price allocation related to the acquisition had not yet been completed as of December 31, 2021. The net assets of Cellnex NL and the share of net assets attributable to Deutsche Telekom are based on preliminary carrying amounts determined on the basis of the interim financial statements of Cellnex NL as of June 30, 2021.

In the 2021 and 2020 financial years, the consolidated financial statements did not include any unrecognized losses in connection with investments accounted for using the equity method.

**Summarized aggregate financial information on non-significant entities accounted for using the equity method**

The figures relate to the interests attributable to Deutsche Telekom.

millions of €

	Joint ventures		Associates	
	Dec. 31, 2021/ 2021	Dec. 31, 2020/ 2020	Dec. 31, 2021/ 2021	Dec. 31, 2020/ 2020
Total carrying amounts	56	42	112	117
Total share in profit (loss)	(34)	(16)	(5)	(12)
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>(34)</b>	<b>(16)</b>	<b>(5)</b>	<b>(12)</b>

**11 Other financial assets**

millions of €

	Dec. 31, 2021		Dec. 31, 2020	
	Total	Of which: current	Total	Of which: current
Originated loans and receivables	3,426	3,026	3,043	2,666
Other receivables – publicly funded projects	1,794	743	1,676	420
Derivative financial assets	2,762	189	4,038	45
Of which: derivatives with a hedging relationship	1,560	89	2,047	15
Of which: derivatives without a hedging relationship	1,202	100	1,992	30
Equity instruments – measured at fair value through profit or loss	3	0	3	0
Equity instruments – measured at fair value through other comprehensive income	437	0	425	0
Debt instruments – measured at fair value through profit or loss	233	6	203	5
Lease assets	228	88	248	87
Other	4	0	4	0
	<b>8,888</b>	<b>4,051</b>	<b>9,640</b>	<b>3,224</b>

The carrying amount of current and non-current other financial assets decreased by EUR 0.8 billion compared with December 31, 2020 to EUR 8.9 billion. The carrying amount of derivatives with a hedging relationship decreased by EUR 0.5 billion to EUR 1.6 billion, mainly due to the decrease in positive fair values from interest rate swaps in fair value hedges, which is primarily the result of a rise in the interest rate level. The carrying amount of derivatives without a hedging relationship decreased by a net effect of EUR 0.8 billion to EUR 1.2 billion. Taking into account the partial exercising of the stock options received from SoftBank in June 2020 to purchase shares in T-Mobile US, as well as measurement effects, the carrying amount of these stock options decreased by EUR 0.6 billion compared with December 31, 2020 to EUR 0.2 billion for the following reasons. Due to the negative development of the T-Mobile US share price, a remeasurement loss of EUR 0.3 billion was recorded in other financial income/expense in 2021. Furthermore, the amortization from the initial measurement of the stock options at fair value resulted in current income of EUR 0.2 billion and, in connection with the exercise of the options, in one-time income of EUR 0.4 billion in other financial income/expense. At the time of exercising the stock options, they had a fair value of EUR 0.8 billion. This amount was recognized directly in equity as part of the consideration (within the meaning of the IFRSs) paid to SoftBank, as a result of the derecognition of the exercised options. The carrying amount of other financial assets decreased as a result. In addition, the carrying amount of the derivatives without a hedging relationship decreased by EUR 0.4 billion due to negative measurement effects from embedded derivatives of T-Mobile US, including from the premature repayment of bonds. By contrast, the carrying amount was increased by positive measurement effects of EUR 0.1 billion from energy forward agreements embedded in contracts.

Subsidiaries of Deutsche Telekom deposited cash collateral of EUR 90 million as of December 31, 2021 (December 31, 2020: EUR 446 million) in connection with auctions for the planned acquisition of spectrum licenses. At the reporting date, cash and cash equivalents of EUR 76 million when translated into euros (December 31, 2020: EUR 63 million) were pledged as collateral for liabilities with right of creditors to priority repayment in the event of default. Collateral agreements as surety for potential credit risks arising from derivative transactions in connection with forward-payer swaps gave rise to receivables of EUR 423 million as of the reporting date (December 31, 2020: EUR 34 million).

For further information on allowances and the credit ratings of originated loans and receivables, please refer to Note 40 "Financial instruments and risk management."



## 12 Other assets

The carrying amount of current and non-current other assets increased by EUR 0.5 billion to EUR 3.1 billion. As of December 31, 2021, the carrying amount mainly included advance payments in connection with agreements on services for certain mobile communications equipment that do not fall within the scope of IFRS 16, as well as further deferred expenses totaling EUR 2.6 billion (December 31, 2020: EUR 2.2 billion). Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.1 billion.

## 13 Financial liabilities and lease liabilities

The following table shows the composition and maturity structure of **financial liabilities** as of December 31, 2021:

	Dec. 31, 2021				Dec. 31, 2020			
	Total	Due within 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total	Due within 1 year	Due > 1 year ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	93,857	5,941	24,673	63,242	87,702	5,282	25,681	56,739
Liabilities to banks	4,003	1,540	1,646	817	5,257	2,152	1,666	1,439
Of which: promissory notes	655	28	312	315	737	58	287	392
Of which: loans from the European Investment Bank	2,141	524	1,192	425	3,240	1,073	1,276	891
Of which: other loans	1,207	988	142	77	1,280	1,021	103	156
	<b>97,860</b>	<b>7,481</b>	<b>26,319</b>	<b>64,060</b>	<b>92,959</b>	<b>7,435</b>	<b>27,347</b>	<b>58,178</b>
Liabilities to non-banks from promissory note bonds	483	53	150	280	490	0	53	437
Liabilities with the right of creditors to priority repayment in the event of default	3,248	463	2,288	496	3,886	859	2,257	769
Other interest-bearing liabilities	7,343	2,700	2,165	2,478	7,206	2,711	1,958	2,537
Other non-interest-bearing liabilities	1,829	1,499	145	185	1,703	1,563	134	6
Derivative financial liabilities	703	47	625	31	864	85	252	527
	<b>13,607</b>	<b>4,762</b>	<b>5,374</b>	<b>3,471</b>	<b>14,149</b>	<b>5,217</b>	<b>4,655</b>	<b>4,277</b>
<b>Financial liabilities</b>	<b>111,466</b>	<b>12,243</b>	<b>31,693</b>	<b>67,531</b>	<b>107,108</b>	<b>12,652</b>	<b>32,002</b>	<b>62,455</b>
<b>Lease liabilities</b>	<b>33,133</b>	<b>5,040</b>	<b>13,517</b>	<b>14,577</b>	<b>32,715</b>	<b>5,108</b>	<b>12,610</b>	<b>14,997</b>

The carrying amount of current and non-current financial liabilities increased by EUR 4.4 billion compared with year-end 2020 to EUR 111.5 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 5.0 billion.

The carrying amount of bonds and other securitized liabilities increased by EUR 6.2 billion. The main factors in this increase were senior notes issued in the reporting period by T-Mobile US with a total volume of USD 14.8 billion (EUR 12.5 billion) with terms ending between 2026 and 2060 and bearing interest of between 2.25 and 3.6 %. The carrying amount was also increased by AUD bonds with a volume of AUD 0.1 billion (EUR 0.1 billion) issued by Deutsche Telekom AG and euro bonds with a volume of EUR 0.1 billion. The early repayment by T-Mobile US in the reporting period of bonds with a volume of USD 5.8 billion (EUR 4.8 billion) with terms originally ending between 2023 and 2026 and bearing interest of between 4.5 and 6.5 %, and scheduled repayments by T-Mobile US of bonds with a volume of USD 3.3 billion (EUR 2.8 billion) and repayments in the Group of euro bonds with a volume of EUR 2.3 billion and U.S. dollar bonds with a volume of USD 0.6 billion (EUR 0.5 billion) had a contrasting effect. The carrying amount of bonds and other securitized liabilities increased by EUR 4.4 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 1.3 billion compared with December 31, 2020 to EUR 4.0 billion, mainly due to scheduled repayments of EUR 1.2 billion made in the reporting period and a decline of EUR 0.2 billion in connection with factoring in the United States operating segment. Exchange rate effects, mainly from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.1 billion.

The liabilities with the right of creditors to priority repayment in the event of default of EUR 3.2 billion (December 31, 2020: EUR 3.9 billion) relate primarily to bonds issued by Sprint. Collateral was provided for these bonds, hence they constitute a separate class of financial instruments. Repayments in the reporting period in the amount of EUR 0.9 billion when translated into euros reduced the carrying amount. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 0.3 billion. At the reporting date, cash and cash equivalents with a carrying amount of EUR 76 million (December 31, 2020: EUR 63 million) when translated into euros were pledged as collateral for these bonds.

The carrying amount of other interest-bearing liabilities increased by EUR 0.1 billion compared with December 31, 2020 to EUR 7.3 billion. The carrying amount of other interest-bearing liabilities increased by a total of EUR 0.1 billion in connection with collateral received for derivative financial instruments.

For further information on cash collateral, please refer to Note 40 [“Financial instruments and risk management.”](#)

The carrying amount of derivative financial liabilities decreased by EUR 0.2 billion to EUR 0.7 billion, mainly in connection with positive measurement effects in the reporting period.

For further information on derivative financial liabilities, please refer to Note 40 [“Financial instruments and risk management.”](#)

Deutsche Telekom has established ongoing liquidity management. To ensure the Group's and Deutsche Telekom AG's solvency and financial flexibility at all times, Deutsche Telekom maintains a liquidity reserve in the form of credit lines and cash. This liquidity reserve is to cover the capital market maturities of the next 24 months at any time. Since the successful business combination between T-Mobile US and Sprint, T-Mobile US has pursued its own separate financing and liquidity strategy.

At December 31, 2021, Deutsche Telekom (excluding T-Mobile US) had standardized bilateral credit agreements with 21 banks for a total of EUR 12.6 billion. As of December 31, 2021, EUR 0.1 billion of these credit lines had been utilized. Pursuant to the credit agreements, the terms and conditions depend on Deutsche Telekom's rating. The bilateral credit agreements have an original maturity of 36 months and can, after each period of 12 months, be extended by a further 12 months to renew the maturity of 36 months. From today's perspective, access to the international debt capital markets is not jeopardized.

Furthermore, bilateral credit lines with an aggregate total volume of USD 5.5 billion (EUR 4.9 billion) plus a cash balance of USD 6.6 billion (EUR 5.9 billion) were available to T-Mobile US as of December 31, 2021. None of these credit lines had been utilized as of December 31, 2021.

The carrying amount of current and non-current **lease liabilities** increased by EUR 0.4 billion to EUR 33.1 billion compared with December 31, 2020. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 2.2 billion. Effects of changes in the composition of the Group, mainly from the first-time inclusion of Shentel, acquired by T-Mobile US, also increased the carrying amount by EUR 0.3 billion. This was offset in particular by an advance payment for the lease of cell sites of EUR 0.9 billion made by T-Mobile US to a U.S. cell tower company in September 2021 in connection with a change to the existing lease agreed in the reporting period. The carrying amount was further reduced by EUR 0.6 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. The reclassification of T-Mobile Netherlands's liabilities to liabilities directly associated with non-current assets and disposal groups held for sale, decreases of EUR 0.2 billion in the Group Headquarters & Group Services segment and of EUR 0.1 billion in the Europe operating segment also reduced the carrying amount.

For further information on lessee relationships, please refer to Note 8 [“Right of use assets – lessee relationships.”](#)

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

In the reporting year and in the 2020 financial year, there were no significant expenses for variable lease payments that were not included in the measurement of lease liabilities.

As of December 31, 2021, future payment obligations for leases that have not yet begun and which are not taken into account in the measurement of lease liabilities amounted to EUR 0.1 billion (December 31, 2020: EUR 0.2 billion).

The following tables show the contractually agreed (undiscounted) interest payments and repayments of the non-derivative financial liabilities, the lease liabilities, and the derivatives with positive and negative fair values:

millions of €

	Carrying amount Dec. 31, 2021	Cash flows in 2022			Cash flows in 2023		
		Fixed interest rate	Variable interest rate	Repayment	Fixed interest rate	Variable interest rate	Repayment
		<b>Non-derivative financial liabilities (excluding lease liabilities)</b>					
Bonds, other securitized liabilities, liabilities to banks and liabilities to non-banks from promissory notes and similar liabilities	(98,343)	(2,747)	0	(6,529)	(3,411)	0	(7,108)
Liabilities with the right of creditors to priority repayment in the event of default	(3,248)	(63)	0	(463)	(122)	0	(707)
Other interest-bearing liabilities	(7,343)	(23)	(2)	(2,700)	(23)	(1)	(796)
Other non-interest-bearing liabilities	(1,829)	0	0	(1,499)	0	0	(120)
Lease liabilities	(33,133)	(563)	0	(5,044)	(902)	0	(4,432)
<b>Derivative financial liabilities and assets</b>							
<b>Derivative financial liabilities:</b>							
Currency derivatives without a hedging relationship	(15)			(13)			0
Currency derivatives in connection with cash flow hedges	(1)			(3)			0
Embedded derivatives without a hedging relationship	(7)	0	0	(8)			(1)
Other derivatives without a hedging relationship	(455)	0	(22)	0	0	(22)	0
Interest rate derivatives without a hedging relationship	(109)	(27)	6	(6)	(3)	(7)	(7)
Interest rate derivatives in connection with fair value hedges	(11)	22	(5)	0	22	(5)	(4)
Interest rate derivatives in connection with cash flow hedges	(105)	(122)	61	0	(122)	61	0
<b>Derivative financial assets<sup>a</sup>:</b>							
Currency derivatives without a hedging relationship	44			42			
Currency derivatives in connection with cash flow hedges	17			14			
Embedded derivatives without a hedging relationship	191	0	0	26	0	0	20
Other derivatives without a hedging relationship	3			2			1
Interest rate derivatives without a hedging relationship	235	16	2	49	7	9	0
Interest rate derivatives in connection with fair value hedges	1,195	559	(188)	0	554	(190)	4
Interest rate derivatives in connection with cash flow hedges	348	61	(11)	63	53	(6)	0

millions of €

	Cash flows in 2024–2026			Cash flows in 2027–2031			Cash flows in 2032 and thereafter		
	Fixed interest rate	Variable interest rate	Repayment	Fixed interest rate	Variable interest rate	Repayment	Fixed interest rate	Variable interest rate	Repayment
<b>Non-derivative financial liabilities (excluding lease liabilities)</b>									
Bonds, other securitized liabilities, liabilities to banks and liabilities to non-banks from promissory notes and similar liabilities	(8,291)	0	(18,714)	(8,683)	0	(39,301)	(10,612)	0	(23,238)
Liabilities with the right of creditors to priority repayment in the event of default	(165)	0	(1,553)	(16)	0	(406)	0	0	0
Other interest-bearing liabilities	(51)	0	(1,370)	(54)	0	(2,444)	(30)	0	(34)
Other non-interest-bearing liabilities	0	0	(26)	0	0	(178)	0	0	(7)
Lease liabilities	(2,091)	0	(9,198)	(2,683)	0	(14,052)	(76)	0	(427)
<b>Derivative financial liabilities and assets</b>									
<b>Derivative financial liabilities:</b>									
Currency derivatives without a hedging relationship	0	0	0	0	0	0	0	0	0
Currency derivatives in connection with cash flow hedges	0	0	0	0	0	0	0	0	0
Embedded derivatives without a hedging relationship	0	0	(3)	0	0	(20)	0	0	(8)
Other derivatives without a hedging relationship	0	(13)	(409)	0	0	0	0	0	0
Interest rate derivatives without a hedging relationship	2	15	(35)	0	12	(9)	0	5	69
Interest rate derivatives in connection with fair value hedges	62	(15)	0	75	(25)	(16)	213	(84)	4
Interest rate derivatives in connection with cash flow hedges	(246)	114	0	0	0	0	0	0	0
<b>Derivative financial assets<sup>a</sup>:</b>									
Currency derivatives without a hedging relationship									
Currency derivatives in connection with cash flow hedges									
Embedded derivatives without a hedging relationship	0	0	38	0	0	68	0	0	62
Other derivatives without a hedging relationship			1						
Interest rate derivatives without a hedging relationship	16	25	63	42	22	11	8	95	62
Interest rate derivatives in connection with fair value hedges	1,500	(567)	18	1,562	(666)	(9)	1,624	(709)	30
Interest rate derivatives in connection with cash flow hedges	139	(3)	0	110	0	244	(10)	0	65

<sup>a</sup> This does not include payments that Deutsche Telekom would have to make or would receive in the event of exercising options to buy or sell company shares. It is unclear whether, when, and to what extent such options will be exercised. This mainly relates to the stock options to buy shares in T-Mobile US received from SoftBank. If Deutsche Telekom were to exercise the maximum number of these stock options, it would have to make a payment of EUR 5,509 million when translated into euros, based on the share price at the reporting date. For further information on these stock options, please refer to Note 40 "Financial instruments and risk management" in the disclosures on financial liabilities assigned to Level 3. Deutsche Telekom also holds other immaterial options to buy or sell company shares.

millions of €	Carrying amount Dec. 31, 2020	Cash flows in				2031 and thereafter
		2021	2022	2023–2025	2026–2030	
<b>Non-derivative financial liabilities (excluding lease liabilities)</b>						
Bonds, other securitized liabilities, liabilities to banks and liabilities to non-banks from promissory notes and similar liabilities	(93,449)	(8,954)	(9,871)	(27,948)	(42,226)	(30,107)
Liabilities with the right of creditors to priority repayment in the event of default	(3,886)	(1,019)	(563)	(2,022)	(642)	0
Other interest-bearing liabilities	(7,206)	(2,734)	(800)	(1,232)	(1,861)	(748)
Other non-interest-bearing liabilities	(1,703)	(1,563)	(106)	(28)	(5)	(1)
Lease liabilities	(32,715)	(6,218)	(5,285)	(10,466)	(17,153)	(648)
<b>Derivative financial liabilities and assets</b>						
<b>Derivative financial liabilities:</b>						
Currency derivatives without a hedging relationship	(41)	(32)	(6)	0	0	0
Currency derivatives in connection with cash flow hedges	(28)	(26)	0	0	0	0
Embedded derivatives without a hedging relationship	(129)	(18)	(7)	(28)	(65)	(37)
Other derivatives without a hedging relationship	(13)	(2)	(10)	(2)	0	0
Interest rate derivatives without a hedging relationship	(295)	(18)	(17)	(40)	(52)	33
Interest rate derivatives in connection with fair value hedges	(52)	37	37	101	13	(1)
Interest rate derivatives in connection with cash flow hedges	(307)	(44)	(41)	(94)	146	24
<b>Derivative financial assets<sup>a</sup>:</b>						
Currency derivatives without a hedging relationship	15	16	0	0	0	0
Currency derivatives in connection with cash flow hedges	8	4	0	0	0	0
Embedded derivatives without a hedging relationship	77	0	(1)	19	40	25
Other derivatives without a hedging relationship	0	0	0	0	0	0
Interest rate derivatives without a hedging relationship	191	9	118	31	36	76
Interest rate derivatives in connection with fair value hedges	2,025	317	309	828	813	1,043
Interest rate derivatives in connection with cash flow hedges	12	6	12	5	0	0

<sup>a</sup> This does not include payments that Deutsche Telekom would have to make or would receive in the event of exercising options to buy or sell company shares. It is unclear whether, when, and to what extent such options will be exercised. This mainly relates to the stock options to buy shares in T-Mobile US received from SoftBank. If Deutsche Telekom were to exercise the maximum number of these stock options, it would have to make a payment of EUR 5,509 million when translated into euros, based on the share price at the reporting date. For further information on these stock options, please refer to Note 40 "Financial instruments and risk management" in the disclosures on financial liabilities assigned to Level 3. Deutsche Telekom also holds other immaterial options to buy or sell company shares.

All instruments held at December 31, 2021 and for which payments were already contractually agreed were included. Planning data for future, new liabilities were not included. Amounts in foreign currency were each translated at the closing rate at the reporting date. The variable interest payments arising from the financial instruments were calculated using the last interest rates fixed before December 31, 2021. Financial liabilities that can be repaid at any time are always assigned to the earliest possible time period. In accordance with § 2 (4) of the German Act on the Transformation of the Deutsche Bundespost Enterprises into the Legal Structure of Stock Corporation (Stock Corporation Transformation Act – Postumwandlungsgesetz), the Federal Republic is guarantor of all Deutsche Telekom AG's liabilities that were already outstanding as at January 1, 1995. At December 31, 2021, this figure was a nominal EUR 0.1 billion (December 31, 2020: EUR 0.1 billion).

#### 14 Trade and other payables

millions of €	Dec. 31, 2021	Dec. 31, 2020
Trade payables	10,396	9,691
Other liabilities	56	68
	<b>10,452</b>	<b>9,760</b>

The carrying amount of trade and other payables increased year-on-year by EUR 0.7 billion to EUR 10.5 billion, mainly due to higher liabilities to suppliers of mobile terminal equipment in the United States operating segment and exchange rate effects, in particular from the translation of U.S. dollars into euros. By contrast, liabilities in the Group Development operating segment decreased as a result of the reclassification of T-Mobile Netherlands' liabilities to liabilities directly associated with non-current assets and disposal groups held for sale.

For further information on the agreed sale of T-Mobile Netherlands, please refer to the section “Changes in the composition of the Group and other transactions” under “Summary of accounting policies.”

Of the total of trade and other payables, EUR 10,396 million (December 31, 2020: EUR 9,691 million) is due within one year.

### 15 Provisions for pensions and other employee benefits

#### Defined benefit plans

The Group’s pension obligations are based on direct and indirect pension commitments mainly in Germany, the United States, and Switzerland. Deutsche Telekom’s provisions for pensions are comprised as follows:

millions of €	Dec. 31, 2021	Dec. 31, 2020
<b>Defined benefit liability</b>	<b>6,134</b>	<b>7,684</b>
Defined benefit asset	(54)	(19)
<b>Net defined benefit liability (asset)</b>	<b>6,080</b>	<b>7,665</b>
Of which: provisions for direct commitments	5,622	7,042
Of which: provisions for indirect commitments	458	623

Defined benefit liabilities are disclosed under non-current liabilities in the consolidated statement of financial position. The defined benefit asset is recognized under other non-current assets in the consolidated statement of financial position.

The decrease in defined benefit liabilities compared with the prior year was mainly due to the positive trend in the prices of plan assets, as well as discount rate adjustments. Overall, this resulted in an actuarial gain of EUR 1.4 billion from the remeasurement of defined benefit plans.

#### Calculation of net defined benefit liabilities/assets

millions of €	Dec. 31, 2021	Dec. 31, 2020
Present value of the obligations fully or partially funded by plan assets	11,825	12,140
Plan assets at fair value	(7,937)	(6,698)
<b>Defined benefit obligations in excess of plan assets</b>	<b>3,888</b>	<b>5,441</b>
Present value of the unfunded obligations	2,150	2,222
<b>Defined benefit liability (asset) according to IAS 19.63</b>	<b>6,038</b>	<b>7,663</b>
Effect of asset ceiling (according to IAS 19.64)	42	2
<b>Net defined benefit liability (asset)</b>	<b>6,080</b>	<b>7,665</b>

millions of €	2021	2020
<b>Net defined benefit liability (asset) as of January 1</b>	<b>7,665</b>	<b>5,810</b>
Service cost	148	41
Net interest expense (income) on the net defined benefit liability (asset)	89	86
Remeasurement effects	(1,423)	1,358
Pension benefits paid directly by the employer	(378)	(287)
Employer contributions to plan assets	(80)	(61)
Changes attributable to business combinations/transfers of operation/acquisitions and disposals	10	816
Reclassifications to liabilities directly associated with non-current assets and disposal groups held for sale	0	(10)
Administration costs actually incurred (paid from plan assets)	0	0
Exchange rate fluctuations for plans in foreign currency	48	(89)
<b>Net defined benefit liability (asset) as of December 31</b>	<b>6,080</b>	<b>7,665</b>

Key assumptions for the measurement of the defined benefit obligations are the discount rate, the salary increase rate, the pension increase rate, and life expectancy. The following table shows the assumptions on which the measurement of defined benefit obligations as of December 31 of the respective year are based. The assumptions made as of December 31 of the respective prior year are used to measure the expected pension expense (defined benefit cost) of a given financial year. The discount rate as of April 1, 2020 was used for the first-time inclusion of the obligations and to measure the expected pension expense in the United States in 2020.

### Assumptions for the measurement of defined benefit obligations

%		Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Discount rate	Germany	1.18	0.85	1.14
	United States	3.05	2.75	n.a.
	Switzerland	0.33	0.07	0.29
Salary increase rate	Germany	2.50	2.50	2.50
	United States <sup>a</sup>	4.25	4.25	n.a.
	Switzerland	1.00	1.00	1.00
Pension increase rate	Germany (general)	1.70	1.50	1.50
	Germany (according to articles of association)	1.00	1.00	1.00
	United States	n.a.	n.a.	n.a.
	Switzerland	0.10	0.10	0.10

<sup>a</sup> The salary increase rate in the United States only has a marginal impact on the amount of the pension obligations, since almost all commitments are frozen.

years		Dec. 31, 2021	Dec. 31, 2020
Duration	Germany	12.3	12.9
	United States	13.6	14.4
	Switzerland	14.9	15.7

The following biometric assumptions were essential for the measurement of pension obligations:

Germany: Heubeck 2018G, Switzerland: BVG 2020 Generational, United States: Pri-2012 tables. In Switzerland, the generally recognized demographic assumptions used when measuring pension obligations were revised as part of a regular review in 2020, and applied for the first time in 2021. This resulted in actuarial gains of EUR 6 million or 2.6 % of the Swiss obligations.

The aforementioned discount rates were used as of December 31, 2021 when calculating the present value of defined benefit obligations, taking into account future salary increases. The rates were determined in line with the average weighted duration of the respective obligation.

The discount rate is determined based on the yields of high-quality corporate bonds with AA rating, mapped in a yield curve showing the corresponding spot rates. The underlying method is routinely reviewed and refined as required (e.g., further development of the bond markets, automation of the availability of corresponding data in terms of quantity and quality).

### Development of defined benefit obligations

millions of €	2021	2020
<b>Defined benefit obligations as of January 1</b>	<b>14,362</b>	<b>12,290</b>
Current service cost	235	256
Interest cost	179	183
Remeasurement effects	(421)	663
Of which: experience-based adjustments	15	57
Of which: adjusted financial assumptions <sup>a</sup>	(451)	617
Of which: adjusted demographic assumptions	15	(11)
Total benefits actually paid	(483)	(503)
Contributions by plan participants	4	4
Changes attributable to business combinations/transfers of operation/acquisitions and disposals	10	1,925
Past service cost (due to plan amendments/curtailments) <sup>b</sup>	(87)	(223)
Settlements	0	8
Reclassifications to liabilities directly associated with non-current assets and disposal groups held for sale	0	(10)
Taxes to be paid as part of pensions	0	0
Exchange rate fluctuations for plans in foreign currency	176	(232)
<b>Defined benefit obligations as of December 31</b>	<b>13,975</b>	<b>14,362</b>
Of which: active plan participants	5,596	5,803
Of which: plan participants with vested pension rights who left the Group	2,982	3,099
Of which: benefit recipients	5,397	5,459

<sup>a</sup> In addition to the majority discount-rate adjustments, the effect from adjusted financial assumptions also includes adjusted assumptions regarding the payment of VAP pension entitlements, resulting in actuarial losses of EUR 93 million.

<sup>b</sup> The past service cost due to plan amendments in 2020 and 2021 relates primarily to a restructuring of risk benefits in Germany (please refer to the following section "Global Pension Policy and description of the plans").

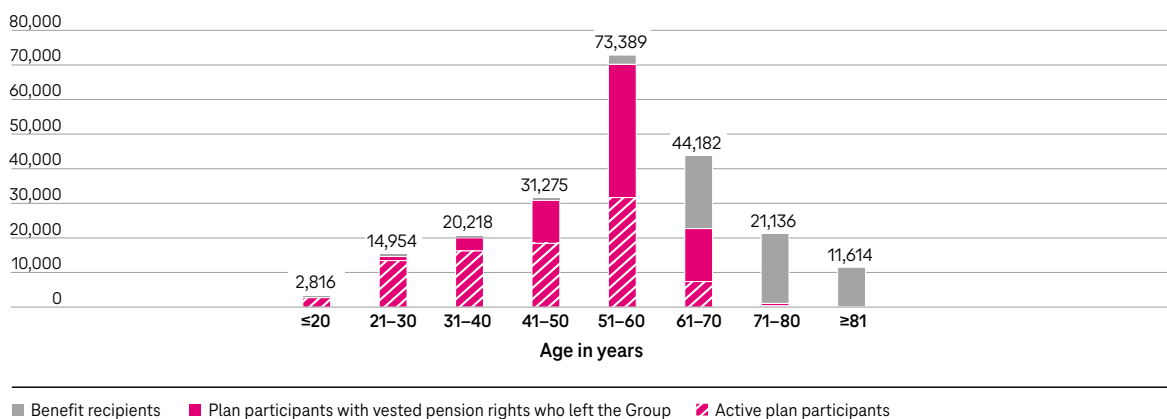
**Distribution of obligations relating to Deutsche Telekom's most significant plans**

millions of €

	Dec. 31, 2021				Dec. 31, 2020			
	Germany	United States	Switzerland	Other plans	Germany	United States	Switzerland	Other plans
Defined benefit obligations	11,316	1,905	230	525	11,763	1,846	235	518
Plan assets at fair value	(6,007)	(1,346)	(271)	(313)	(5,013)	(1,171)	(237)	(278)
Effect of asset ceiling	0	0	42	0	0	0	2	0
<b>Net defined benefit liability (asset)</b>	<b>5,309</b>	<b>559</b>	<b>0</b>	<b>212</b>	<b>6,750</b>	<b>675</b>	<b>0</b>	<b>240</b>

The following comments on the age structure and sensitivity analysis, as well as descriptions of plans and the risks associated with them, relate to the relevant pension obligations (Germany, United States, and Switzerland).

**Age structure of plan participants in the most significant pension plans**



**Sensitivity analysis for the defined benefit obligations**

The following sensitivity analysis describes the effects of possible adjustments in the material actuarial assumptions for measurement on the defined benefit obligations determined as of December 31, 2021. A change in the measurement assumptions to the extent described below, with otherwise unchanged assumptions, would have impacted the defined benefit obligations as of December 31, 2021 as follows:

millions of €

	Increase (decrease) of the defined benefit obligations as of Dec. 31, 2021			Increase (decrease) of the defined benefit obligations as of Dec. 31, 2020		
	Germany	United States	Switzerland	Germany	United States	Switzerland
Increase of discount rate by 100 basis points	(1,224)	(234)	(25)	(1,291)	(232)	(26)
Decrease of discount rate by 100 basis points	1,499	291	31	1,575	287	34
Increase of salary increase rate by 50 basis points	1	0	1	3	0	1
Decrease of salary increase rate by 50 basis points	0	0	(1)	(2)	0	(1)
Increase of pension increase rate by 25 basis points	5	0	5	6	0	6
Decrease of pension increase rate by 25 basis points	(5)	0	(2)	(6)	0	(2)
Life expectancy increase by 1 year	288	56	6	299	58	6
Life expectancy decrease by 1 year	(288)	(57)	(6)	(298)	(60)	(6)

The sensitivity analysis was carried out separately for the discount rate, the salary increase rate, and the pension increase rate. For this purpose, further actuarial evaluations were made for both the increase and for the decrease of the assumptions. It can be assumed that the life expectancy of the plan members will not change significantly within a year. Nevertheless, the effect of a change in life expectancy on the obligations was additionally determined from a risk perspective. Evaluations were carried out based on the assumption that the life expectancy of the plan members aged 65 would increase or decrease by one year. The life expectancy of the remaining plan members was adjusted accordingly. Variations in the assumed retirement age or turnover rates would only have an immaterial effect, especially in Germany.

### Global Pension Policy and description of the plans

Deutsche Telekom manages its pension commitments based on the Group-wide Global Pension Policy. It ensures on a worldwide basis that Group minimum standards regarding the granting and management of company pension benefits are complied with, plans are harmonized, and financial and other risks to the core business are avoided or reduced. In addition, the policy provides guidelines for the implementation and management of pension commitments and defines requirements for the launch, adjustment, and closure of corresponding plans. The regulations and provisions laid down in this Group policy take into account the national differences in state pension and other commitments under labor, tax, and social law and the common business practices in the area of pension commitments.

Defined benefit plans based on final salaries in the Group have largely been replaced by plans with contribution-based promises to minimize the risks involved. In addition, a corporate CTA (Deutsche Telekom Trust e.V.) is used in Germany for additional funding of pension obligations. A CTA is a legally structured trust agreement to cover unfunded pension commitments with plan assets, and to provide greater protection against insolvency for these obligations.

In **Germany** there are commitments for pension and disability benefits for a majority of employees as well as pension benefits for their surviving dependents. As part of a reorganization of the company pension plan, a capital account plan was introduced across Germany in 1997 for active employees. Furthermore, in subsequent years, commitments acquired through company acquisitions were also transferred to the capital account plan scheme. The capital account plan is an employer-financed, contribution-based benefit promise. The salary-linked contributions granted annually earn interest in advance for each year of provision up to age 60, calculated using age-based factors, converting the contribution into a guaranteed insured amount. The advance interest rate currently stands at 3.50 % p. a. (target interest rate for the capital account plan).

The period for providing contributions is initially limited to ten future contribution years. The contribution period will be extended automatically every year by a further year, unless terminated. The insured amounts accumulated over the period of active service are paid out if an insured event arises, primarily in the form of a lump sum. Hence there is only a limited longevity risk for these commitments. Based on the payment guidelines and the structure of the capital account plan, the employer can plan for this, and there is only a small risk inherent in the plan with regard to the volatility of remuneration dynamics.

In October 2020, Deutsche Telekom and the ver.di trade union had agreed to restructure the collectively agreed risk benefits (death in the active phase and/or disability) in the company pension scheme for employees covered by collective agreements in Germany. Under the previous structure, the pension credit accrued through the capital account plan was paid out in the case of a risk event. The revised rules abolish this in favor of paying out a sum equivalent to an annual target salary of the employee. This provides a better outcome than the previous structure in particular for employees with a shorter length of service with the company. Grandfather clauses have been included for employees who have worked for the company for longer periods and part-time employees. These changes took effect in October 2021. As a result of the change from an annual (pro rata) contribution to payment of a lump sum, the employer will in future grant the risk benefit irrespective of the employee's length of service with the company. Future risk benefit payments will thus directly be recognized as expenses in the payout year. Provisions recognized according to the previous rules under provisions for pensions and other employee benefits for entitlements after the restructuring takes effect were measured under the new rules using the discount rate at the transition date and reversed through profit or loss in the fourth quarter of 2020. This discount rate was also used to measure the pension expense from the remaining provisions for pensions and other employee benefits for the remainder of the financial year.

In the first quarter of 2021, the risk benefits (death in the active phase and/or disability) for employees not covered by collective agreements in Germany were restructured effective April 1, 2021, as had already been done for employees covered by collective agreements in the fourth quarter of 2020. Provisions recognized according to the previous rules were measured under the new rules using the discount rate at the transition date and reversed through profit or loss in the first quarter of 2021. This discount rate was also used to measure the pension expense from the remaining provisions for pensions and other employee benefits for the remainder of the financial year.

In addition, in Germany there are various closed legacy commitments, which generally provide for old-age and disability benefits as well as benefits for surviving dependents in the form of life-long pensions. The commitments predominantly comprise the overall pension of the supplementary retirement pensions institution (Versorgungsanstalt der Deutschen Bundespost – VAP) that takes into account the statutory pension. Most of the plan members of these commitments are former employees with vested rights and retirees for whom the amount of benefits has already been determined. So the VAP overall pension scheme continues to apply to former employees who were already retired or who had left with vested claims in 1997.



To the extent that defined benefit plans in Germany grant annuities, the future adjustment for these pensions, except for insignificant exceptions, is bindingly defined in the existing benefit regulations. A change in the assumptions for the general pension trend in Germany therefore only has an immaterial impact on the defined benefit obligations.

As a change in life expectancy mainly impacts on the obligations from legacy pension commitments and, since 1997, commitments have been granted in the form of capital, the significance of the risk resulting from the change in life expectancy is expected to decline for the Group over subsequent years.

To cover pension obligations over the long term, Deutsche Telekom has transferred funds to a corporate CTA and a corporate pension fund.

The main pension plans in the **United States** comprise medical plans, life insurance (for pensioners and active employees) and pension commitments. The commitments have been almost entirely frozen and replaced by contribution plans (401(k) plans) within the meaning of IAS 19 for future vested rights.

The pension commitments in the United States mainly relate to two defined benefit plans: the Sprint Retirement Pension Plan (SRPP) and the Supplemental Executive Retirement Plan (SERP). The benefit amount under the SRPP is calculated primarily on the basis of 1.5 % of the beneficiary's total salary up to December 31, 2005. Furthermore, the additional SERP was set up for contributions above the tax exemption limits for the relevant eligible persons. Both plans have been frozen since December 31, 2005, such that plan participants have not been able to earn any more vested rights since that date.

The SRPP is financed through a pension fund within the framework of U.S. regulations. The level of financing of the SRPP is regularly reviewed, with the company paying additional contributions into the pension fund on top of the minimum contributions if necessary, depending on the financing status.

Under the medical plans, the Company grants allowances for medical care after retirement to top up statutory benefits. In addition to the existing pensioners, there is a group of active employees who are near retirement, who can also access benefits from these plans.

Under the life insurance policies, the Company pays a benefit in the event of the death of a pensioner (basic coverage for pensioners prior to 2004) of 50 % of the final allowable income drawn (taking into account a cap for the maximum amount payable) as well as other coverage for a small group of employees who are still active.

In addition, the Company grants defined benefit plans for individuals abroad. The majority of these benefits comprise benefits prescribed by law in the respective countries or benefits under the FAP (Financial Accumulation Plan – a capital account plan). Almost all of these individual commitments have likewise been frozen.

Under the company pension system in **Switzerland**, a defined benefit plan is in place that is financed by employer and employee contributions (within the meaning of IAS 19). This plan is granted by the legally independent T-Systems pension fund. As is often the case in Switzerland, the companies grant higher benefits than legally required. The Swiss Federal Law on Occupational Retirement, Surviving Dependents' and Disability Pension (Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge – BVG) sets out minimum requirements for the pay to be insured, the age-based contributions, and a minimum annuity factor for the obligatory portion of the accrued retirement assets to be annuitized. In addition, the Swiss Federal Council defines a minimum interest rate for the obligatory retirement assets (2022: 1.00 %, 2021: 1.00 %).

The foundation board (Stiftungsrat) presides over the Swiss pension fund. It ensures the day-to-day running of the pension fund and decides on fundamental aspects, such as the amount and the structure of the pension benefits and the asset investment strategy. The foundation board is equally composed of employer and employees' representatives.

Due to the minimum yield for the obligatory retirement assets, a risk exists for the plans in Switzerland that additional resources would have to be allocated to the pension fund if it were to be underfinanced. The pension fund offers the plan members the option to choose a life-long pension instead of a one-time payment. This option gives rise to longevity and investment risks, since at the time of retirement, assumptions must be made regarding life expectancy and return on assets. As of January 1, 2018, T-Systems Schweiz decided to apply the risk-sharing method when measuring its pension obligations. The measurement of obligations was changed such that employee participation in funding a possible deficit can be taken into account when measuring the employer's obligation. The general option for employee participation in funding a deficit is covered by Art. 28 of the pension regulations.

### Development of plan assets at fair value

millions of €	2021	2020
<b>Plan assets at fair value as of January 1</b>	<b>6,698</b>	<b>6,489</b>
Changes attributable to business combinations/transfers of operation/acquisitions and disposals	0	1,108
Interest income on plan assets (calculated using the discount rate)	90	98
Amount by which the actual return exceeds (falls short of) the interest income on plan assets (remeasurement)	1,040	(702)
Contributions by employer	80	61
Contributions by plan participants	4	4
Benefits actually paid from plan assets	(105)	(217)
Settlements	0	0
Administration costs	0	0
Tax payments	0	0
Exchange rate fluctuations for plans in foreign currency	130	(143)
<b>Plan assets at fair value as of December 31</b>	<b>7,937</b>	<b>6,698</b>

### Breakdown of plan assets at fair value by investment category

millions of €	Dec. 31, 2021	Of which: price in an active market	Of which: price without an active market	Dec. 31, 2020	Of which: price in an active market	Of which: price without an active market
Equity securities	5,346	5,346	0	4,264	4,264	0
Of which: shares in BT	2,414	2,414	0	1,762	1,762	0
Debt securities	2,030	2,030	0	1,853	1,853	0
Real estate	85	13	72	102	38	64
Derivatives	2	2	0	0	0	0
Investment funds	40	40	0	14	14	0
Asset-backed securities	0	0	0	0	0	0
Structured debt instruments	1	1	0	0	0	0
Cash and cash equivalents	64	64	0	43	43	0
Other	370	328	43	422	378	45
<b>Plan assets at fair value</b>	<b>7,937</b>	<b>7,823</b>	<b>115</b>	<b>6,698</b>	<b>6,590</b>	<b>109</b>

The investment policy and risk management is set in line with the risk and development characteristics of the pension obligations. On the basis of a systematic, integrated asset/liability management analysis, potential results from different investment portfolios, which can cover a large number of asset classes, are compared with the stochastically simulated development of the pension obligations, thereby explicitly considering the relative development of plan assets against the pension obligations. The investment strategy is mainly characterized by the objective of satisfying future obligations from granted pension commitments on time by systematically setting up and professionally managing a suitable portfolio for the plan assets. It essentially aims to establish a widely diversified investment portfolio that generates a risk profile appropriate to the overall objective, by means of corresponding risk factors and diversification. The management of investments is subject to continuous monitoring to ensure active risk management. Cost-efficient investment management is effected by means of professional portfolio management involving external service providers.

At the reporting date, the plan assets at fair value included shares amounting to EUR 5 million (December 31, 2020: EUR 5 million) and bonds amounting to EUR 10 million (December 31, 2020: EUR 8 million) issued by Deutsche Telekom AG and its subsidiaries.

### Development of the effect of the asset ceiling

millions of €	2021	2020
<b>Effect of asset ceiling as of January 1</b>	<b>2</b>	<b>9</b>
Interest expense on asset ceiling (recognized in the income statement)	0	0
Changes in asset ceiling ((gains) losses recognized in equity)	38	(7)
Currency gain (loss)	2	0
<b>Effect of asset ceiling as of December 31</b>	<b>42</b>	<b>2</b>

**Breakdown of defined benefit costs in the income statement**

millions of €				
	Disclosure in income statement	2021	2020	2019
Current service cost	Personnel costs	235	256	250
Past service cost (due to plan amendments/curtailments)	Personnel costs	(87)	(223)	(8)
Settlements	Personnel costs	0	8	3
<b>Service cost</b>		<b>148</b>	<b>41</b>	<b>245</b>
Interest cost	Other financial income (expense)	179	183	186
Interest income on plan assets (calculated using the discount rate)	Other financial income (expense)	(90)	(98)	(99)
Interest expense on the effect of the asset ceiling	Other financial income (expense)	0	0	0
<b>Net interest expense (income) on net defined benefit liability (asset)</b>		<b>89</b>	<b>86</b>	<b>87</b>
<b>Defined benefit cost</b>		<b>237</b>	<b>126</b>	<b>332</b>
Administration costs actually incurred (paid from plan assets)	Personnel costs	0	0	0
<b>Total amounts recognized in profit or loss</b>		<b>237</b>	<b>126</b>	<b>332</b>

**Amounts recognized in the consolidated statement of comprehensive income**

millions of €			
	2021	2020	2019
<b>Remeasurement ((gain) loss recognized in other comprehensive income in the financial year)</b>	<b>(1,423)</b>	<b>1,358</b>	<b>603</b>
Of which: remeasurement due to a change in defined benefit obligations	(421)	663	656
Of which: remeasurement due to a change in plan assets	(1,040)	702	(62)
Of which: remeasurement due to changes in the effect of asset ceiling (according to IAS 19.64)	38	(7)	9

**Total benefit payments expected**

millions of €					
	2022	2023	2024	2025	2026
Benefits paid from pension provisions	301	531	581	652	596
Benefits paid from plan assets	182	106	109	110	113
<b>Total benefits expected</b>	<b>483</b>	<b>637</b>	<b>690</b>	<b>762</b>	<b>709</b>

Since 2018, benefit payments for direct pension commitments have also been funded using CTA assets. Furthermore, Deutsche Telekom reserves the right to claim reimbursement from CTA assets in the following year, as required, for payments made directly by the employer. The last time this happened was in 2018.

For 2022, Deutsche Telekom does not plan any allocations to plan assets at fair value in Germany. Deutsche Telekom is planning an international allocation of at least EUR 43 million in 2022.

**Defined contribution plans**

The employer's contribution paid to the statutory pension scheme (Deutsche Rentenversicherung) in Germany in the 2021 financial year totaled EUR 0.4 billion (2020: EUR 0.4 billion, 2019: EUR 0.4 billion). Group-wide, EUR 191 million (2020: EUR 164 million, 2019: EUR 145 million) from current contributions for additional defined contribution plans was recognized in the consolidated income statement in 2021.

**Civil-servant retirement arrangements at Deutsche Telekom**

An expense of EUR 343 million was recognized in the 2021 financial year (2020: EUR 374 million, 2019: EUR 405 million) for the annual contribution to the Civil Service Pension Fund, which generally amounts to 33 % of the pensionable gross emoluments of active civil servants and the notional pensionable gross emoluments of civil servants on leave of absence. The present value of future payment obligations was EUR 1.1 billion as of the reporting date (December 31, 2020: EUR 1.8 billion, December 31, 2019: EUR 2.1 billion) and is shown under other financial obligations.

For further information, please refer to Note 39 "Other financial obligations."

## 16 Other provisions

millions of €							
	Provisions for termination benefits	Other provisions for personnel costs	Provisions for restoration obligations	Provisions for litigation risks	Provisions for sales and procurement support	Miscellaneous other provisions	Total
<b>At December 31, 2019</b>	<b>160</b>	<b>3,361</b>	<b>1,707</b>	<b>284</b>	<b>466</b>	<b>685</b>	<b>6,663</b>
Of which: current	159	1,694	31	261	466	471	3,082
Transfer resulting from changes in accounting standards	0	0	0	0	0	0	0
Changes in the composition of the Group	81	490	1,016	234	67	20	1,907
Currency translation adjustments	(21)	(99)	(170)	(24)	(24)	(9)	(348)
Addition	251	2,625	288	119	605	294	4,183
Use	(47)	(1,930)	(67)	(231)	(507)	(192)	(2,974)
Reversal	(122)	(307)	(59)	(61)	(50)	(92)	(690)
Interest effect	0	397	100	(3)	0	1	494
Other changes	0	(155)	(35)	(2)	0	(9)	(202)
<b>At December 31, 2020</b>	<b>302</b>	<b>4,382</b>	<b>2,778</b>	<b>317</b>	<b>557</b>	<b>697</b>	<b>9,033</b>
Of which: current	302	1,992	46	288	557	454	3,638
Transfer resulting from changes in accounting standards	0	0	0	0	0	0	0
Changes in the composition of the Group	0	0	29	27	0	7	64
Currency translation adjustments	4	93	126	7	18	8	257
Addition	38	2,830	452	143	491	266	4,220
Use	(113)	(1,830)	(265)	(54)	(483)	(181)	(2,926)
Reversal	(199)	(316)	(53)	(38)	(25)	(98)	(729)
Interest effect	0	(220)	(45)	2	0	0	(264)
Other changes	100	(224)	(32)	0	0	(36)	(192)
<b>At December 31, 2021</b>	<b>133</b>	<b>4,714</b>	<b>2,990</b>	<b>405</b>	<b>558</b>	<b>663</b>	<b>9,463</b>
Of which: current	47	2,260	236	381	558	420	3,903

In the measurement of the other provisions, Deutsche Telekom is exposed to interest rate fluctuations, which is why the effect of a possible change in the interest rate on the principal non-current provisions was simulated. The other, non-staff-related provisions are discounted using maturity-related discount rates specific to the respective currency area. To this end, Deutsche Telekom determines discount rates with maturities of up to 30 years. In 2021, the discount rates ranged from 0.00 to 1.59 % (2020: from 0.00 to 1.21 %) in the euro currency area and from 1.14 to 4.14 % (2020: from 0.78 to 3.61 %) in the U.S. dollar currency area. If the discount rate were increased by 50 basis points with no other change in the assumptions, the present value of the principal other non-current provisions would decrease by EUR 159.5 million (December 31, 2020: EUR 123.2 million). If the discount rate were decreased by 50 basis points with no other change in the assumptions, the present value of the principal other non-current provisions would increase by EUR 173.8 million (December 31, 2020: EUR 126.2 million).

The carrying amount of current and non-current other provisions increased by EUR 0.4 billion compared with December 31, 2020 to EUR 9.5 billion.

Provisions for termination benefits and other personnel provisions include, among other components, provisions for staff restructuring. These have developed as follows in the 2021 financial year:

millions of €							
	Jan. 1, 2021	Changes in the composition of the Group	Addition	Use	Reversal	Other changes	Dec. 31, 2021
Severance and voluntary redundancy models	302	0	38	(113)	(199)	104	133
Phased retirement	866	0	700	(469)	(2)	(94)	1,001
	<b>1,168</b>	<b>0</b>	<b>738</b>	<b>(582)</b>	<b>(201)</b>	<b>10</b>	<b>1,134</b>
Of which: current	553						315

Within provisions for termination benefits, provisions were reduced by, among other factors, the reversal of other provisions for personnel costs of EUR 0.1 billion, which had been recognized by OTE in 2010 and 2011 for an additional payment to the Greek social insurance fund IKA-ETAM, as a result of proceedings concluded in September 2021.

Other personnel provisions increased by EUR 0.3 billion, which was attributable, in part, to short-term variable remuneration, phased retirement, and vacation. By contrast, the provisions recognized for the Civil Service Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK) decreased by EUR 0.1 billion, which is mainly attributable to the subsequent measurement of the present value determined using actuarial principles (interest effect). Other provisions for personnel costs also include provisions for deferred compensation and allowances, as well as for anniversary gifts.

The provisions for restoration obligations increased by EUR 0.2 billion. These include the estimated costs for dismantling and removing assets, and restoring the sites on which they are located. The estimated costs are included in the costs of the relevant assets. The provisions for litigation risks primarily relate to possible settlements attributable to pending lawsuits. Provisions for sales and procurement support are recognized for dealer commissions, market development funds (advertising subsidies and refunds). Miscellaneous other provisions include a large number of low-value individual items, such as provisions related to executory contracts, the disposal of businesses and site closures, in particular in prior financial years, as well as warranty and environmental damage provisions.

For further information on litigation risks from pending lawsuits, please refer to Note 37 “Contingencies.”

## 17 Other liabilities

millions of €	Dec. 31, 2021	Of which: current	Dec. 31, 2020	Of which: current
Early retirement	877	352	1,145	411
Deferred revenue	71	37	105	51
Liabilities from other taxes	1,877	1,877	1,702	1,702
Other deferred revenue	328	195	386	240
Liabilities from severance payments	59	58	102	102
Liabilities – publicly funded projects	1,520	473	1,445	183
Miscellaneous other liabilities	811	592	746	524
	<b>5,543</b>	<b>3,584</b>	<b>5,631</b>	<b>3,213</b>

The carrying amount of current and non-current other liabilities decreased by EUR 0.1 billion to EUR 5.5 billion. Liabilities from early retirement arrangements for civil servants exist vis-à-vis the Civil Service Pension Fund and arise from payment obligations under agreements that had already been concluded. The obligations are payable in up to seven annual installments following retirement. Other liabilities increased the carrying amount by EUR 0.1 billion due to existing build-out obligations in connection with grants to be received from funding projects for the broadband build-out in the Germany operating segment.

## 18 Contract liabilities

The carrying amount of current and non-current contract liabilities increased year-on-year from EUR 2.0 billion to EUR 2.2 billion. These mainly comprise deferred revenues. The increase resulted from higher contract liabilities in the Germany, Europe, Systems Solutions, and United States operating segments. A decrease in carrying amounts in the Group Development operating segment, primarily as a result of the reclassification of T-Mobile Netherlands’ assets to non-current assets and disposal groups held for sale in connection with the agreed sale, had an offsetting effect. Revenue of EUR 2,573 million (2020: EUR 1,343 million) from contract liabilities that were still outstanding as of December 31, 2020 was realized in the reporting year. Of the total of contract liabilities, EUR 1,668 million (December 31, 2020: EUR 1,625 million) is due within one year.

For further information on the agreed sale of T-Mobile Netherlands, please refer to the section “Changes in the composition of the Group and other transactions” under “Summary of accounting policies.”

## 19 Shareholders' equity

### Issued capital

As of December 31, 2021, the share capital of Deutsche Telekom AG totaled EUR 12,765 million. The share capital is divided into 4,986,458,596 no par value registered shares.

	2021		2020	
	thousands	%	thousands	%
Federal Republic of Germany – Berlin, Germany <sup>a</sup>	689,601	13.8	689,601	14.5
KfW Bankengruppe, Frankfurt/Main, Germany <sup>a</sup>	829,179	16.6	829,179	17.4
Free float	3,467,679	69.6	3,242,679	68.1
Of which: BlackRock, Inc. – Wilmington, DE, United States <sup>b</sup>	234,194		234,194	
Of which: SoftBank Group Corp. – Tokyo, Japan <sup>c</sup>	225,000			
	<b>4,986,459</b>	<b>100.0</b>	<b>4,761,459</b>	<b>100.0</b>

<sup>a</sup> The stake in Deutsche Telekom AG was reduced upon the entry in the commercial register on September 28, 2021 of the capital increase against contribution in kind.

<sup>b</sup> According to the last notification from BlackRock published on September 22, 2017, the reporting threshold of 3 % of the voting rights was exceeded. The stake in Deutsche Telekom AG was thus 4.92 % of the voting rights on September 15, 2017. In connection with the capital increase carried out on September 28, 2021 against contribution in kind, the stake decreased to 4.70 % of the voting rights, on the assumption of an unchanged number of shares.

<sup>c</sup> According to the last notification from SoftBank published on October 7, 2021, the reporting threshold of 3 % of the voting rights was exceeded. The stake in Deutsche Telekom AG was thus 4.51 % of the voting rights on October 7, 2021.

**Treasury shares.** The amount of issued capital assigned to treasury shares was approximately EUR 37 million at December 31, 2021. This equates to 0.3 % of share capital. 14,517,728 treasury shares were held at December 31, 2021.

The shareholders' meeting resolved on April 1, 2021 to authorize the Board of Management to purchase shares in the Company by March 31, 2026, with the amount of share capital accounted for by these shares totaling up to EUR 1,218,933,400.57, provided the shares to be purchased on the basis of this authorization in conjunction with the other shares of the Company that the Company has already purchased and still possesses or are to be assigned to it under § 71d and § 71e AktG do not at any time account for more than 10 % of the Company's share capital. Moreover, the requirements under § 71 (2) sentences 2 and 3 AktG must be complied with. Shares shall not be purchased for the purpose of trading in treasury shares. This authorization may be exercised in full or in part. The purchase can be carried out in partial tranches spread over various purchase dates within the authorization period until the maximum purchase volume is reached. Dependent Group companies of Deutsche Telekom AG within the meaning of § 17 AktG or third parties acting for the account of Deutsche Telekom AG or for the account of dependent Group companies of Deutsche Telekom AG within the meaning of § 17 AktG are also entitled to purchase the shares. The shares are purchased through the stock exchange in adherence to the principle of equal treatment (§ 53a AktG). Shares can instead also be purchased by means of a public purchase or share exchange offer addressed to all shareholders, which, subject to a subsequently approved exclusion of the right to offer shares, must also comply with the principle of equal treatment.

The shares may be used for one or several of the purposes permitted by the authorization granted by the shareholders' meeting on April 1, 2021 under item 7 on the agenda. The shares may also be used for purposes involving an exclusion of subscription rights. In addition, they may be sold on the stock market or by way of an offer to all shareholders, or withdrawn. The shares may be used to fulfill the rights of Board of Management members to receive shares in Deutsche Telekom AG, which the Supervisory Board has granted to these members as part of the arrangements governing the remuneration of the Board of Management, on the basis of a decision by the Supervisory Board to this effect. Furthermore, under the authorization granted on April 1, 2021, the Board of Management is authorized to offer and/or grant shares to employees of Deutsche Telekom AG and of lower-tier affiliated companies as well as to managing board members of lower-tier affiliated companies; this also includes the authorization to offer or grant shares free of charge or on other special conditions.

Under the resolution of the shareholders' meeting on April 1, 2021, the Board of Management is also authorized to acquire the shares through the use of equity derivatives.

No treasury shares were acquired in the reporting period and in the prior year. Currently, the treasury shares for participants of the Share Matching Plan and of the employee share program Shares2You are issued from the pool of shares previously held in a trust deposit.

As part of the acquisition of VoiceStream Wireless Corp., Bellevue, and Powertel, Inc., Bellevue, in 2001, Deutsche Telekom AG issued new shares from authorized capital to a trustee, for the benefit of holders of warrants, options, and conversion rights, among others. These options or conversion rights expired in full in the 2013 financial year. As a result, the trustee no longer had any obligation to fulfill any claims in accordance with the purpose of the deposit. The trust relationship was terminated at the start of 2016 and the deposited shares were transferred free of charge to a custody account of Deutsche Telekom AG. The previously deposited shares are accounted for in the same way as treasury shares in accordance with § 272 (1a) HGB. On the basis of authorization by the shareholders' meetings on May 25, 2016 and April 1, 2021, the treasury shares acquired free of charge may be used for the same purposes as the treasury shares acquired for a consideration. In the reporting year, 3,462 thousand previously deposited shares were reallocated for issue to eligible participants of the Share Matching Plan (prior year: 558 thousand shares).

For matching shares from the Share Matching Plan and for free shares from the employee share program Shares2You, treasury shares are transferred free of charge to the custody accounts of employees of Deutsche Telekom AG. In cases where treasury shares are transferred to the custody accounts of employees of other Group companies, the costs have been transferred at fair value to the respective Group company since the 2016 financial year. Where treasury shares were transferred to the custody accounts of employees that were bought by way of the personal investment as part of the employee share program Shares2You, a conversion rate of EUR 16.72 per share was used. The conversion is determined using the lowest price at which a trade actually took place on an official German exchange on the date of conversion.

In all months of the reporting year, except for October, treasury shares (3,485 thousand in total) were reallocated and transferred to the custody accounts of eligible participants (prior year: 523 thousand treasury shares). As of December 31, 2021, disposals of treasury shares resulting from the transfers in the reporting period accounted for 0.07 %, or EUR 8,921 thousand, of share capital. Gains on disposal arising from transfers of treasury shares amounted to EUR 57,717 thousand. The transfers of treasury shares increased the capital reserve by EUR 48,796 thousand. In the reporting year, 1,042 thousand treasury shares with a fair value of EUR 17,585 thousand were billed to other Group companies.

**Voting rights.** Each share entitles the holder to one vote. These voting rights are restricted, however, in relation to treasury shares (at December 31, 2021: around 15 million in total).

**Authorized capital and contingent capital.** Authorized capital and contingent capital comprised the following components as of December 31, 2021:

	Amount millions of €	No par value shares thousands	Purpose
2017 Authorized Capital <sup>a</sup>	3,024	1,181,250	Capital increase against cash contribution/contribution in kind until May 30, 2022
2018 Contingent Capital	1,200	468,750	Servicing convertible bonds and/or bonds with warrants issued on or before May 16, 2023

<sup>a</sup> Following the capital increase against contribution in kind, the 2017 Authorized Capital was reduced to EUR 3,024 million. The remaining 2017 authorized capital was entered in the commercial register on September 28, 2021.

### Changes in the composition of the Group, transactions with owners, and capital increase

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:

	2021			2020		
	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
millions of €						
<b>Changes in the composition of the Group</b>	<b>0</b>	<b>(181)</b>	<b>(181)</b>	<b>0</b>	<b>17,329</b>	<b>17,329</b>
Acquisition of Sprint	0	0	0	0	17,331	17,331
Sale of Telekom Romania Communications	0	(170)	(170)	0	0	0
Other effects	0	(11)	(11)	0	(2)	(2)
<b>Transactions with owners</b>	<b>(179)</b>	<b>(48)</b>	<b>(227)</b>	<b>7,299</b>	<b>5,967</b>	<b>13,266</b>
Acquisition of Sprint	0	0	0	7,474	5,915	13,389
T-Mobile US stock-based compensation	(157)	165	9	(207)	249	42
Magyar Telekom share buy-back	9	(38)	(29)	68	(83)	(15)
OTE share buy-back	(62)	(131)	(193)	(40)	(103)	(143)
Hrvatski Telekom share buy-back	(1)	(12)	(13)	5	(17)	(12)
T-Mobile Netherlands sale and leaseback	33	(33)	0	0	0	0
Other effects	0	0	0	(1)	6	5
<b>Capital increase of Deutsche Telekom AG</b>	<b>1,511</b>	<b>(2,358)</b>	<b>(847)</b>	<b>0</b>	<b>0</b>	<b>0</b>

In connection with the agreement concluded on September 6, 2021 between Deutsche Telekom AG and SoftBank for the acquisition of around 45.4 million T-Mobile US shares, an increase in issued capital was entered in the commercial register and executed on September 28, 2021 by issuing 225 million no-par-value shares at the lowest issue price of EUR 2.56 per share against contribution in kind. Issued capital was increased by EUR 576 million in total. The number of Deutsche Telekom AG's outstanding shares increased as a result from 4,761 million to 4,986 million shares.

The non-cash capital increase was executed by SoftBank contributing 45.4 million T-Mobile US shares to Deutsche Telekom AG in return for the transfer of 225 million Deutsche Telekom AG shares from the 2017 authorized capital. As a result of the transaction, Deutsche Telekom AG's stake in T-Mobile US increased by 3.6 percentage points to 46.8 %. Because T-Mobile US was already included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary, the increase in the stake merely led to a decrease in the non-controlling interests in consolidated shareholders' equity by EUR 2,358 million and to an increase in the share of equity held by the owners of the parent company by a net total of EUR 1,511 million.

In order to acquire the some 45.4 million T-Mobile US shares, on September 23, 2021, Deutsche Telekom AG exercised some of the stock options received from SoftBank in June 2020. On the exercise date, these stock options had a fair value of EUR 847 million. This amount was recognized directly in equity as part of the consideration (within the meaning of the IFRSs) paid to SoftBank, as a result of the derecognition of the exercised options (issued capital and reserves attributable to owners of the parent). The carrying amount of other financial assets decreased as a result.

For further information on the capital increase against contribution in kind of Deutsche Telekom AG with SoftBank, please refer to the section "[Changes in the composition of the Group and other transactions](#)" under "Summary of accounting policies."

The amounts recognized in the prior-year period as changes in the composition of the Group and transactions with owners mainly related to the business combination of T-Mobile US with Sprint, consummated on April 1, 2020.

For further information, please refer to the section "[Changes in the composition of the Group and other transactions](#)" under "Summary of accounting policies."

### Non-controlling interests: total other comprehensive income

Total other comprehensive income of non-controlling interests primarily comprises remeasurement effects as part of the acquisition of the OTE group totaling EUR 0.3 billion (December 31, 2020: EUR 0.4 billion), as well as offsetting currency translation effects of EUR 0.3 billion (December 31, 2020: EUR 3.2 billion), and remeasurement losses recognized directly in equity in connection with forward-payer swaps concluded for borrowings at T-Mobile US, which were terminated prematurely in April 2020.



## Notes to the consolidated income statement

### 20 Net revenue

Net revenue breaks down into the following revenue categories:

millions of €	2021	2020	2019 <sup>a</sup>
<b>Revenue from the rendering of services</b>	<b>85,087</b>	<b>79,807</b>	<b>65,593</b>
Germany	20,484	20,017	19,821
United States	50,418	45,653	31,313
Europe	9,386	9,428	9,613
Systems Solutions	3,081	3,087	3,277
Group Development	1,634	1,545	1,497
Group Headquarters & Group Services	83	77	71
<b>Revenue from the sale of goods and merchandise</b>	<b>19,595</b>	<b>16,054</b>	<b>12,907</b>
Germany	2,399	2,187	2,298
United States	15,153	11,922	8,569
Europe	1,558	1,484	1,553
Systems Solutions	67	72	93
Group Development	417	389	394
Group Headquarters & Group Services	1	0	0
<b>Revenue from the use of entity assets by others</b>	<b>4,112</b>	<b>5,138</b>	<b>2,031</b>
Germany	694	815	829
United States	2,785	3,631	536
Europe	219	227	229
Systems Solutions	24	78	47
Group Development	281	269	266
Group Headquarters & Group Services	109	118	124
<b>Net revenue<sup>b</sup></b>	<b>108,794</b>	<b>100,999</b>	<b>80,531</b>

<sup>a</sup> The breakdown of revenue categories for the 2019 financial year was adjusted retrospectively in connection with the realignment of the B2B telecommunications business.

<sup>b</sup> Revenue includes interest income of EUR 276 million in the reporting year, calculated using the effective interest method (2020: EUR 278 million, 2019: EUR 345 million). This income is primarily attributable to accrued interest on receivables in connection with handsets sold under installment plans in the United States operating segment.

Net revenue for the reporting year was EUR 108.8 billion, up EUR 7.8 billion on the prior-year level. The United States operating segment in particular contributed to the positive revenue trend, mainly thanks to the positive business performance and the inclusion of Sprint for the full year for the first time. But the other operating segments also achieved positive growth rates, with the only exception being Systems Solutions, where revenue was negatively impacted by the expected decline in traditional IT infrastructure business.

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

The total transaction price attributable to performance obligations that have not been fulfilled or, in some cases, not yet fulfilled at the end of the reporting year (hereinafter: outstanding transaction price) amounts to EUR 19,955 million (2020: EUR 23,055 million; this figure was adjusted retrospectively in the reporting year).

The portion of the outstanding transaction price attributable to performance obligations that have not been fulfilled or not yet completely fulfilled at the end of the reporting year is generally recognized as revenue over the remaining term of the service contracts concluded. Since most service contracts – unless they can be canceled at any time – have a minimum contract term of 24 months, an average remaining term of approximately 12 months can be assumed, provided the course of business in the mass business remains virtually unchanged. The disclosures only refer to transactions within the scope of IFRS 15, i.e., they do not include portions of the transaction price being allocated to performance obligations outside the scope of the standard, e.g., leases.

Deutsche Telekom generally makes use of the practical expedients in IFRS 15, according to which outstanding performance obligations under contracts with an expected original term of no more than one year and revenues recognized in accordance with the billed amounts are exempt from the disclosure requirement. Individual subsidiaries deviate from this general approach and have not made use of these practical expedients for groups of contracts with similar characteristics.

### Service concession arrangements

Satellic NV, Machelen, Belgium, is a fully consolidated subsidiary of Deutsche Telekom and on July 25, 2014 signed a contractual arrangement with Viapass, the public agency responsible for toll collection in Belgium, for the set-up, operation, and financing of an electronic toll collection system. After Viapass accepted the system on March 30, 2016, the set-up phase was completed on March 31, 2016. The operation phase that follows will have a duration of 12 years, with the additional option for Viapass to extend the term three times by one year. Satellic has no entitlement to the toll revenue collected but will receive contractually agreed fees for setting up and operating the system. Viapass is authorized to terminate the arrangement giving notice of six months with payment of reasonable compensation. In the event of regular or premature termination of the agreement, Satellic has an obligation to hand over to Viapass, on request, material assets for the operation of the toll collection system that have not yet passed to the ownership of Viapass; in such an event, however, the software platform for toll collection would not be handed over to Viapass. The agreement was classified as a service concession arrangement within the meaning of IFRIC 12. Since the start of the operation phase on April 1, 2016, the separate fees for operation and maintenance services have been recognized as revenue in the respective periods, which totaled EUR 75 million in the reporting year (2020: EUR 79 million, 2019: EUR 66 million).

### 21 Other operating income

millions of €	2021	2020	2019
Income from the reversal of impairment losses on non-current assets	1	1,661	7
Income from the disposal of non-current assets	116	129	101
Income from reimbursements	127	140	144
Income from insurance compensation	86	73	122
Income from ancillary services	21	19	25
Miscellaneous other operating income	948	858	722
Of which: gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method	214	10	145
	<b>1,299</b>	<b>2,879</b>	<b>1,121</b>

In the prior year, income from the reversal of impairment losses on non-current assets of EUR 1.6 billion resulted from the partial reversal of impairment losses on spectrum licenses at T-Mobile US, which increased their carrying amount. This item also included income of EUR 50 million from reversals of impairment losses in connection with the sale of the Romanian fixed-network business. Miscellaneous other operating income in the prior year had included a structuring fee received from SoftBank of EUR 0.3 billion, which T-Mobile US received in return for support in the immediate sale of T-Mobile US shares by SoftBank. Gains resulting in the reporting year from deconsolidations and from the sale of stakes accounted for using the equity method were attributable to the sale of the Dutch cell tower company T-Mobile Infra to the independently managed investment company Digital Infrastructure Vehicle (DIV) and its subsequent contribution into Cellnex NL in connection with the combination of the cell tower business in the Netherlands. Miscellaneous other operating income includes a large number of individual items accounting for marginal amounts.

For further information on the reversals of impairment losses, please refer to Note 6 “Intangible assets.”

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

### 22 Changes in inventories

Changes in inventories comprise both volume- and value-based increases and decreases in inventories of finished goods and merchandise, and work in process. There were no significant changes in inventories in the reporting year or in prior years.

### 23 Own capitalized costs

Own capitalized costs amounted to EUR 2.9 billion in the reporting year (2020: EUR 2.8 billion, 2019: EUR 2.4 billion) and mainly relate to investments in network build-out and the development of platforms for cell sites.

### 24 Goods and services purchased

millions of €	2021	2020	2019
Expenses for raw materials and supplies	2,202	1,954	1,679
Expenses for merchandise	24,069	19,498	15,532
Expenses for services purchased	23,413	23,222	19,746
	<b>49,683</b>	<b>44,674</b>	<b>36,956</b>

## 25 Average number of employees and personnel costs

		2021	2020	2019
<b>Group (total)</b>		<b>220,840</b>	<b>223,539</b>	<b>212,846</b>
Germany		87,276	91,512	96,018
International		133,564	132,027	116,827
Non-civil servants		210,791	212,148	200,174
Civil servants (domestic, active service relationship)		10,049	11,391	12,672
Trainees and students on cooperative degree courses		5,375	4,905	6,136
<b>Personnel costs</b>	millions of €	<b>18,463</b>	<b>18,853</b>	<b>16,723</b>
Of which: wages and salaries	millions of €	15,217	15,929	13,655
Of which: social security contributions and pension benefit costs	millions of €	3,245	2,924	3,068

The average headcount decreased by 1.2 % compared with the prior year. It decreased in Germany by 4.6 % due in particular to efficiency enhancement measures and the take-up of socially responsible instruments in connection with staff restructuring in the Germany and Systems Solutions operating segments, and in the Group Headquarters & Group Services segment. By contrast, the average headcount outside Germany increased by 1.2 %, driven mainly by the integration of Sprint employees following the business combination with Sprint as of April 1, 2020. There was an offsetting effect in the Europe operating segment from the 9.4 % reduction in employees working abroad, due to the socially responsible staff restructuring as well as to the sale of Telekom Romania Communications as of September 30, 2021. In the Systems Solutions operating segment, the 4.0 % reduction abroad was driven by the disposal of a business operation.

Personnel costs decreased by EUR 0.4 billion year-on-year to EUR 18.5 billion. This still includes an increase resulting from the business combination of T-Mobile US and Sprint in the United States. In most other operating segments, lower headcount resulted in reduced personnel costs. The agreed salary increases from the collective agreements concluded in 2020 had an offsetting effect. All segments, especially the Germany and Europe operating segments, also recorded lower restructuring expenses. In the Europe operating segment, the reversal of other provisions for personnel costs recognized by OTE in 2010 and 2011 in connection with an additional payment of EUR 0.1 billion to the Greek social insurance fund IKA-ETAM also had a reducing effect.

## 26 Other operating expenses

millions of €				
		2021	2020	2019
Impairment losses on financial assets		638	862	452
Gains (losses) from the write-off of financial assets measured at amortized cost		123	188	42
Other		3,510	3,425	2,807
Of which: legal and audit fees		616	510	328
Of which: losses from asset disposals		277	497	213
Of which: income (losses) from the measurement of factoring receivables		4	6	129
Of which: other taxes		496	452	427
Of which: cash and guarantee transaction costs		547	491	355
Of which: insurance expenses		138	117	98
Of which: miscellaneous other operating expenses		1,431	1,354	1,258
Of which: losses resulting from deconsolidations and from the sale of stakes accounted for using the equity method		70	0	10
		<b>4,271</b>	<b>4,476</b>	<b>3,301</b>

Miscellaneous other operating expenses comprise a large number of low-value individual items, including other administrative expenses and fees totaling EUR 146 million (2020: EUR 162 million, 2019: EUR 176 million).

The year-on-year decrease in impairment losses on financial assets was mainly attributable to impairment losses on customer receivables due to lowered credit ratings recognized in the first half of 2020 as a consequence of the coronavirus pandemic in the United States operating segment; by contrast, no such impairment losses had to be recognized in 2021. The losses from asset disposals incurred in 2021 resulted in part from the derecognition of damaged non-current assets such as telephone lines, central offices, and cell sites in the aftermath of the catastrophic flooding in Germany in July 2021. In the prior-year period, losses from asset disposals of EUR 0.2 billion had resulted from the derecognition of billing software for postpaid customers in the United States, which had still been in development. Prior to the migration of Sprint contract customers to the T-Mobile US billing software, it had been decided that this software was not suitable for the joint customer base and would not be put into operation. The losses resulting from deconsolidations and from the sale of stakes accounted for using the equity method were attributable, among others, to the sale of the 54 % stake in Telekom Romania Communications (TKR) as of September 30, 2021 (EUR 29 million), the derecognition of the associated currency reserve in the Group (EUR 20 million), and the sale of a business operation in the Systems Solutions operating segment. Miscellaneous other operating expenses include a large number of individual items accounting for marginal amounts.

## 27 Depreciation, amortization and impairment losses

The following table provides a breakdown of depreciation, amortization and impairment losses:

millions of €	2021	2020	2019
<b>Amortization and impairment of intangible assets</b>	<b>6,623</b>	<b>6,997</b>	<b>4,806</b>
Of which: impairment losses	155	525	74
Of which: impairment losses on mobile licenses	4	152	0
Of which: amortization of mobile licenses	606	1,140	1,080
<b>Depreciation and impairment of property, plant and equipment</b>	<b>14,687</b>	<b>13,706</b>	<b>9,208</b>
Of which: impairment losses	92	210	319
<b>Depreciation and impairment of right-of-use assets</b>	<b>6,171</b>	<b>5,126</b>	<b>3,649</b>
Of which: impairment losses	37	63	0
	<b>27,482</b>	<b>25,829</b>	<b>17,663</b>

Impairment losses break down as follows:

millions of €	2021	2020	2019
<b>Intangible assets</b>	<b>155</b>	<b>525</b>	<b>74</b>
Of which: goodwill from the year-end impairment test	0	26	0
Of which: in connection with the ad hoc impairment test in the Systems Solutions cash-generating unit <sup>a</sup>	140	343	n.a.
Of which: in connection with the ad hoc impairment test in the Romania cash-generating unit	0	126	24
<b>Property, plant and equipment</b>	<b>92</b>	<b>210</b>	<b>319</b>
Of which: in connection with the ad hoc impairment test in the Systems Solutions cash-generating unit	60	127	0
Of which: in connection with the ad hoc impairment test in the Romania cash-generating unit	0	34	296
Of which: from the year-end impairment test	0	0	0
<b>Right-of-use assets</b>	<b>37</b>	<b>63</b>	<b>0</b>
	<b>284</b>	<b>798</b>	<b>393</b>

<sup>a</sup> Of the impairment losses, EUR 21 million (2020: EUR 44 million) relates to intangible assets in the Group Headquarters & Group Services segment that are subject to use by the Systems Solutions operating segment and are allocated to the Systems Solutions cash-generating unit for the purposes of impairment testing.

Depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets increased by EUR 1.7 billion year-on-year to EUR 27.5 billion. Amortization of intangible assets remained unchanged at EUR 6.5 billion, depreciation of property, plant and equipment increased by EUR 1.1 billion to EUR 14.6 billion, while depreciation of right-of-use assets increased by EUR 1.1 billion to EUR 6.2 billion. These increases are all largely due to the first-time inclusion of Sprint for the full year. In addition, 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 0.8 billion. By contrast, depreciation and amortization were reduced by EUR 0.2 billion overall in connection with non-current assets and disposal groups held for sale and the associated suspension of depreciation and amortization. This primarily related to T-Mobile Netherlands and Telekom Romania Communications.

Impairment losses decreased by EUR 0.8 billion year-on-year to EUR 0.3 billion. In 2020, impairment losses on goodwill resulting from year-end impairment tests related to the Montenegro cash-generating unit. EUR 0.5 billion of the impairment losses in 2020 resulted from an ad hoc impairment test of assets assigned to the Systems Solutions cash-generating unit and related to intangible assets and property, plant and equipment in the Systems Solutions operating segment and in the Group Headquarters & Group Services segment. EUR 0.2 billion of this was attributable to another ad hoc impairment test in 2020 of the assets assigned to the Romania cash-generating unit. This also related to intangible assets and property, plant and equipment. Impairment losses recognized in the reporting year on intangible assets and property, plant and equipment totaled EUR 0.2 billion. This was a consequence of several factors, including the ad hoc impairment testing carried out in the Systems Solutions cash-generating unit in the prior year and related to follow-up investments in the reporting year. In addition, despite the marginal improvement in the business outlook, the increase in the cost of capital in the reporting year prompted further impairment losses to be recognized on non-current assets in the Systems Solutions cash-generating unit at the end of 2021.

For further information, please refer to Notes 6 “Intangible assets,” 7 “Property, plant and equipment,” and 8 “Right-of-use assets – lessee relationships.”

## 28 Finance costs

millions of €	2021	2020	2019
Interest income	451	414	348
Interest expense	(5,052)	(4,638)	(2,712)
	<b>(4,601)</b>	<b>(4,224)</b>	<b>(2,364)</b>
Of which: from leases	(1,155)	(996)	(870)
Of which: from financial instruments relating to measurement categories in accordance with IFRS 9			
Debt instruments measured at amortized cost	16	15	23
Debt instruments measured at fair value through other comprehensive income	0	0	0
Debt instruments measured at fair value through profit or loss	11	16	14
Financial liabilities measured at amortized cost <sup>a</sup>	(3,453)	(3,235)	(1,525)

<sup>a</sup> Interest expense calculated according to the effective interest method and adjusted for accrued interest from derivatives recognized in the reporting year that were used as hedging instruments against interest rate-based changes in the fair values of financial liabilities measured at amortized cost in the reporting year for hedge accounting in accordance with IFRS 9 (2021: interest income of EUR 417 million and interest expense of EUR 284 million; 2020: interest income of EUR 377 million and interest expense of EUR 101 million; 2019: interest income of EUR 297 million and interest expense of EUR 54 million).

The increase in finance costs is mainly due to the financial liabilities assumed and the restructuring begun in connection with the acquisition of Sprint, and the related increase in financing. In this context, between April 2020 and the end of 2021, T-Mobile US bonds with terms originally ending between 2023 and 2026 and bearing interest of between 4.5 and 6.5 % were repaid prematurely and new bonds were issued with terms ending between 2026 and 2060 and bearing interest of between 2.05 and 3.6 %. In connection with the premature termination of forward-payer swaps by T-Mobile US at the start of April 2020 and the associated losses recorded directly in equity, reclassifications to profit or loss of EUR 0.2 billion were made in 2021 (2020: EUR 0.1 billion).

EUR 211 million (2020: EUR 334 million, 2019: EUR 343 million) was capitalized as part of acquisition costs in the reporting year. The amount was calculated on the basis of an interest rate in the average range between 3.6 % at the start of the year and 3.4 % at the end of the year (2020: between 3.2 and 3.6 %, 2019: between 3.5 and 3.2 %) applied across the Group.

Interest payments (including capitalized interest) of EUR 6.4 billion (2020: EUR 7.6 billion, 2019: EUR 4.3 billion) were made in the reporting year.

Accrued interest payments from derivatives (interest rate swaps) that were designated as hedging instruments in a fair value hedge in accordance with IFRS 9 are netted per swap contract and recognized as interest income or interest expense depending on the net amount. Finance costs are assigned to the measurement categories on the basis of the hedged item. Only financial liabilities were hedged in the reporting period.

### 29 Share of profit/loss of associates and joint ventures accounted for using the equity method

millions of €	2021	2020	2019
Share of profit (loss) of joint ventures	(34)	(16)	(7)
Share of profit (loss) of associates	(68)	4	93
	<b>(102)</b>	<b>(12)</b>	<b>87</b>

The share of profit/loss of associates and joint ventures included in the consolidated financial statements using the equity method decreased by EUR 0.1 billion compared with the prior year. The main factor in this was an impairment loss of EUR 58 million recognized in the reporting year on the carrying amount of the stake in Stratospheric Platforms Ltd.

For further information, please refer to Note 10 "Investments accounted for using the equity method."

### 30 Other financial income/expense

millions of €	2021	2020	2019
Income from investments (without share of profit (loss) of associates and joint ventures accounted for using the equity method)	4	12	(11)
Gains (losses) from financial instruments	(593)	628	321
Interest component from measurement of provisions and liabilities	165	(531)	(229)
Impairment losses on other financial assets	(13)	0	0
Gains (losses) from the write-off of other financial assets measured at amortized cost	0	0	0
	<b>(437)</b>	<b>109</b>	<b>81</b>

As a rule, all income/expense components including interest income and expense from financial instruments classified as at fair value through profit or loss in accordance with IFRS 9 are reported under other financial income/expense.

Other financial income decreased by EUR 0.5 billion year-on-year to other financial expense of EUR 0.4 billion. On the one hand, gains from financial instruments decreased by EUR 1.2 billion to losses from financial instruments of EUR 0.6 billion, due in part to negative measurement effects resulting, among other factors, from the premature repayment of bonds and the resulting derecognition of embedded derivatives at T-Mobile US and from a forward transaction to hedge the price of acquiring T-Mobile US shares in the future. On the other, net positive measurement effects resulted from the amortization and subsequent measurement of the stock options received from SoftBank in June 2020 to purchase shares in T-Mobile US. The interest component from the measurement of provisions and liabilities increased, in particular in the Group Headquarters & Group Services segment by EUR 0.7 billion. This increase was mainly attributable to the subsequent measurement using actuarial principles of the present value of the provision recognized for the Civil Service Health Insurance Fund.

EUR -282 million (2020: EUR 341 million, 2019: EUR -14 million) of other financial income/expense related to currency translation effects, including gains/losses from derivatives used as hedges in foreign-currency hedge accounting, and EUR -310 million (2020: EUR 287 million, 2019: EUR 335 million) to gains/losses from other derivatives as well as measurements of equity investments.

For further information on financial instruments, please refer to Note 40 "Financial instruments and risk management."

### 31 Income taxes

#### Income taxes in the consolidated income statement

A tax expense of EUR 1.8 billion was recorded in the 2021 financial year. The tax amount essentially reflects the shares of the different countries in profit before income taxes and their respective national tax rates. Tax was furthermore reduced by deferred tax effects for prior years for local taxes in the United States segment of EUR 0.4 billion. In the prior year, a tax expense of EUR 1.9 billion was recognized on the somewhat higher profit/loss before income taxes.

The following table provides a breakdown of income taxes in Germany and internationally:

millions of €	2021	2020	2019
<b>Current taxes</b>	<b>977</b>	<b>924</b>	<b>883</b>
Germany	286	391	488
International	691	533	395
<b>Deferred taxes</b>	<b>838</b>	<b>1,005</b>	<b>1,110</b>
Germany	593	145	314
International	245	860	796
	<b>1,815</b>	<b>1,929</b>	<b>1,993</b>

Deutsche Telekom's combined income tax rate for 2021 amounts to 31.4 % (2020: 31.4 %, 2019: 31.4 %). It consists of corporate income tax at a rate of 15.0 %, the solidarity surcharge of 5.5 % on corporate income tax, and trade tax at an average multiplier of 445 % (2020: 445 %, 2019: 445 %).

**Reconciliation of the effective tax rate.** Income taxes of EUR -1,815 million (as expense) in the reporting year (2020: EUR -1,929 million (as expense), 2019: EUR -1,993 million (as expense)) are derived as follows from the expected income tax expense/benefit that would have arisen had the statutory income tax rate of the parent company (combined income tax rate) been applied to profit/loss before income taxes:

millions of €	2021	2020	2019
<b>Profit (loss) before income taxes</b>	<b>7,918</b>	<b>8,677</b>	<b>7,260</b>
Expected income tax expense (benefit) (Income tax rate applicable to Deutsche Telekom AG: 2021: 31.4 %; 2020: 31.4 %; 2019: 31.4 %)	2,486	2,724	2,280
<b>Adjustments to expected tax expense (benefit)</b>			
Effect of changes in statutory tax rates	(39)	(139)	(41)
Tax effects from prior years	(51)	36	(18)
Tax effects from other income taxes	(178)	297	258
Non-taxable income	(106)	(32)	(26)
Tax effects from equity investments	27	8	(46)
Non-deductible expenses	153	192	140
Permanent differences	73	(457)	(23)
Goodwill impairment losses	0	(6)	(14)
Tax effects from loss carryforwards	(36)	1	43
Tax effects from additions to and reductions of local taxes	56	62	71
Adjustment of taxes to different foreign tax rates	(570)	(755)	(633)
Other tax effects	0	(2)	2
<b>Income tax expense (benefit) according to the consolidated income statement</b>	<b>1,815</b>	<b>1,929</b>	<b>1,993</b>
Effective income tax rate	% 23	22	27

**Current income taxes in the consolidated income statement**

The following table provides a breakdown of current income taxes:

millions of €	2021	2020	2019
<b>Current income taxes</b>	<b>977</b>	<b>924</b>	<b>883</b>
Of which: current tax expense	982	729	803
Of which: prior-period tax expense	(5)	195	80

### Deferred taxes in the consolidated income statement

Deferred taxes developed as follows:

millions of €	2021	2020	2019
<b>Deferred tax expense (benefit)</b>	<b>838</b>	<b>1,005</b>	<b>1,110</b>
Of which: from temporary differences	1,158	2,819	446
Of which: from loss carryforwards	(337)	(1,891)	654
Of which: from tax credits	17	77	10

### Income taxes in the consolidated statement of financial position

#### Current income taxes in the consolidated statement of financial position

millions of €	Dec. 31, 2021	Dec. 31, 2020
Recoverable taxes	321	349
Tax liabilities	(549)	(690)
<b>Current taxes recognized in other comprehensive income:</b>		
Hedging instruments	(252)	(252)

#### Deferred taxes in the consolidated statement of financial position

millions of €	Dec. 31, 2021	Dec. 31, 2020
Deferred tax assets	7,906	7,972
Deferred tax liabilities	(19,809)	(17,260)
	<b>(11,903)</b>	<b>(9,288)</b>
Of which: recognized in other comprehensive income:		
Gains (losses) from the remeasurement of defined benefit plans	1,328	1,582
Revaluation surplus	120	241
Hedging instruments	502	581
<b>Recognized in other comprehensive income before non-controlling interests</b>	<b>1,950</b>	<b>2,404</b>
Non-controlling interests	(250)	(286)
	<b>1,700</b>	<b>2,118</b>

#### Development of deferred taxes

millions of €	Dec. 31, 2021	Dec. 31, 2020
Deferred taxes recognized in the statement of financial position	(11,903)	(9,288)
Difference to prior year	(2,615)	(3,039)
Of which: recognized in income statement	(838)	(1,005)
Of which: recognized in other comprehensive income	(474)	507
Of which: recognized in capital reserves	(121)	74
Of which: acquisitions (disposals) (including assets and disposal groups held for sale)	(325)	(3,211)
Of which: currency differences	(857)	596

#### Development of deferred taxes on loss carryforwards

millions of €	Dec. 31, 2021	Dec. 31, 2020
Deferred taxes on loss carryforwards before allowances	4,190	4,108
Difference to prior year	82	2,817
Of which: recognition (derecognition)	(153)	1,869
Of which: acquisitions (disposals) (including assets and disposal groups held for sale)	(42)	1,071
Of which: currency differences	277	(123)



Deferred taxes relate to the following key items in the statement of financial position, loss carryforwards, and tax credits:

millions of €	Dec. 31, 2021		Dec. 31, 2020	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
<b>Current assets</b>	<b>2,199</b>	<b>(1,438)</b>	<b>1,726</b>	<b>(1,116)</b>
Trade receivables	1,362	(235)	791	(116)
Inventories	89	0	120	0
Other assets	742	(391)	808	(287)
Contract assets	6	(812)	7	(713)
<b>Non-current assets</b>	<b>3,388</b>	<b>(31,692)</b>	<b>3,636</b>	<b>(29,780)</b>
Intangible assets	392	(20,690)	675	(18,369)
Property, plant and equipment	1,338	(1,991)	1,379	(1,899)
Other financial assets	1,656	(8,634)	1,580	(9,157)
Capitalized contract costs	2	(377)	2	(355)
<b>Current liabilities</b>	<b>2,495</b>	<b>(1,355)</b>	<b>1,974</b>	<b>(733)</b>
Financial liabilities	603	(105)	698	(208)
Trade and other payables	167	(99)	60	(16)
Other provisions	371	(115)	346	(91)
Other liabilities	1,097	(958)	623	(337)
Contract liabilities	257	(78)	247	(81)
<b>Non-current liabilities</b>	<b>13,328</b>	<b>(3,169)</b>	<b>13,986</b>	<b>(2,953)</b>
Financial liabilities	2,946	(1,086)	3,301	(1,051)
Provisions for pensions and other employee benefits	1,919	(1,758)	2,159	(1,531)
Other provisions	1,089	(251)	992	(231)
Other liabilities	7,269	(20)	7,397	(111)
Contract liabilities	105	(54)	137	(29)
<b>Retained earnings</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>(67)</b>
<b>Tax credits</b>	<b>334</b>	<b>0</b>	<b>310</b>	<b>0</b>
<b>Loss carryforwards</b>	<b>3,741</b>	<b>0</b>	<b>3,404</b>	<b>0</b>
<b>Interest and other carryforwards</b>	<b>265</b>	<b>0</b>	<b>324</b>	<b>0</b>
<b>Total</b>	<b>25,750</b>	<b>(37,654)</b>	<b>25,361</b>	<b>(34,649)</b>
Of which: non-current	21,709	(34,807)	22,956	(33,247)
Netting	(17,844)	17,844	(17,389)	17,389
<b>Recognition</b>	<b>7,906</b>	<b>(19,809)</b>	<b>7,972</b>	<b>(17,260)</b>

The loss carryforwards amount to:

millions of €	Dec. 31, 2021	Dec. 31, 2020
<b>Loss carryforwards for corporate income tax purposes</b>	<b>15,312</b>	<b>14,954</b>
Expiry within		
1 year	0	179
2 years	3	18
3 years	3	8
4 years	7	11
5 years	3	176
After 5 years	1,449	1,538
Unlimited carryforward period	13,847	13,023

Loss carryforwards and temporary differences for which no deferred taxes were recorded amount to:

millions of €	Dec. 31, 2021	Dec. 31, 2020
<b>Loss carryforwards for corporate income tax purposes</b>	<b>1,769</b>	<b>1,757</b>
Expiry within		
1 year	0	7
2 years	2	6
3 years	0	0
4 years	5	6
5 years	2	2
After 5 years	1,018	950
Unlimited carryforward period	742	786
<b>Temporary differences in corporate income tax</b>	<b>429</b>	<b>595</b>

In addition, no deferred taxes are recognized on trade tax loss carryforwards of EUR 117 million (December 31, 2020: EUR 85 million) and on temporary differences for trade tax purposes in the amount of EUR 6 million (December 31, 2020: EUR 7 million). Furthermore, apart from corporate income tax loss carryforwards, no deferred taxes amounting to EUR 163 million (December 31, 2020: EUR 431 million) were recognized for other foreign income tax loss carryforwards and, apart from temporary differences for trade tax purposes, no deferred taxes amounting to EUR 7 million (December 31, 2020: EUR 10 million) were recognized for other foreign income taxes.

No deferred tax assets were recognized on the aforementioned tax loss carryforwards and temporary differences as it is not probable that taxable profit will be available in the foreseeable future against which these tax loss carryforwards can be utilized.

A positive tax effect in the amount of EUR 3 million (2020: EUR 3 million, 2019: EUR 6 million) attributable to the utilization of tax loss carryforwards on which deferred tax assets had not yet been recognized was recorded in the reporting year.

The write-up of deferred tax assets resulted in a positive effect of EUR 427 million in the reporting year (2020: EUR 14 million).

Deferred tax assets from the business combination of T-Mobile US with Sprint were recognized for the first time. Their recognition was mainly attributable to legal entities restructuring, which resulted in the reutilization of loss carryforwards acquired in particular.

No deferred tax liabilities were recognized on temporary differences in connection with equity interests in subsidiaries amounting to EUR 721 million (December 31, 2020: EUR 817 million) as it is unlikely that these differences will be recognized in the near future.

**Disclosure of tax effects relating to each component of other comprehensive income**

millions of €	2021			2020			2019		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
<b>Items not subsequently reclassified to profit or loss (not recycled)</b>									
Gains (losses) from the remeasurement of defined benefit plans	1,426	(256)	1,170	(1,358)	142	(1,216)	(603)	134	(469)
Gains (losses) from the remeasurement of equity instruments	112	(5)	107	62	0	62	99	0	99
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0	0	0	0	0	0
	<b>1,538</b>	<b>(261)</b>	<b>1,278</b>	<b>(1,296)</b>	<b>142</b>	<b>(1,154)</b>	<b>(504)</b>	<b>134</b>	<b>(369)</b>
<b>Items subsequently reclassified to profit or loss (recycled), if certain reasons are given</b>									
Exchange differences on translating foreign operations									
Recognition of other comprehensive income in income statement	61	0	61	0	0	0	(8)	0	(8)
Change in other comprehensive income (not recognized in income statement)	5,142	0	5,142	(6,578)	0	(6,578)	463	0	463
Gains (losses) from the remeasurement of debt instruments									
Recognition of other comprehensive income in income statement	417	(36)	381	491	(26)	465	(47)	0	(47)
Change in other comprehensive income (not recognized in income statement)	(497)	64	(433)	(481)	30	(451)	34	(9)	25
Gains (losses) from hedging instruments (IAS 39 until December 2017, designated risk component)									
Recognition of other comprehensive income in income statement	17	3	20	431	(130)	301	(148)	46	(102)
Change in other comprehensive income (not recognized in income statement)	296	(92)	204	(1,446)	400	(1,046)	(483)	115	(368)
Gains (losses) from hedging instruments (IFRS 9 from January 2018, hedging costs)									
Recognition of other comprehensive income in income statement	2	(1)	1	2	(1)	1	2	(1)	1
Change in other comprehensive income (not recognized in income statement)	60	(19)	41	(30)	10	(20)	(9)	3	(6)
Share of profit (loss) of investments accounted for using the equity method									
Recognition of other comprehensive income in income statement	0	0	0	0	0	0	(7)	0	(7)
Change in other comprehensive income (not recognized in income statement)	0	0	0	1	0	1	11	0	11
	<b>5,498</b>	<b>(81)</b>	<b>5,417</b>	<b>(7,610)</b>	<b>283</b>	<b>(7,327)</b>	<b>(192)</b>	<b>154</b>	<b>(38)</b>
<b>Other comprehensive income</b>	<b>7,036</b>	<b>(342)</b>	<b>6,694</b>	<b>(8,906)</b>	<b>425</b>	<b>(8,481)</b>	<b>(696)</b>	<b>289</b>	<b>(407)</b>
Profit (loss)			6,103			6,747			5,268
<b>Total comprehensive income</b>			<b>12,798</b>			<b>(1,734)</b>			<b>4,861</b>

**32 Profit/loss attributable to non-controlling interests**

millions of €	2021	2020	2019
T-Mobile US	1,408	2,287	1,325
Hrvatski Telekom	38	26	49
Hellenic Telecommunications Organization (OTE)	337	189	(27)
Magyar Telekom	73	58	63
T-Mobile Netherlands Holding B.V.	75	39	3
Other	(4)	(10)	(12)
	<b>1,927</b>	<b>2,589</b>	<b>1,401</b>

### 33 Earnings per share

Basic and diluted earnings per share are calculated in accordance with IAS 33 as follows:

		2021	2020	2019
Profit attributable to the owners of the parent (net profit (loss))	millions of €	4,176	4,158	3,867
Adjustment	millions of €	0	0	0
<b>Adjusted net profit (loss) (basic/diluted)</b>	millions of €	<b>4,176</b>	<b>4,158</b>	<b>3,867</b>
Number of ordinary shares issued	millions	4,831	4,761	4,761
Treasury shares	millions	(17)	(18)	(19)
<b>Adjusted weighted average number of ordinary shares outstanding (basic/diluted)</b>	millions	<b>4,813</b>	<b>4,743</b>	<b>4,743</b>
<b>Earnings per share (basic/diluted)</b>	€	<b>0.87</b>	<b>0.88</b>	<b>0.82</b>

The calculation of earnings per share (basic/diluted) is based on the time-weighted number of all ordinary shares outstanding. Furthermore, the weighted average number of ordinary shares outstanding is determined by deducting the weighted average number of treasury shares held by Deutsche Telekom AG. There are currently no significant diluting effects.

### 34 Dividend per share

For the 2021 financial year, the Board of Management proposes a dividend of EUR 0.64 for each no par value share carrying dividend rights. On the basis of this payout volume, total dividends in the amount of EUR 3,182 million would be appropriated to the no par value shares carrying dividend rights as of February 15, 2022. The final amount of the total dividend payment depends on the number of no par value shares carrying dividend rights as of the date of the resolution on the appropriation of net income as adopted on the day of the shareholders' meeting.

A dividend of EUR 0.60 for the 2020 financial year for each no par value share carrying dividend rights was paid out in 2021.

## Other disclosures

### 35 Notes to the consolidated statement of cash flows

#### Net cash from operating activities

Net cash from operating activities increased by EUR 8.4 billion year-on-year to EUR 32.2 billion. The strong performance both in the United States and outside of the United States had a positive effect here. In addition, the increase is attributable to the business combination of T-Mobile US and Sprint effective April 1, 2020. Net cash from operating activities had been negatively affected in the prior year by interest payments totaling EUR 1.6 billion for zero-coupon bonds. Net cash from operating activities had also been negatively impacted in the amount of EUR 2.2 billion in the prior year as a result of the premature termination of forward-payer swaps for borrowings raised at T-Mobile US as well as by a net increase of EUR 0.7 billion in interest payments, mainly as a result of the financial liabilities assumed and the restructuring carried out in connection with the acquisition of Sprint, and the related increase in financing. Income tax payments increased by EUR 0.2 billion compared with the prior year. Factoring agreements of EUR 0.1 billion had a negative impact on net cash from operating activities in the 2021 financial year. In the prior year, factoring agreements had had negative effects of EUR 0.8 billion, mainly as a result of the contractual termination of a revolving factoring agreement in the Germany operating segment.

Deutsche Telekom's working capital measures are focused on improvements in the area of liabilities as well as in the management of receivables and inventories. However, they are not used for active liquidity management. The positive effect on the change in assets carried as working capital is mainly attributable to lower cash outflows for mobile terminal equipment in the United States operating segment, due in part to the planned withdrawal from the terminal equipment lease model. By contrast, factors including higher receivables under the Equipment Installment Plan in the United States operating segment and in Europe had a negative impact on the change in assets carried as working capital. The development of liabilities carried as working capital in the financial year was neutral. The prior year had been negatively impacted by high cash outflows to terminal equipment manufacturers and to other telecommunications companies in the United States operating segment due to seasonal effects.

For further information on individual assets carried as working capital, please refer to Note 2 "Trade receivables" and Note 4 "Inventories."

For further information, please refer to Note 14 "Trade and other payables."

**Net cash used in/from investing activities**

millions of €	2021	2020	2019
<b>Cash capex</b>			
Germany	(4,116)	(4,191)	(4,447)
United States	(18,594)	(10,394)	(6,369)
Europe	(1,905)	(2,216)	(1,816)
Systems Solutions	(237)	(235)	(324)
Group Development	(572)	(699)	(452)
Group Headquarters & Group Services	(1,007)	(990)	(1,010)
Reconciliation	65	32	61
	<b>(26,366)</b>	<b>(18,694)</b>	<b>(14,357)</b>
Payments for publicly funded investments in the broadband build-out <sup>a</sup>	(436)	(507)	(401)
Proceeds from public funds for investments in the broadband build-out <sup>a</sup>	420	431	341
Net cash flows for collateral deposited and hedging transactions	89	268	365
Changes in cash and cash equivalents in connection with the consummated business combination of T-Mobile US and Sprint	0	(4,767)	0
Of which: cash and cash equivalents acquired from Sprint <sup>b</sup>	0	1,997	0
Of which: repayment of Sprint loans pursuant to change-in-control clause	0	(6,764)	0
Changes in cash and cash equivalents in connection with the acquisition of Shentel at T-Mobile US	(1,588)	0	0
Cash outflows for the acquisition of shares in Simpel <sup>c</sup>	0	(255)	0
Cash outflows for the acquisition of shares in Tele2 Netherlands <sup>d</sup>	0	0	(195)
Other changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(29)	0	0
Changes in cash and cash equivalents in connection with the contribution of the stake in T-Mobile Infra into Cellnex Netherlands <sup>e</sup>	135	0	0
Changes in cash and cash equivalents in connection with the sale of the stake in Telekom Romania Communications <sup>f</sup>	202	0	0
Changes in cash and cash equivalents in connection with the sale of Sprint's prepaid business to DISH <sup>g</sup>	0	1,072	0
Changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	37	22	62
Payment in relation to settlement reached in Toll Collect arbitration proceedings	0	0	(200)
Proceeds from the disposal of property, plant and equipment, and intangible assets	116	236	176
Other	16	(456)	(21)
	<b>(27,403)</b>	<b>(22,649)</b>	<b>(14,230)</b>

<sup>a</sup> For further information on the change in estimates made in 2019, please refer to the section "Changes in accounting policies, changes in estimates" in the notes to the consolidated financial statements in the 2019 Annual Report.

<sup>b</sup> Also includes a payment of EUR 93 million received in relation to a cost allocation from SoftBank in connection with CPUC.

<sup>c</sup> Includes, in addition to the purchase price of EUR 259 million, inflows of cash and cash equivalents in the amount of EUR 4 million.

<sup>d</sup> Includes, in addition to the purchase price of EUR 199 million, inflows of cash and cash equivalents in the amount of EUR 4 million.

<sup>e</sup> Includes, in addition to the cash inflow for the sale of the business operation of EUR 113 million (cash inflow of EUR 118 million less outflows of cash and cash equivalents of EUR 5 million), the cash inflow from the sale-and-leaseback transaction of EUR 23 million.

<sup>f</sup> Includes, in addition to the cash inflow for the sale of the business operation of EUR 292 million, outflows of cash and cash equivalents in the amount of EUR 89 million.

<sup>g</sup> Of the overall purchase price payment of EUR 1,208 million, EUR 136 million are recognized under net cash used in/ from financing activities. This relates to receivables from customers in connection with the Equipment Installment Plan in Sprint's sold prepaid business.

At EUR 26.4 billion, cash capex was EUR 7.7 billion higher than in the prior year. In the United States operating segment, FCC mobile licenses were acquired mainly as part of the concluded C-band auction for a total of EUR 8.3 billion and, in the Europe operating segment, mobile spectrum licenses were acquired for a total of EUR 0.1 billion in the 2021 financial year. The figure for the prior year included EUR 1.7 billion for the acquisition of mobile spectrum licenses, EUR 1.1 billion of which related to the United States operating segment, EUR 0.4 to the Europe operating segment, and EUR 0.2 billion to the Group Development operating segment. Excluding investments in mobile spectrum licenses, cash capex was up EUR 1.0 billion year-on-year. This change was primarily attributable to an increase in the United States operating segment on account of the inclusion of Sprint and as a result of the further build-out of the 5G network.

The contractually promised government grants from publicly funded projects for the broadband build-out in Germany were recognized in full as receivables as of the start of the second half of 2019. They reduce the cost of the relevant property, plant and equipment. The grants received and payments made for the build-out continue to be recognized in net cash used in/from investing activities, however, they are not part of cash capex, because the payments made do not result in additions to property, plant and equipment. Since the payments are not made at the same point in time as the proceeds are received, the net amounts can be positive or negative in the individual periods.

Interest payments (including capitalized interest) of EUR 6.4 billion (2020: EUR 7.6 billion, 2019: EUR 4.3 billion) were made in the 2021 financial year. Capitalized interest of EUR 0.2 billion (2020: EUR 0.3 billion, 2019: EUR 0.3 billion) was reported within cash capex in net cash used in/from investing activities, together with the associated assets.

### Net cash used in/from financing activities

millions of €	2021	2020	2019
Repayment of bonds	(11,318)	(8,958)	(2,718)
Dividend payments (including to other shareholders of subsidiaries)	(3,145)	(3,067)	(3,561)
Repayment of financial liabilities from financed capex and opex	(108)	(358)	(699)
Repayment of EIB loans	(1,093)	(193)	(660)
Net cash flows for collateral deposited and hedging transactions	0	(4)	112
Principal portion of repayment of lease liabilities	(6,458)	(5,371)	(3,835)
Repayment of financial liabilities for media broadcasting rights	(338)	(375)	(407)
Cash flows from continuing involvement factoring, net	(72)	(77)	(21)
Loans taken out with the EIB	0	425	500
Promissory notes, net	(58)	(202)	144
Issuance of bonds	12,678	9,202	5,479
Commercial paper, net	0	0	(467)
Overnight borrowings from banks	0	0	(626)
Repayment of liabilities from 5G spectrum acquired in Germany	(195)	(110)	0
Repayment of liabilities from 5G spectrum acquired in the Netherlands	(204)	0	0
Changes in cash and cash equivalents in connection with the sale and leaseback of the passive mobile infrastructure of T-Mobile Infra	242	0	0
Issue of senior secured notes in connection with the acquisition of Sprint	0	20,942	0
Raising of secured term loan in connection with the acquisition of Sprint	0	3,562	0
Repayment of secured term loan in connection with the acquisition of Sprint	0	(3,389)	0
Raising of bridge loan facility in connection with the acquisition of Sprint	0	17,405	0
Repayment of bridge loan facility in connection with the acquisition of Sprint	0	(17,493)	0
Repayment of Sprint loans (raised prior to acquisition by T-Mobile US)	0	(3,572)	0
<b>Cash inflows from transactions with non-controlling entities</b>			
T-Mobile US stock options	9	42	2
Cellnex Netherlands capital contributions	4	0	0
Toll4Europe capital contributions	0	11	10
Other	1	0	1
	<b>14</b>	<b>53</b>	<b>13</b>
<b>Cash outflows from transactions with non-controlling entities</b>			
T-Mobile US share buy-backs	(261)	(391)	(139)
OTE share buy-back program	(190)	(142)	(110)
Other	(54)	(32)	(12)
	<b>(506)</b>	<b>(565)</b>	<b>(261)</b>
Other	(218)	(293)	(134)
	<b>(10,779)</b>	<b>7,561</b>	<b>(7,141)</b>

### Non-cash transactions in the consolidated statement of cash flows

In the deal signed between Deutsche Telekom and SoftBank on September 6, 2021, Deutsche Telekom acquired a total of around 45.4 million T-Mobile US shares from SoftBank on September 28, 2021. SoftBank received in return 225 million new shares in Deutsche Telekom AG by way of a capital increase against a non-cash contribution.

For further information on the increase of the stake in T-Mobile US by way of the agreement concluded with SoftBank, please refer to the section [“Other transactions that had no effect on the composition of the Group.”](#)

In the 2021 financial year, Deutsche Telekom did not make use of financing options under which the payments for trade payables from operating and investing activities mainly become due at a later point in time by involving banks in the process (2020: EUR 0.2 billion). These are shown under financial liabilities in the statement of financial position. As soon as the payments have been made, they are disclosed under net cash used in/from financing activities.

In the 2021 financial year, Deutsche Telekom leased assets totaling EUR 5.7 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 prior year, this figure stood at EUR 14.3 billion, EUR 9.4 billion of which related to a modified agreement with American Tower for the lease of around 20,729 cell towers, 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, there was a year-on-year increase of EUR 0.8 billion, which was mainly attributable to the further build-out of the 5G network and the inclusion of Sprint in the United States operating segment, and to the sale-and-leaseback agreements in connection with the combination of the cell tower business in the Netherlands.

Consideration for the acquisition of broadcasting rights is paid by Deutsche Telekom in accordance with the terms of the contract on the date of its conclusion or spread over the term of the contract. Financial liabilities of EUR 0.5 billion were recognized in the 2021 financial year for future consideration for acquired broadcasting rights (2020: EUR 0.4 billion). The payment of the consideration will be recognized in net cash used in/from financing activities.

In the United States operating segment, EUR 1.0 billion was recognized for mobile terminal equipment under property, plant and equipment in the 2021 financial year (2020: EUR 2.5 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.

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

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

The carrying amounts of the financial liabilities associated with net cash used in/from financing activities, divided into carrying amount changes having and not having an effect on cash flows, developed as follows in the reporting year:

	As of Jan. 1, 2021	Of which: payments to be disclosed in net cash used in/from financing activities <sup>a</sup>	Total carrying amount changes having an effect on cash flows	Changes in the composition of the Group
Bonds and other securitized liabilities	87,702	87,702	2,091	(4)
Liabilities to banks	5,257	4,581	(888)	(21)
	<b>92,959</b>	<b>92,283</b>	<b>1,203</b>	<b>(25)</b>
Liabilities to non-banks from promissory note bonds	490	490	0	0
Liabilities with the right of creditors to priority repayment in the event of default	3,886	3,886	(811)	0
Other interest-bearing liabilities	7,206	6,036	(1,389)	(3)
Other non-interest-bearing liabilities	1,703	3	48	136
Derivative financial liabilities	864	827	(6)	0
	<b>14,149</b>	<b>11,242</b>	<b>(2,158)</b>	<b>133</b>
<b>Financial liabilities</b>	<b>107,108</b>	<b>103,525</b>	<b>(955)</b>	<b>108</b>
<b>Lease liabilities</b>	<b>32,715</b>	<b>32,715</b>	<b>(6,458)</b>	<b>285</b>
<b>Derivative financial assets</b>	<b>4,038</b>	<b>(142)</b>	<b>(1)</b>	<b>0</b>

<sup>a</sup> Deutsche Telekom exercised the option pursuant to IAS 7.33 and presented interest paid and interest received under net cash from operating activities.

millions of €

<b>Carrying amount changes not having an effect on cash flows</b>							Carrying amount on Dec. 31, 2021 of the payments to be disclosed in net cash used in/from financing activities <sup>a</sup>	<b>As of Dec. 31, 2021</b>
	Currency translation	Fair value	Carrying amount changes according to the effective interest method	Other	Total carrying amount changes not having an effect on cash flows	Carrying amount on Dec. 31, 2021		
Bonds and other securitized liabilities	5,325	(1,000)	(235)	(23)	4,063	93,857	93,857	
Liabilities to banks	0	(51)	29	(11)	(54)	3,640	4,003	
	<b>5,325</b>	<b>(1,051)</b>	<b>(206)</b>	<b>(34)</b>	<b>4,009</b>	<b>97,497</b>	<b>97,860</b>	
Liabilities to non-banks from promissory note bonds	(7)	0	0	0	(7)	483	483	
Liabilities with the right of creditors to priority repayment in the event of default	283	0	(32)	(77)	174	3,248	3,248	
Other interest-bearing liabilities	206	0	174	1,060	1,437	6,084	7,343	
Other non-interest-bearing liabilities	1	0	0	0	137	187	1,829	
Derivative financial liabilities	0	(642)	0	0	(642)	179	703	
	<b>483</b>	<b>(642)</b>	<b>142</b>	<b>983</b>	<b>1,099</b>	<b>10,181</b>	<b>13,606</b>	
<b>Financial liabilities</b>	<b>5,808</b>	<b>(1,693)</b>	<b>(64)</b>	<b>949</b>	<b>5,108</b>	<b>107,678</b>	<b>111,466</b>	
<b>Lease liabilities</b>	<b>2,225</b>	<b>0</b>	<b>0</b>	<b>4,366</b>	<b>6,876</b>	<b>33,133</b>	<b>33,133</b>	
<b>Derivative financial assets</b>	<b>0</b>	<b>(181)</b>	<b>0</b>	<b>0</b>	<b>(181)</b>	<b>(324)</b>	<b>2,762</b>	

<sup>a</sup> Deutsche Telekom exercised the option pursuant to IAS 7.33 and presented interest paid and interest received under net cash from operating activities.

Total carrying amount changes having an effect on cash flows of EUR -7.4 billion reported in net cash used in/from financing activities deviate from net cash used in/from financing activities due in particular to the dividend entitlements of Deutsche Telekom AG's shareholders having an effect on cash flows, the interest paid in connection with financial liabilities reported in cash generated from operations, and the changes in non-controlling interests having an effect on cash flows. The other carrying amount changes in lease liabilities not having an effect on cash flows are mainly attributable to additions in connection with the recognition of right-of-use assets. The other carrying amount changes in financial liabilities not having an effect on cash flows include additions of EUR 0.5 billion for the acquisition of broadcasting rights.

In the 2021 financial year, Deutsche Telekom made total interest payments of EUR 6.4 billion to service interest obligations. This figure includes interest payments for derivative and non-derivative financial liabilities, interest payments for lease liabilities, and interest payments recognized under intangible assets and property, plant and equipment. The above reconciliation only shows the carrying amounts of the financial liabilities, lease liabilities, and derivative financial assets allocated to net cash used in/from financing activities.

For further information, please refer to the previous section "Non-cash transactions in the consolidated statement of cash flows."



The carrying amounts of the financial liabilities disclosed in net cash used in/from financing activities, divided into carrying amount changes having and not having an effect on cash flows, developed as follows in 2020:

	As of Jan. 1, 2020	Of which: payments to be disclosed in net cash used in/from financing activities <sup>a</sup>	Total carrying amount changes having an effect on cash flows	Changes in the composition of the Group
Bonds and other securitized liabilities	51,644	51,295	16,754	24,631
Liabilities to banks	6,516	4,393	(1,265)	0
	<b>58,160</b>	<b>55,688</b>	<b>15,489</b>	<b>24,631</b>
Liabilities to non-banks from promissory note bonds	699	699	(200)	0
Liabilities with the right of creditors to priority repayment in the event of default	0	0	(148)	4,832
Other interest-bearing liabilities	4,369	3,264	(477)	9,177
Other non-interest-bearing liabilities	1,476	10	(8)	0
Derivative financial liabilities	1,645	232	(2)	0
	<b>8,189</b>	<b>4,205</b>	<b>(835)</b>	<b>14,009</b>
<b>Financial liabilities</b>	<b>66,349</b>	<b>59,893</b>	<b>14,654</b>	<b>38,640</b>
<b>Lease liabilities</b>	<b>19,835</b>	<b>20,165</b>	<b>(5,371)</b>	<b>6,819</b>
<b>Derivative financial assets</b>	<b>2,333</b>	<b>(306)</b>	<b>(19)</b>	<b>0</b>

millions of €

	Carrying amount changes not having an effect on cash flows					Carrying amount on Dec. 31, 2020 of the payments to be disclosed in net cash used in/from financing activities <sup>a, b</sup>	As of Dec. 31, 2020
	Currency translation	Fair value <sup>b</sup>	Carrying amount changes according to the effective interest method <sup>b</sup>	Other <sup>b</sup>	Total carrying amount changes not having an effect on cash flows <sup>b</sup>		
Bonds and other securitized liabilities	(6,600)	977	234	411	19,653	87,702	87,702
Liabilities to banks	0	25	32	1,396	1,453	4,581	5,257
	<b>(6,600)</b>	<b>1,002</b>	<b>266</b>	<b>1,807</b>	<b>21,106</b>	<b>92,283</b>	<b>92,959</b>
Liabilities to non-banks from promissory note bonds	(9)	0	0	0	(9)	490	490
Liabilities with the right of creditors to priority repayment in the event of default	(885)	0	(21)	108	4,034	3,886	3,886
Other interest-bearing liabilities	(222)	0	145	(5,852)	3,248	6,036	7,206
Other non-interest-bearing liabilities	1	0	0	0	1	3	1,703
Derivative financial liabilities	0	597	0	0	597	827	864
	<b>(1,115)</b>	<b>597</b>	<b>124</b>	<b>(5,744)</b>	<b>7,871</b>	<b>11,242</b>	<b>14,149</b>
<b>Financial liabilities</b>	<b>(7,715)</b>	<b>1,559</b>	<b>390</b>	<b>(3,937)</b>	<b>28,977</b>	<b>103,525</b>	<b>107,108</b>
<b>Lease liabilities</b>	<b>(2,295)</b>	<b>0</b>	<b>0</b>	<b>13,397</b>	<b>17,921</b>	<b>32,715</b>	<b>32,715</b>
<b>Derivative financial assets</b>	<b>0</b>	<b>183</b>	<b>0</b>	<b>0</b>	<b>183</b>	<b>(142)</b>	<b>4,038</b>

<sup>a</sup> Deutsche Telekom exercised the option pursuant to IAS 7.33 and presented interest paid and interest received under net cash from operating activities.

<sup>b</sup> The disclosures hereunder are presented in net terms from the reporting year. The comparatives were retrospectively adjusted accordingly.

### 36 Segment reporting

Deutsche Telekom reports on five operating segments, as well as on the Group Headquarters & Group Services segment. Three operating segments are distinguished by region (Germany, United States, Europe), one by customers and products (Systems Solutions), and another by tasks (Group Development). For three operating segments, business activities are assigned by customer and product (Germany, Systems Solutions, United States), while one operating segment allocates its activities on a regional basis (Europe) and another allocates them by equity investment (Group Development).

The **Germany** operating segment comprises all fixed-network and mobile business activities for consumers and business customers, including separate sales entities in Germany to allow a customer-centric sales approach. Another focus is on the wholesale business to provide telecommunications services for carriers. Build-out of the mobile and fixed networks is managed by the Technology business unit in this segment. Consistent with our efforts to implement our Group strategy pillar “Lead in business productivity,” the business-to-business (B2B) telecommunications services were realigned in the course of 2020. To this end, TC Services and Classified ICT (with the exception of a few activities in the area of Classified IT project business), portfolio units previously assigned to the Systems Solutions operating segment, as well as Telekom Global Carrier (TGC) and Network Infrastructure, (NWI) – which were previously reported under the Europe operating segment and the Group Headquarters & Group Services segment and which together form the business area designated as Deutsche Telekom Global Carrier (DTGC) – have been combined under the Germany operating segment. Since the start of the third quarter of 2020, the management of the Deutsche Telekom Group and hence also the reporting structure have both been based on this new segment allocation. Prior-year comparatives in the segments affected have been adjusted retrospectively in segment reporting.

The **United States** operating segment combines all mobile activities in the U.S. market. T-Mobile US offers services, terminal equipment, and accessories for consumers. In addition, the company sells devices to dealers and other third-party distributors for resale. In addition to wireless communications services, T-Mobile US also provides complementary products, including device protection, high-speed internet, and wireline communication services. The business combination of T-Mobile US and Sprint was completed on April 1, 2020, forming the all-new, larger T-Mobile US. On July 1, 2021, T-Mobile US acquired assets and liabilities from Shentel that are directly associated with the wireless telecommunications operation of Shentel.

The **Europe** operating segment comprises all fixed-network and mobile operations of the national companies in Greece, Hungary, Poland, the Czech Republic, Croatia, Slovakia, Austria, North Macedonia, and Montenegro. With the approval of the responsible authorities, on September 30, 2021 OTE consummated the sale of its 54 % stake in Telekom Romania Communications to Orange Romania. Thus Deutsche Telekom is focusing on mobile operations in Romania. The national company in Albania was sold as of May 7, 2019. In addition to consumer business, most of the national companies also offer ICT solutions for business customers.

The **Systems Solutions** operating segment offers business customers a focused product and solution portfolio under the T-Systems brand. With its horizontal offerings for advisory services, cloud computing, and digitalization solutions, T-Systems addresses the growth areas in the information technology market. Data sovereignty and security solutions are at the core of the product options, supplemented with strategic partnerships. Focused vertical offerings penetrate deep into the value chains of selected industries (automotive, healthcare, public sector, and transportation).

The goal of the **Group Development** operating segment is to actively manage entities and equity investments to grow their value. This approach led to the creation of GD Towers within the Group Development segment. Following the sale of the Dutch cell tower business in the reporting year, GD Towers has exclusively looked after the German and Austrian cell tower businesses since the second quarter of 2021. Following the integration of Tele2 Netherlands as of the start of 2019, the Dutch MVNO and SIM provider, Simpel, was taken over effective December 1, 2020. The investment management group DTCP; Comfort Charge, which is a provider of e-mobility charging infrastructure; and the Group functions of Mergers & Acquisitions and Strategic Portfolio Management are also assigned to Group Development. The stake in Ströer SE & Co. KGaA was transferred to Deutsche Telekom Trust e.V. in August 2019 as plan assets to cover Deutsche Telekom’s existing pension obligations.

The **Group Headquarters & Group Services** segment comprises all Group units that cannot be allocated directly to one of the operating segments and also reports on the Board of Management department Technology and Innovation. It unites the cross-segment functions of technology, innovation, IT, and Security of the Germany, Europe, and Systems Solutions operating segments. Group Headquarters defines strategic aims for the Group, ensures they are met, and becomes directly involved in selected Group projects. Group Services provides services to the entire Group; in addition to typical services provided by Deutsche Telekom Services Europe, such as financial accounting, human resources services, and operational procurement, Group Services also includes the placement services of personnel services provider Vivento. Further units are Group Supply Services (GSUS) for real estate management and strategic procurement, and MobilitySolutions, which is a full-service provider for fleet management and mobility services.

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

For further information, please refer to the section "[Changes in the composition of the Group and other transactions](#)" under "Summary of accounting policies."

The business segments presented are reviewed at regular intervals by the Deutsche Telekom Board of Management in terms of the allocation of resources and their earnings performance.

The measurement principles for Deutsche Telekom's segment reporting structure are based primarily on the IFRSs adopted in the consolidated financial statements. Deutsche Telekom evaluates the segments' performance based on revenue and profit or loss from operations (EBIT), among other factors. Revenue generated and goods and services exchanged between segments are calculated on the basis of market prices. Services provided by Deutsche Telekom IT are generally charged at cost. Development services are not charged, but capitalized at segment level in accordance with the internal control logic. In accordance with the segments' control logic, intragroup leases are not capitalized by the lessee, but instead recognized as periodic expenses. Segment assets and liabilities include all assets and liabilities that are carried in the financial statements prepared by the segments and included in the consolidated financial statements. Segment investments include additions to intangible assets, property, plant and equipment, and right-of-use assets. Where entities accounted for using the equity method are directly allocable to a segment, their shares of profit or loss after income taxes and their carrying amounts are reported in that segment's accounts. All of the performance indicators shown in the following tables are presented exclusively from the segments' perspective: The effects of intersegment transactions are eliminated and presented in aggregate form in the reconciliation line. The following table shows the performance indicators used by Deutsche Telekom to evaluate the operating segments' performance as well as additional segment-related indicators:

millions of €

		Net revenue	Intersegment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Interest income
Germany	2021	23,577	587	24,164	4,951	(4,003)	(14)	4
	2020	23,019	771	23,790	3,970	(4,453)	(58)	4
	2019	22,947	803	23,750	4,238	(4,362)	(6)	6
United States	2021	68,357	2	68,359	7,217	(18,292)	(46)	16
	2020	61,206	2	61,208	9,187	(15,574)	(91)	24
	2019	40,418	2	40,420	5,488	(7,777)	0	19
Europe	2021	11,163	221	11,384	1,814	(2,561)	(15)	21
	2020	11,139	196	11,335	1,278	(2,648)	(227)	23
	2019	11,395	192	11,587	1,109	(2,773)	(341)	29
Systems Solutions	2021	3,171	848	4,019	(242)	(245)	(180)	9
	2020	3,237	922	4,159	(534)	(343)	(377)	7
	2019	3,418	993	4,411	(336)	(425)	(28)	11
Group Development	2021	2,333	832	3,165	1,084	(706)	0	2
	2020	2,202	681	2,883	562	(780)	0	1
	2019	2,158	639	2,797	615	(812)	0	0
Group Headquarters & Group Services	2021	193	2,322	2,515	(1,764)	(1,434)	(30)	1,204
	2020	196	2,360	2,556	(1,655)	(1,259)	(45)	1,237
	2019	195	2,432	2,627	(1,631)	(1,141)	(2)	1,330
<b>Total</b>	2021	108,794	4,812	113,606	13,060	(27,241)	(285)	1,256
	2020	100,999	4,932	105,931	12,808	(25,057)	(798)	1,296
	2019	80,531	5,061	85,592	9,483	(17,290)	(377)	1,395
Reconciliation	2021	0	(4,812)	(4,812)	(3)	44	1	(805)
	2020	0	(4,932)	(4,932)	(4)	26	0	(882)
	2019	0	(5,061)	(5,061)	(26)	24	(19)	(1,047)
<b>Group</b>	2021	108,794	0	108,794	13,057	(27,197)	(284)	451
	2020	100,999	0	100,999	12,804	(25,031)	(798)	414
	2019	80,531	0	80,531	9,457	(17,266)	(396)	348

<sup>a</sup> Cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment, as shown in the statement of cash flows.

<sup>b</sup> The average number of employees was adjusted retrospectively for 2020 in the Germany operating segment and the Group Headquarters & Group Services segment.

Interest expense	Share of profit (loss) of associates and joint ventures accounted for using the equity method	Income taxes	Segment assets	Segment liabilities	Segment investments	Investments accounted for using the equity method	Net cash from operating activities	Net cash used in/ from investing activities	Of which: cash capex <sup>a</sup>	Net cash used in/ from financing activities	Average number of employees <sup>b</sup>
(350)	(15)	(5)	46,407	33,071	3,515	33	8,592	(4,208)	(4,116)	431	61,575
(283)	(6)	(6)	45,114	32,725	4,302	34	8,057	(4,214)	(4,191)	(4,098)	67,831
(209)	0	(5)	44,352	32,299	6,363	12	7,633	(4,648)	(4,447)	7,175	70,686
(3,776)	8	(325)	196,781	129,522	9,688	323	19,663	(19,816)	(18,594)	(3,042)	70,793
(3,384)	13	(1,292)	176,765	117,681	26,735	296	13,501	(14,001)	(10,394)	8,469	65,015
(1,623)	116	(1,224)	84,413	54,087	11,413	289	11,438	(6,997)	(6,369)	(4,135)	46,544
(137)	0	(425)	24,135	8,284	1,317	54	3,739	28	(1,905)	(3,776)	38,404
(189)	0	(210)	27,034	9,172	2,911	54	3,725	(3,244)	(2,216)	(655)	42,359
(251)	1	(258)	26,878	10,527	2,415	59	3,503	(1,741)	(1,816)	(1,748)	45,895
(25)	(1)	(40)	4,120	3,619	123	23	182	(143)	(237)	99	27,476
(26)	1	(32)	4,094	3,754	319	23	54	(411)	(235)	656	28,742
(25)	0	(36)	4,439	3,891	470	25	202	(280)	(324)	112	29,184
(280)	(66)	(45)	10,700	6,587	609	491	1,356	(809)	(572)	(635)	2,721
(271)	(21)	33	9,212	11,220	1,392	122	1,101	(1,020)	(699)	(215)	2,664
(140)	(30)	9	8,395	10,571	984	96	1,142	(610)	(452)	4,937	2,708
(1,287)	(27)	(977)	38,851	58,470	215	14	4,058	(3,922)	(1,007)	(7,805)	19,870
(1,364)	0	(424)	48,047	63,188	1,222	14	1,727	5,227	(990)	(6,035)	16,928
(1,510)	(1)	(491)	54,339	65,244	1,255	9	4,112	(16,669)	(1,010)	(1,727)	17,829
<b>(5,855)</b>	<b>(102)</b>	<b>(1,817)</b>	<b>320,994</b>	<b>239,553</b>	<b>15,467</b>	<b>938</b>	<b>37,590</b>	<b>(28,870)</b>	<b>(26,431)</b>	<b>(14,728)</b>	<b>220,840</b>
<b>(5,517)</b>	<b>(13)</b>	<b>(1,931)</b>	<b>310,266</b>	<b>237,740</b>	<b>36,881</b>	<b>543</b>	<b>28,165</b>	<b>(17,663)</b>	<b>(18,725)</b>	<b>(1,878)</b>	<b>223,539</b>
<b>(3,758)</b>	<b>86</b>	<b>(2,005)</b>	<b>222,816</b>	<b>176,619</b>	<b>22,900</b>	<b>490</b>	<b>28,030</b>	<b>(30,945)</b>	<b>(14,418)</b>	<b>4,614</b>	<b>212,846</b>
803	0	2	(39,367)	(39,394)	(6)	0	(5,419)	1,467	65	3,949	0
879	1	2	(45,349)	(45,373)	(33)	0	(4,422)	(4,986)	31	9,439	0
1,046	1	12	(52,144)	(52,178)	(126)	(1)	(4,956)	16,715	61	(11,755)	0
<b>(5,052)</b>	<b>(102)</b>	<b>(1,815)</b>	<b>281,627</b>	<b>200,159</b>	<b>15,461</b>	<b>938</b>	<b>32,171</b>	<b>(27,403)</b>	<b>(26,366)</b>	<b>(10,779)</b>	<b>220,840</b>
<b>(4,638)</b>	<b>(12)</b>	<b>(1,929)</b>	<b>264,917</b>	<b>192,367</b>	<b>36,848</b>	<b>543</b>	<b>23,743</b>	<b>(22,649)</b>	<b>(18,694)</b>	<b>7,561</b>	<b>223,539</b>
<b>(2,712)</b>	<b>87</b>	<b>(1,993)</b>	<b>170,672</b>	<b>124,441</b>	<b>22,774</b>	<b>489</b>	<b>23,074</b>	<b>(14,230)</b>	<b>(14,357)</b>	<b>(7,141)</b>	<b>212,846</b>

**Information on geographic areas.** The Group's non-current assets and net revenue are shown by region: Germany, Europe (excluding Germany), North America, and other countries. The North America region comprises the United States and Canada. The Europe (excluding Germany) region covers the entire European Union (excluding Germany) and the other countries in Europe. Other countries include all countries that are not Germany or in Europe (excluding Germany) or North America. Non-current assets are allocated to the regions according to the location of the assets in question. Non-current assets encompass intangible assets; property, plant and equipment; right-of-use assets; capitalized contract costs; investments accounted for using the equity method; as well as other non-current assets. Net revenue is allocated according to the location of the respective customers' operations.

	Non-current assets			Net revenue		
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	2021	2020	2019
Germany	42,928	42,941	43,431	25,064	24,730	24,600
International	187,158	170,295	95,852	83,731	76,269	55,930
Europe (excluding Germany)	19,941	23,075	23,858	14,909	14,517	14,858
North America	167,122	147,115	71,886	68,363	61,288	40,445
Other countries	95	106	108	458	463	628
<b>Group</b>	<b>230,086</b>	<b>213,236</b>	<b>139,283</b>	<b>108,794</b>	<b>100,999</b>	<b>80,531</b>

**Information on products and services.** Revenue generated with external customers for groups of comparable products and services developed as follows:

millions of €	Net revenue		
	2021	2020	2019
Telecommunications	103,567	95,628	74,991
ICT solutions	4,740	4,915	5,086
Other	487	455	454
	<b>108,794</b>	<b>100,999</b>	<b>80,531</b>

### 37 Contingencies

As part of its ordinary business activities, Deutsche Telekom is involved in various proceedings both in and out of court with government agencies, competitors, and other parties, the outcome of which often cannot be reliably anticipated. As of the reporting date, the Group was exposed to contingent liabilities amounting to EUR 0.1 billion (December 31, 2020: EUR 0.1 billion) and to contingent assets amounting to EUR 0.0 billion (December 31, 2020: EUR 0.0 billion) that, on the basis of the information and estimates available, do not fulfill the requirements for recognition as liabilities or assets in the statement of financial position. Litigation provisions include the costs of legal counsel services and any probable losses. Deutsche Telekom does not believe that any additional costs arising from legal counsel services or the results of proceedings will have a material adverse effect on the results of operations and financial position of the Group. In addition to individual cases that do not have any significant impact on their own, the aforementioned total contingent liabilities include the following items, the sequence of which does not imply an evaluation of their probability of occurrence or potential damage. In the event that in extremely rare cases disclosures required by IAS 37 are not made, Deutsche Telekom comes to the conclusion that these disclosures could seriously undermine the outcome of the relevant proceedings.

#### Contingent liabilities

On the basis of the information and estimates available, the following issues do not fulfill the requirements for recognition as liabilities in the statement of financial position. As it is not possible to estimate the amount of the contingent liabilities or the group of contingent liabilities with sufficient reliability in each case due to the uncertainties described below, they have not been included in the aforementioned total contingent liabilities.

**Claims relating to charges for the shared use of cable ducts.** In 2012, Kabel Deutschland Vertrieb und Service GmbH (today Vodafone Deutschland GmbH (VKDG)) filed a claim against Telekom Deutschland GmbH to reduce the annual charge for the rights to use cable duct capacities. According to VKDG's latest estimates, its claims amounted to around EUR 624 million for the period from 2009 to mid-2018, along with around EUR 9 million for the alleged benefit from additional interest, plus interest in each case, and the company is also demanding a considerable reduction of the charges for the following years. In similar proceedings, the then Unitymedia Hessen GmbH & Co. KG, Unitymedia NRW GmbH, and Kabel BW GmbH (today Vodafone Hessen et al.) filed claims against Telekom Deutschland GmbH in January 2013, demanding that it cease charging the plaintiffs more than a specific and precisely stated amount for the shared use of cable ducts, including in the future. The plaintiffs are demanding a refund, most recently calculated at approximately EUR 570 million plus interest for the years 2009 to 2017. The claims were recently rejected by the Frankfurt Higher Regional Court (VKDG) and by the Düsseldorf Higher Regional Court (Vodafone Hessen et al.) and an appeal was not allowed in both cases. In response to the complaints of the plaintiffs against non-allowance of appeal, the Federal Court of Justice allowed the appeal by VKDG to the extent that it relates to claims dating from January 1, 2012; the appeal by Vodafone Hessen et al. was allowed to the extent that it relates to claims dating from January 1, 2016. The claims were rejected with legally binding effect for the time periods prior to this, which leads to a significant reduction in current calculations of claims. In a ruling on December 14, 2021, the Federal Court of Justice referred the proceedings concerning the remaining claims back to the responsible Higher Regional Courts for a new hearing and decision. At present the financial impact of both these proceedings cannot be assessed with sufficient certainty.

**Sprint Merger class action.** On June 4, 2021, a shareholder class action and derivative action was filed in the Delaware Court of Chancery against Deutsche Telekom AG, SoftBank, T-Mobile US, and all of our officers and directors at that time, asserting breach of fiduciary duties relating to the repricing amendment to the Business Combination Agreement, as well as SoftBank's subsequent monetization of its T-Mobile US shares. On October 29, 2021, the complaint was amended. The amended complaint is directed at the same defendants and the same underlying transactions as in the original action; however, it includes additional submission on alleged facts. At present, the financial impact of these proceedings cannot be assessed with sufficient certainty.

**Proceedings against T-Mobile US as a consequence of the cyberattack on T-Mobile US.** In August 2021, T-Mobile US confirmed that their systems had been subject to a criminal cyberattack that compromised data of millions of their customers, former customers, and prospective customers. With the assistance of outside cybersecurity experts, T-Mobile US located and closed the unauthorized access to their systems and identified customers whose information was impacted and notified them, consistent with state and federal requirements. As a result of the cyberattack, numerous consumer class actions were filed against T-Mobile US. The class actions brought in before the federal courts were consolidated to one action in December 2021. The plaintiffs are claiming damages in an as yet unspecified amount. Moreover, in November 2021 a derivative action was filed against the members of the Board of Directors of T-Mobile US. T-Mobile US is also named as a nominal defendant in this lawsuit. The plaintiff is making various unquantified claims in relation to the company's cybersecurity practices. In addition, inquiries have been made by various government agencies, law enforcement and other state authorities. At present the financial impact of these proceedings cannot be assessed with sufficient certainty.

**Patents and licenses.** Like many other large telecommunications and internet providers, Deutsche Telekom is exposed to a growing number of intellectual property rights disputes. There is a risk that Deutsche Telekom may have to pay license fees and/or compensation; Deutsche Telekom is also exposed to a risk of cease-and-desist orders, for example relating to the sale of a product or the use of a technology.

**Anti-trust and consumer protection proceedings.** Deutsche Telekom and its subsidiaries are subject to proceedings under anti-trust law in various jurisdictions, which may also lead to civil follow-on claims. Taken individually, none of the proceedings have a material impact. Deutsche Telekom believes the respective allegations and claims for damages are unfounded. The outcome of the proceedings cannot be foreseen at this point in time.

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

**Claims for damages against Deutsche Telekom AG, including due to insolvency of Phones4U.** Phones4U was an independent British mobile retailer and had declared insolvency in 2013. The insolvency administrator is pursuing claims before the High Court of Justice in London against the mobile providers active on the UK market at that time and their parent companies on the grounds of alleged collusion in violation of anti-trust law and breach of contract. Deutsche Telekom AG, which at that time held 50 % of the mobile company EE Limited, has rejected the claims as unsubstantiated, including at the Case Management Conference in October 2021, but will nevertheless have to take part in the court proceedings, which are expected to begin in May 2022. Phones4U has yet to state the amount of its claim for damages. It is currently not possible to estimate the financial impact with sufficient certainty.

**Tax risks.** In many countries, Deutsche Telekom is subject to the applicable tax regulations. Risks can arise from changes in local taxation laws or case law and different interpretations of existing provisions. As a result, they can affect Deutsche Telekom's tax expense and benefits as well as tax receivables and liabilities.

### 38 Lessor relationships

**Finance leases.** Deutsche Telekom is a lessor in connection with finance leases. Essentially, these relate to the leasing of routers and other hardware, which Deutsche Telekom provides to its customers for data and telephone network solutions.

The following table shows how the amount of the net investment in a finance lease is determined:

millions of €	Dec. 31, 2021	Dec. 31, 2020
Minimum lease payments	240	260
Unguaranteed residual value	2	3
Gross investment	242	262
Unearned finance income	(13)	(15)
<b>Net investment (present value of the minimum lease payments)</b>	<b>228</b>	<b>248</b>

The following table presents the gross investment amounts and the present value of payable minimum lease payments:

Maturity	Dec. 31, 2021		Dec. 31, 2020	
	Gross investment	Present value of minimum lease payments	Gross investment	Present value of minimum lease payments
Within 1 year	93	88	93	87
In 1 to 2 years	78	72	74	69
In 2 to 3 years	45	44	46	44
In 3 to 4 years	15	15	35	34
In 4 to 5 years	6	5	9	8
After 5 years	5	5	5	4
	<b>242</b>	<b>228</b>	<b>262</b>	<b>248</b>

**Operating leases.** Deutsche Telekom is a lessor in connection with operating leases. The underlying leases mainly relate to mobile terminal equipment in the United States operating segment, cell sites, building and co-location space, and unbundled local loop lines. By contrast, contracts on the provision of the latest generation of modems/routers to consumers in the fixed-network mass-market – where modem and router features are incorporated in one device – are not defined as leases.

Where terminal equipment is leased in the United States operating segment, customers are entitled to receive a new device once per month during the term of the lease. On receipt of the new device or at the end of the contract, the customer either returns or purchases the equipment. The purchase price at the end of the lease is set at the commencement of the lease and is equal to the estimated residual value of the equipment. This value is based on the type of equipment and the advance payment. The contracts do not contain any residual value guarantees or variable lease payments, nor do they contain any restrictions or covenants. Terminal equipment returned by customers is prepared for sale in the secondary market or for use as a replacement for defective devices. This reduces the residual value risk of the returned equipment.

The leasing of local loop lines and space to wholesale fixed-network customers (e.g., co-location space) is also classified as a lease. The regulator requires Deutsche Telekom to make co-location space and unbundled local loop lines available to competitors. In contrast to unregulated products, the residual value risk for these assets is rather low because competitors are economically dependent on the use of these assets. In the unlikely event that co-location space and unbundled local loop lines are not leased, Deutsche Telekom will try to find new tenants for the vacant space or unleased lines. In the case of its own cell sites, Deutsche Telekom will also strive to continue leasing – where possible – all of the free space that it does not itself occupy. The aim here is to reduce the vacancy rate of unused space as far as possible by re-letting and to spread the cost.



Operating leases exist for the following items of property, plant and equipment:

millions of €				
	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Total
<b>Cost</b>				
<b>At December 31, 2019</b>	<b>80</b>	<b>1,578</b>	<b>0</b>	<b>1,657</b>
Currency translation	(1)	(710)	0	(712)
Changes in the composition of the Group	0	5,124	0	5,124
Additions	0	2,600	0	2,600
Disposals	(14)	(2,490)	0	(2,505)
Change from non-current assets and disposal groups held for sale	(61)	0	0	(61)
Reclassifications	(1)	218	2	219
<b>At December 31, 2020</b>	<b>2</b>	<b>6,318</b>	<b>2</b>	<b>6,322</b>
Currency translation	0	352	0	352
Changes in the composition of the Group	0	0	0	0
Additions	0	1,134	0	1,134
Disposals	0	(3,733)	0	(3,733)
Change from non-current assets and disposal groups held for sale	0	0	0	0
Reclassifications	20	167	2	189
<b>At December 31, 2021</b>	<b>22</b>	<b>4,239</b>	<b>3</b>	<b>4,264</b>
<b>Accumulated depreciation and impairment losses</b>				
<b>At December 31, 2019</b>	<b>(59)</b>	<b>(762)</b>	<b>0</b>	<b>(821)</b>
Currency translation	1	129	0	130
Changes in the composition of the Group	0	0	0	0
Additions (depreciation)	(1)	(2,642)	0	(2,644)
Additions (impairment)	0	0	0	0
Disposals	12	1,215	0	1,227
Change from non-current assets and disposal groups held for sale	44	0	0	44
Reclassifications	3	(96)	0	(94)
Reversal of impairment losses	0	0	0	0
<b>At December 31, 2020</b>	<b>(1)</b>	<b>(2,156)</b>	<b>(1)</b>	<b>(2,157)</b>
Currency translation	0	(157)	0	(157)
Changes in the composition of the Group	0	0	0	0
Additions (depreciation)	(1)	(2,716)	(1)	(2,718)
Additions (impairment)	0	0	0	0
Disposals	0	2,521	0	2,521
Change from non-current assets and disposal groups held for sale	0	0	0	0
Reclassifications	(18)	(92)	0	(109)
Reversal of impairment losses	0	0	0	0
<b>At December 31, 2021</b>	<b>(20)</b>	<b>(2,599)</b>	<b>(2)</b>	<b>(2,621)</b>
<b>Net carrying amounts</b>				
At December 31, 2020	1	4,163	1	4,164
<b>At December 31, 2021</b>	<b>2</b>	<b>1,640</b>	<b>2</b>	<b>1,644</b>

The future minimum lease payments arising from non-cancelable operating leases are as follows:

millions of €		
Maturity	Dec. 31, 2021	Dec. 31, 2020
Within 1 year	771	1,822
In 1 to 2 years	371	393
In 2 to 3 years	255	232
In 3 to 4 years	268	241
In 4 to 5 years	219	203
After 5 years	861	751
	<b>2,745</b>	<b>3,641</b>

The reduction in future minimum lease payments is mainly the result of the decline in terminal equipment leasing in the United States operating segment.

### 39 Other financial obligations

The following table provides an overview of Deutsche Telekom's other financial obligations:

millions of €

	Dec. 31, 2021			
	Total	Due within 1 year	Due > 1 year ≤ 5 years	Due > 5 years
Purchase commitments regarding property, plant and equipment	5,914	5,098	588	228
Purchase commitments regarding intangible assets	2,038	1,471	566	1
Firm purchase commitments for inventories	7,645	7,635	10	0
Other purchase commitments and similar obligations	20,583	11,723	7,427	1,433
Payment obligations to the Civil Service Pension Fund	1,053	6	726	321
Obligations from the acquisition of interests in other companies	37	4	33	0
Miscellaneous other obligations	125	78	25	22
	<b>37,395</b>	<b>26,015</b>	<b>9,375</b>	<b>2,005</b>

### 40 Financial instruments and risk management

For further information on financial instruments, please refer in particular to Note 2 "Trade receivables," Note 11 "Other financial assets," Note 13 "Financial liabilities and lease liabilities," Note 28 "Finance costs," and Note 30 "Other financial income/expense."

#### 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		
			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
<b>Assets</b>					
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	
At fair value through profit or loss	FVTPL	0			0
Other financial assets					
Originated loans and other receivables					
At amortized cost	AC	5,224	5,224		
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	
At fair value through profit or loss	FVTPL	233			233
Equity instruments					
At fair value through other comprehensive income	FVOCI	437		437	
At fair value through profit or loss	FVTPL	3			3
Derivative financial assets					

<sup>a</sup> 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.

millions of €

	Measurement category in accordance with IFRS 9	Amounts recognized in the statement of financial position in accordance with IFRS 9			
		Carrying amount Dec. 31, 2021	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss
Derivatives without a hedging relationship	FVTPL	1,202			1,202
Of which: termination rights embedded in bonds issued	FVTPL	464			464
Of which: energy forward agreements embedded in contracts	FVTPL	191			191
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	FVTPL	264			264
Derivatives with a hedging relationship	n.a.	1,560		364	1,196
Lease assets	n.a.	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	
<b>Liabilities</b>					
Trade payables	AC	10,452	10,452		
Bonds and other securitized liabilities	AC	93,857	93,857		
Liabilities to banks	AC	4,003	4,003		
Liabilities to non-banks from promissory note bonds	AC	483	483		
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,248	3,248		
Other interest-bearing liabilities	AC	7,344	7,344		
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			
Derivative financial liabilities					
Derivatives without a hedging relationship	FVTPL	586			586
Of which: options granted to third parties for the purchase of shares in subsidiaries and associates	FVTPL	0			0
Of which: energy forward agreements embedded in contracts	FVTPL	7			7
Derivatives with a hedging relationship	n.a.	118		107	11
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					
<b>Assets</b>					
Financial assets at amortized cost	AC	19,083	19,083		
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	9,486			9,486
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	466		466	
Financial assets at fair value through profit or loss	FVTPL	1,438			1,438
<b>Liabilities</b>					
Financial liabilities at amortized cost	AC	122,301	122,301		
Financial liabilities at fair value through profit or loss	FVTPL	586			586

<sup>a</sup> 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.

millions of €		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 <sup>b</sup>	Measurement category in accordance with IFRS 9	Carrying amount Dec. 31, 2020	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss <sup>a</sup>	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2020 <sup>b</sup>
<b>Assets</b>									
Cash and cash equivalents		AC	12,940	12,940					
Trade receivables									
At amortized cost		AC	6,007	6,007					
At fair value through other comprehensive income	9,486	FVOCI	7,516			7,516			7,516
At fair value through profit or loss	0	FVTPL	0				0		0
Other financial assets									
Originated loans and other receivables									
At amortized cost	5,252	AC	4,722	4,722					4,758
Of which: collateral paid		AC	543	543					
Of which: publicly funded projects		AC	1,676	1,676					
At fair value through other comprehensive income	0	FVOCI	0			0			0
At fair value through profit or loss	233	FVTPL	204				203		203
Equity instruments									
At fair value through other comprehensive income	437	FVOCI	425		425				425
At fair value through profit or loss	3	FVTPL	3				3		3
Derivative financial assets									
Derivatives without a hedging relationship	1,202	FVTPL	1,992				1,992		1,992
Of which: termination rights embedded in bonds issued	464	FVTPL	889				889		889
Of which: energy forward agreements embedded in contracts	191	FVTPL	77				77		77
Of which: options received from third parties for the purchase or sale of shares in subsidiaries and associates	264	FVTPL	819				819		819
Derivatives with a hedging relationship	1,560	n.a.	2,047			21	2,026		2,047
Lease assets	228	n.a.	248						248
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale		AC	206	206					
Equity instruments within non-current assets and disposal groups held for sale	29	FVOCI	32		32				32
<b>Liabilities</b>									
Trade payables		AC	9,760	9,760					

<sup>a</sup> 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.

<sup>b</sup> The practical expedient under IFRS 7.29a was applied for information on specific fair values.

millions of €		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 <sup>b</sup>	Measurement category in accordance with IFRS 9	Carrying amount Dec. 31, 2020	Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss <sup>a</sup>	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2020 <sup>b</sup>
Bonds and other securitized liabilities		103,397	AC	87,702	87,702					97,655
Liabilities to banks		4,090	AC	5,257	5,257					5,393
Liabilities to non-banks from promissory note bonds		565	AC	490	490					586
Liabilities with the right of creditors to priority repayment in the event of default		3,389	AC	3,886	3,886					4,167
Other interest-bearing liabilities		7,321	AC	7,206	7,206					7,270
Of which: collateral received			AC	1,530	1,530					
Other non-interest-bearing liabilities			AC	1,703	1,703					
Of which: puttable shares of non-controlling interests in consolidated partnerships			AC	6	6					
Lease liabilities	33,133		n.a.	32,715					32,715	
Derivative financial liabilities										
Derivatives without a hedging relationship		586	FVTPL	478				478		478
Of which: options granted to third parties for the purchase of shares in subsidiaries and associates		0	FVTPL	8				8		8
Of which: energy forward agreements embedded in contracts		7	FVTPL	129				129		129
Derivatives with a hedging relationship		118	n.a.	386			334	52		386
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale			AC	398	398					
Of which: aggregated by measurement category in accordance with IFRS 9										
<b>Assets</b>										
Financial assets at amortized cost		5,252	AC	23,875	23,875					4,758
Financial assets at fair value through other comprehensive income with recycling to profit or loss		9,486	FVOCI	7,516			7,516			7,516
Financial assets at fair value through other comprehensive income without recycling to profit or loss		466	FVOCI	456		457				457
Financial assets at fair value through profit or loss		1,438	FVTPL	2,199				2,199		2,198
<b>Liabilities</b>										
Financial liabilities at amortized cost		118,762	AC	116,402	116,402					115,071
Financial liabilities at fair value through profit or loss		586	FVTPL	478				478		478

<sup>a</sup> 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.

<sup>b</sup> The practical expedient under IFRS 7.29a was applied for information on specific fair values.

Trade receivables include receivables amounting to EUR 2.8 billion (December 31, 2020: EUR 2.0 billion) due in more than one year. The fair value generally equals the carrying amount.

**Disclosures on fair value**

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

**Financial instruments not measured at fair value, the fair values of which are disclosed nevertheless**

	Dec. 31, 2021				Dec. 31, 2020			
	Level 1	Level 2	Level 3 <sup>a</sup>	Total	Level 1	Level 2	Level 3 <sup>a</sup>	Total
<b>Assets</b>								
Originated loans and receivables		5,252		5,252		4,758		4,758
<b>Liabilities</b>								
Financial liabilities measured at amortized cost	94,637	23,661	464	118,762	87,384	26,798	889	115,071
Of which: bonds and other securitized liabilities	91,260	11,685	452	103,397	83,238	13,549	868	97,655
Of which: liabilities to banks		4,090		4,090		5,393		5,393
Of which: liabilities to non-banks from promissory notes		565		565		586		586
Of which: liabilities with the right of creditors to priority repayment in the event of default	3,377		12	3,389	4,146	0	21	4,167
Of which: other interest-bearing liabilities		7,321		7,321		7,270		7,270

<sup>a</sup> Separation of embedded derivatives; the fair value of the entire instrument must be categorized as Level 1.

**Financial instruments measured at fair value**

	Dec. 31, 2021				Dec. 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Trade receivables								
At fair value through other comprehensive income			9,486	9,486			7,516	7,516
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
At fair value through profit or loss	145	77	10	232	133	62	8	203
Equity instruments								
At fair value through other comprehensive income	29		437	466			457	457
At fair value through profit or loss			3	3			3	3
Derivative financial assets								
Derivatives without a hedging relationship		286	916	1,202		207	1,785	1,992
Derivatives with a hedging relationship		1,560		1,560		2,047		2,047
<b>Liabilities</b>								
Derivative financial liabilities								
Derivatives without a hedging relationship		579	7	586		341	137	478
Derivatives with a hedging relationship		118		118		386		386

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

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

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

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

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

#### Investments in equity instruments at fair value through other comprehensive income

millions of €		
	2021	2020
<b>Fair value as of December 31</b>	<b>466</b>	<b>457</b>
Dividends recognized in profit/loss	0	1
Of which: on investments divested in the reporting period	0	0
Of which: on investments still held at the reporting date	0	0
Fair value at the derecognition date of instruments divested in the reporting period	249	52
Cumulative gains reclassified in the reporting period from other comprehensive income to retained earnings	121	7
Of which: from the disposal of investments	121	7
Cumulative losses reclassified in the reporting period from other comprehensive income to retained earnings	1	0
Of which: from the disposal of investments	1	0

#### 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
<b>Carrying amount as of January 1, 2021</b>	<b>457</b>	<b>889</b>	<b>805</b>	<b>77</b>	<b>(129)</b>	<b>0</b>
Additions (including first-time categorization as Level 3)	88	86	0	0	0	0
Decreases in fair value recognized in profit/loss (including losses on disposal)	0	(736)	(509)	(96)	(3)	0
Increases in fair value recognized in profit/loss (including gains on disposal)	0	182	773	194	130	22
Decreases in fair value recognized directly in equity	(133)	0		0	0	0
Increases in fair value recognized directly in equity	261	0		0	0	0
Disposals	(239)	0	(847)	0	0	0
Currency translation effects recognized directly in equity	3	43	0	16	(5)	0
<b>Carrying amount as of December 31, 2021</b>	<b>437</b>	<b>464</b>	<b>222</b>	<b>191</b>	<b>(7)</b>	<b>22</b>



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 426 million measured using the best information available at the reporting date. As a rule, Deutsche Telekom considers transactions involving shares in those companies to have the greatest relevance. Transactions involving shares in comparable companies are also considered. The proximity of the relevant transaction to the reporting date, and the question of whether it was conducted at arm's length, are relevant for deciding which information is used for the measurement. Furthermore, the degree of similarity between the object being measured and comparable companies must be taken into consideration. Based on Deutsche Telekom's own assessment, the fair values of the equity investments at the reporting date could be determined with sufficient reliability. For the development of the carrying amounts in the reporting period, please refer to the table above. At the reporting date, investments with a carrying amount of EUR 29 million were held for sale, while there were no plans to sell the remaining investments. In the case of investments with a carrying amount of EUR 258 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 December 31, 2021. In the case of investments with a carrying amount of EUR 7 million, an analysis of operational indicators (especially revenue, EBIT, and liquidity) revealed that the carrying amounts were equivalent to current fair values. Due to better comparability, previous arm's length transactions involving shares in these companies are preferable to more recent transactions involving shares in similar companies. In the case of investments with a carrying amount of EUR 161 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 16) 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 "Sensitivities of the carrying amounts of the financial assets and financial liabilities assigned to Level 3 depending on unobservable inputs." In addition, non-material individual items with a carrying amount of EUR 11 million (when translated into euros) are included with differences in value of minor relevance.

For the development of the carrying amounts in the reporting year, please refer to the table above.

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 464 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:

For the development of the carrying amounts in the reporting year, please refer to the table above.

**Interest rate volatilities and spreads used by rating level**

%	Interest volatility (absolute figure)	Spread
BBB+	0.2 %–0.3 %	0.2 %–1.2 %
BBB-	0.6 %–0.8 %	0.3 %–1.8 %
BB+/BB	0.8 %–1.0 %	0.6 %–2.9 %

For the mean reversion input, which is unobservable, 3 % was used. In our opinion, the values used constitute the best estimate in each case. If other values had been used for interest rate volatility, spread curve, or mean reversion, the fair values calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table below. If the risk-free interest rate had been 50 basis points higher (lower) at the reporting date, the fair value of the options would have been EUR 120 million lower (EUR 150 million higher). In the reporting period, a net expense of EUR 82 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, three options were exercised and the relevant bonds canceled prematurely. At the time of termination, the options and their respective total carrying amount of EUR 499 million when translated into euros were expensed and derecognized. Please refer to the table above for the development of the carrying amounts in the reporting period. The changes in value recognized in profit or loss in the reporting period were mainly attributable to fluctuations in the interest rates and historical interest rate volatilities in absolute terms that are relevant for measurement. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

#### Sensitivities<sup>a</sup> of the carrying amounts of the financial assets and financial liabilities assigned to Level 3 depending on unobservable inputs

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets at fair value through profit or loss: stock options	Derivative financial assets at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial assets at fair value through profit or loss: put option for shares
Multiple next-level-up quantile	111					
Multiple next-level-down quantile	(81)					
Expected revenues +10 %	15					
Expected revenues -10 %	(15)					
Interest rate volatility <sup>b</sup> +10 %		51				
Interest rate volatility <sup>b</sup> -10 %		(46)				
Spread curve <sup>c</sup> +50 basis points		(197)				
Spread curve <sup>c</sup> -50 basis points		254				
Mean reversion <sup>d</sup> +100 basis points		(32)				
Mean reversion <sup>d</sup> -100 basis points		39				
Future energy prices +10 %				60	33	
Future energy prices -10 %				(73)	(33)	
Future energy output +5 %				29	8	
Future energy output -5 %				(40)	(8)	
Future prices for renewable energy credits <sup>e</sup> +100 %				10	6	
Future prices for renewable energy credits <sup>e</sup> from zero				(22)	(6)	
Share price volatility <sup>f</sup> +10 %			33			
Share price volatility <sup>f</sup> -10 %			(32)			
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 %						(20)
Fair value of the shares -10 %						22

<sup>a</sup> Change in the relevant input parameter assuming all other input parameters are unchanged.

<sup>b</sup> 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.

<sup>c</sup> The spread curve shows, for the respective maturities, the difference between the interest rates payable by T-Mobile US and the risk-free interest rates. A minimum of zero was set for the spread curve for the sensitivity calculation, i.e., negative spreads are excluded.

<sup>d</sup> 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.

<sup>e</sup> Renewable energy credits is the term used for U.S. emission certificates.

<sup>f</sup> 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 -7 million when translated into euros, the derivatives without a hedging relationship assigned to Level 3 and carried under derivative financial liabilities relate to energy forward agreements embedded in contracts entered into by T-Mobile US. The same applies to derivative financial assets with a carrying amount of EUR 191 million when translated into euros. These agreements consist of two components: the energy forward agreement and the acquisition of renewable energy credits by T-Mobile US. The contracts 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 17.09/MWh and EUR 56.99/MWh when translated into euros and off-peak prices of between EUR 15.92/MWh and EUR 50.70/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 253 million when translated into euros for the assets and EUR 81 million for the liabilities. The valuation model was recalibrated in the reporting year on the basis of recently observed market and price trends. 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 210 million (when translated into euros) was recognized under the Level 3 measurement in other operating income/expense for unrealized gains for the derivatives. Please refer to the corresponding table for the development of the carrying amounts in the reporting period. The market-price changes in the reporting period were largely attributable to changes in observable and unobservable energy prices and to interest rate effects. Due to their distinctiveness, these instruments constitute a separate class of financial instruments. In the view of T-Mobile US, the contracts were entered into at current market conditions, and the most appropriate parameters for the unobservable inputs were used for measurement purposes. The transaction price at inception was zero in each case. Since the unobservable inputs have a material influence on the measurement of the derivatives, the respective amount resulting from initial measurement – with the exception of the agreements concluded by Sprint that are explained below – was not carried on initial recognition. Instead, these amounts are amortized in profit or loss on a straight-line basis over the period of commercial energy generation (for a total amount of EUR 12 million per year when translated into euros). This amortization adjusts the effects from measuring the derivatives in each accounting period using the respective valuation models and updated parameters. All amounts from the measurement of the derivatives are presented in net terms per contract in the statement of financial position (derivative financial assets/liabilities) and in the income statement (other operating income/expenses). The development of the amount yet to be amortized in the income statement in the reporting period is shown in the following table. Unobservable inputs also have a material influence on the measurement of the derivatives for the agreements concluded 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 222 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 27.3 % which, in our opinion, constitutes the best estimate. At the reporting date, the calculated fair value for the stock option amounted to EUR 494 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 stock options were partially exercised in the reporting period. The development of the amount yet to be amortized in the income statement in the reporting period is shown in the following table.

The financial assets assigned to Level 3 include a derivative financial asset with a carrying amount of EUR 22 million resulting from an option acquired in the reporting period for the sale of shares to Cellnex NL (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, has not changed since the acquisition of the option and amounted to EUR 0.4 billion at the reporting date. The calculated fair value of the option was EUR 133 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 year is mainly attributable to the fact that the fair value of the shares has remained unchanged since their acquisition, while the option is subject to minimum exercise prices. 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 this transaction, please refer to “Combination of the cell tower business in the Netherlands and creation of an infrastructure fund” in the section “Changes in the composition of the Group and other transactions” under “Summary of accounting policies.”

#### Development of the not yet amortized amounts

millions of €	Energy forward agreements	Stock options	Put option for shares
<b>Measurement amounts on initial recognition</b>	<b>173</b>	<b>1,005</b>	<b>0</b>
Measurement amounts on initial recognition (additions during the reporting period)	0	0	129
Measurement amounts amortized in profit or loss in prior periods	(18)	(127)	0
Measurement amounts amortized in profit or loss in the current reporting period	(10)	(201)	(19)
Currency translation adjustments	1	(49)	0
Disposals in the current reporting period	0	(372)	0
<b>Measurement amounts not amortized as of December 31, 2021</b>	<b>146</b>	<b>256</b>	<b>111</b>

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

The financial assets measured at fair value through profit or loss and assigned to Level 3 include additional options acquired from third parties for the purchase of company shares, with a carrying amount of EUR 20 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.

**Net gain/loss by measurement category**

millions of €

		Recognized in profit or loss from interest and dividends	Recognized in profit or loss from subsequent measurement			Recognized directly in equity from subsequent measurement	Recognized in profit or loss from derecognition	Net gain (loss)
			At fair value	Currency translation	Impairments/allowances <sup>a</sup>			
Debt instruments measured at amortized cost	2021	16	n.a.	1,140	(288)	n.a.	(123)	745
	2020	15	n.a.	(1,207)	(418)	n.a.	(188)	(1,798)
Debt instruments measured at fair value through profit or loss	2021	11	0	n.a.	n.a.	n.a.	3	14
	2020	16	0	n.a.	n.a.	n.a.	10	26
Debt instruments measured at fair value through other comprehensive income	2021	0	n.a.	n.a.	(351)	(80)	(63)	(494)
	2020	0	n.a.	n.a.	(435)	(19)	(64)	(518)
Equity instruments measured at fair value through profit or loss	2021	0	0	n.a.	n.a.	n.a.	0	0
	2020	0	0	n.a.	n.a.	n.a.	8	8
Equity instruments measured at fair value through other comprehensive income	2021	0	n.a.	n.a.	n.a.	112	n.a.	112
	2020	1	n.a.	n.a.	n.a.	62	n.a.	63
Derivatives measured at fair value through profit or loss	2021	n.a.	(38)	n.a.	n.a.	n.a.	n.a.	(38)
	2020	n.a.	297	n.a.	n.a.	n.a.	n.a.	297
Financial liabilities measured at amortized cost	2021	(3,587)	n.a.	(1,417)	(41)	n.a.	n.a.	(5,045)
	2020	(3,510)	n.a.	1,462	n.a.	n.a.	n.a.	(2,048)
	2021	(3,560)	(38)	(278)	(680)	32	(182)	(4,706)
	2020	(3,477)	296	255	(853)	43	(234)	(3,970)

<sup>a</sup> The amount recognized under financial liabilities measured at amortized cost corresponds to the change in the carrying amount of puttable shares of non-controlling interests in consolidated partnerships, recognized under other non-interest-bearing liabilities.

<sup>b</sup> The amount reported under debt instruments measured at fair value through other comprehensive income is the net amount after deduction of the effects recognized in profit or loss for impairment losses in the amount of EUR -414 million.

Interest from financial instruments is recognized in finance costs, dividends in other financial income/expense (income from investments).

For further information, please refer to Note 28 "Finance costs" and Note 30 "Other financial income/expense."

The other components of the net gain/loss are generally recognized in other financial income/expense, except for allowances on trade receivables that are classified as debt instruments measured at amortized cost and debt instruments measured at fair value through other comprehensive income, which are reported under other operating expenses. The loss/gain from energy forward agreements and from options received from third parties for the purchase or sale of shares in associates are reported under other operating expenses/other operating income.

For further information, please refer to Note 2 "Trade receivables."

The net loss from the subsequent measurement for financial instruments allocated to the measurement category at fair value through profit or loss (EUR 288 million) also includes interest and currency translation effects. The net currency translation gains on financial assets classified as debt instruments measured at amortized cost (EUR 1,140 million) are primarily attributable to the Group-internal transfer of foreign-currency loans taken out by Deutsche Telekom's financing company, Deutsche Telekom International Finance B.V., on the capital market. These are offset by corresponding currency translation losses on capital market liabilities of EUR 1,417 million. These include currency translation gains from derivatives that Deutsche Telekom used as hedging instruments for hedge accounting in foreign currency (EUR 446 million; 2020: losses of EUR 452 million). Finance costs from financial liabilities measured at amortized cost (expense of EUR 3,587 million) primarily consist of interest expense on bonds and other (securitized) financial liabilities. The item also includes interest expense from the addition of accrued interest and interest income from interest discounted from trade payables. However, it does not include the interest expense and interest income from interest rate derivatives Deutsche Telekom used in the reporting year to hedge the fair value risk of financial liabilities.

For further information, please refer to Note 28 "Finance costs."

**Principles of risk management.** Deutsche Telekom is exposed in particular to risks from changes in exchange rates, interest rates, and market prices that affect its assets, liabilities, and forecast transactions. Financial risk management aims to limit these market risks through ongoing operational and finance activities. Selected derivative and non-derivative hedging instruments are used for this purpose, depending on the risk assessment. However, Deutsche Telekom only hedges the risks that affect the Group's cash flow. Derivatives are exclusively used as hedging instruments, i.e., not for trading or other speculative purposes. To reduce the credit risk, hedging instruments are generally only concluded with leading financial institutions whose credit rating is at least BBB+/Baa1. In addition, the credit risk for derivatives with a positive market value is generally minimized through collateral agreements with all core banks. Furthermore, the limits for deposits are also set and monitored on a daily basis depending on the rating, share price performance, and credit default swap level of the respective counterparty.

The fundamentals of Deutsche Telekom's financial policy are established by the Board of Management and overseen by the Supervisory Board. Group Treasury is responsible for implementing the financial policy and for ongoing risk management. Certain transactions require the prior approval of the Board of Management, which is also regularly briefed on the severity and amount of the current risk exposure.

Group Treasury regards effective management of the market risk as one of its main tasks. The main risks relate to foreign currencies and interest rates.

**Currency risks.** Deutsche Telekom is exposed to currency risks from its investing, financing, and operating activities. Risks from foreign currencies are hedged to the extent that they influence the Group's cash flows. Foreign-currency risks that do not influence the Group's cash flows (i.e., the risks resulting from the translation of assets and liabilities of foreign operations into the Group's reporting currency) are generally not hedged, however. Deutsche Telekom may nevertheless also hedge this foreign-currency risk under certain circumstances.

Foreign-currency risks in the area of investment result, for example, from the acquisition and disposal of investments in foreign companies. Deutsche Telekom hedges these risks. If the risk position exceeds EUR 100 million, the Board of Management must make a special decision on how the risk shall be hedged. If the risk position is below EUR 100 million, Group Treasury performs the currency hedging itself. At the reporting date, Deutsche Telekom was not exposed to any significant risks from foreign-currency transactions in the field of investments.

Foreign-currency risks in the financing area are caused by financial liabilities in foreign currency and loans in foreign currency that are issued to Group entities for financing purposes. Group Treasury hedges these risks. Cross-currency swaps and currency derivatives are used to convert financial obligations and intragroup loans denominated in foreign currencies into the Group entities' functional currencies.

At the reporting date, the foreign-currency liabilities for which currency risks were hedged mainly consisted of bonds in U.S. dollars and pounds sterling. On account of these hedging activities, Deutsche Telekom was not exposed to any significant currency risks in the area of financing at the reporting date.

The Group entities predominantly execute their operating activities in their respective functional currencies. Payments made in a currency other than the respective functional currency result in foreign-currency risks in the Group. These mainly relate to payments for telecommunications services (procurement of network technology and mobile communications equipment as well as payments to international telecommunications companies and for the provision of connection services) and IT services (procurement of IT hardware, software, and services). Deutsche Telekom generally uses currency derivatives for hedging purposes. On account of these hedging activities, Deutsche Telekom was not exposed to any significant exchange rate risks from its operating activities at the reporting date.

For the presentation of market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity. In addition to currency risks, Deutsche Telekom is exposed to interest rate risks and price risks in its investments. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the reporting date. It is assumed that the balance at the reporting date is representative for the year as a whole.

Currency risks as defined by IFRS 7 arise on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which Deutsche Telekom has contracted financial instruments.

The currency sensitivity analyses are based on the following assumptions: Major non-derivative monetary financial instruments (liquid assets, receivables, interest-bearing securities and/or debt instruments held, interest-bearing liabilities, lease liabilities, non-interest-bearing liabilities) are either directly denominated in the functional currency or are transferred to the functional currency through the use of derivatives. Exchange rate fluctuations therefore have no effects on profit or loss, or shareholders' equity.

Equity instruments held are of a non-monetary nature and therefore are not exposed to a currency risk as defined by IFRS 7.

Interest income and interest expense from financial instruments are also either recorded directly in the functional currency or transferred to the functional currency using derivatives. For this reason, there can be no effects on the variables considered in this connection.

In the case of fair value hedges designated to hedge currency risks, the changes in the fair values of the hedged item and the hedging instrument attributable to changes in exchange rates balance out almost completely in the income statement in the same period. As a consequence, these financial instruments are not exposed to currency risks with an effect on profit or loss, or shareholders' equity, either.

Cross-currency swaps are always assigned to non-derivative hedged items, so these instruments do not have any currency effects, either.

Deutsche Telekom is therefore only exposed to currency risks from specific currency derivatives. Some of these are currency derivatives that are part of an effective cash flow hedge for hedging payment variability resulting from changes in exchange rates in accordance with IFRS 9. Volatility of exchange rates of the currencies on which these transactions are based affects the hedging reserves in shareholders' equity and the fair value of these hedging instruments. Others are currency derivatives that are neither part of one of the hedges defined in IFRS 9 nor part of a natural hedge. These derivatives are used to hedge planned transactions. Changes in exchange rates of the currencies on which such financial instruments are based affect other financial income or expense (net gain/loss from remeasurement of financial assets and liabilities to fair value).

If the euro had gained (lost) 10 % against all currencies at December 31, 2021, the hedging reserves in shareholders' equity and the fair values of the hedging instruments before taxes would have been EUR 13 million higher (lower) (December 31, 2020: EUR 23 million higher (lower)). The hypothetical effect of EUR 13 million on profit or loss primarily results from the currency sensitivities EUR/USD: EUR 16 million, EUR/GBP: EUR -7 million, and EUR/CHF: EUR 4 million. If the euro had gained (lost) 10 % against all currencies at December 31, 2021, other financial income and the fair value of the hedging instruments before taxes would have been EUR 31 million lower (higher) (December 31, 2020: EUR 137 million higher (lower)). The hypothetical effect of EUR -31 million on profit or loss primarily results from the currency sensitivities EUR/USD: EUR -72 million, EUR/GBP: EUR 34 million, and EUR/HUF: EUR 5 million.

**Interest rate risks.** Deutsche Telekom is exposed to interest rate risks, mainly in the euro zone and in the United States. The interest rate risks are managed as part of the interest rate management activities. For the debt position in euros a maximum variable percentage is set on an annual basis. The debt position of T-Mobile US in U.S. dollars is primarily determined through partially cancelable, fixed-income debt instruments. The composition of the liabilities portfolio (ratio of fixed to variable) is managed by issuing non-derivative financial instruments and, where necessary, also deploying derivative financial instruments.

Including derivative hedging instruments, an average of 46 % (2020: 44 %) of the debt position denominated in euros had a variable rate of interest in 2021. There were no significant fluctuations in the course of the reporting year. In U.S. dollars, – compared to 2020 – the average variable share decreased from 8 % to 0 %, mainly due to the issuing of new fixed-interest bonds by T-Mobile US.

Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components, and, if appropriate, shareholders' equity. The interest rate sensitivity analyses are based on the following assumptions: Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7.

In the case of fair value hedges designated for hedging interest rate risks, the changes in the fair values of the hedged item and the hedging instrument attributable to changes in interest rates balance out almost completely in the income statement in the same period. This means that interest-rate-based changes in the measurement of the hedged item and the hedging instrument largely do not affect income and are therefore not subject to interest rate risk.

In the case of interest rate derivatives in fair value hedges, however, changes in market interest rates affect the amount of interest payments. As a consequence, they have an effect on interest income and are therefore included in the calculation of income-related sensitivities.

Changes in the market interest rate regarding financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment variability resulting from changes in interest rates affect the hedging reserve in shareholders' equity and are therefore taken into consideration in the equity-related sensitivity calculations.

Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of income-related sensitivities.

In addition, changes in the market interest rate had an impact on the carrying amount of trade receivables recognized at fair value and originated loans and other receivables. However, this variability is not managed.

Changes in the market interest rate regarding interest rate derivatives (interest rate swaps, cross-currency swaps) that are not part of a hedging relationship as set out in IFRS 9 affect other financial income or expense and are therefore taken into consideration in the income-related sensitivity calculations. Currency derivatives are not exposed to interest rate risks and therefore do not affect the interest rate sensitivities.

If the market interest rates had been 100 basis points higher at December 31, 2021, profit or loss before taxes would have been EUR 272 million (December 31, 2020: EUR 199 million) lower. If the market interest rates had been 100 basis points lower at December 31, 2021, profit or loss before taxes would have been EUR 263 million (December 31, 2020: EUR 198 million) higher. The hypothetical effect of EUR 263 million/EUR -272 million on profit or loss primarily results from potential effects of EUR 262 million/EUR -262 million from interest rate derivatives. In addition, potential effects of EUR -22 million/EUR 23 million result from the stock options received from SoftBank, of EUR 4 million/EUR -4 million from the forward transaction to hedge the price of acquiring T-Mobile US shares in the future, and of EUR 12 million/EUR -23 million from the energy forward agreements entered into by T-Mobile US. Potential effects from interest rate derivatives are partially balanced out by the contrasting performance of non-derivative financial instruments, which cannot, however, be shown as a result of applicable accounting standards. The effects from the options embedded in the bonds issued by T-Mobile US are not included in this simulation. The resulting sensitivities are set out in the above table "Sensitivities of the carrying amounts of the financial assets and financial liabilities assigned to Level 3 depending on unobservable inputs." However, the effects from the other financial instruments assigned to Level 3 described above are included. If the market interest rates had been 100 basis points higher (lower) at December 31, 2021, the hedging and revaluation reserves in equity before taxes would have been EUR 129 million higher (EUR 129 million lower) (December 31, 2020: EUR 271 million higher (EUR 271 million lower)).

**Other price risks.** As part of the presentation of market risks, IFRS 7 also requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Important risk variables are stock exchange prices or indexes.

If the share price of T-Mobile US had been 10 % higher (lower) at December 31, 2021, the fair value of unconditional forward transactions and options held for the purchase of shares in T-Mobile US would have been EUR 350 million higher (EUR 335 million lower) (December 31, 2020: EUR 384 higher (EUR 359 million lower)). In addition, aside from the value-creating factors in the financial instruments assigned to Level 3 described above, there were no other price risks at the reporting date.

Deutsche Telekom is exposed to a credit risk from its operating activities and certain financing activities. As a rule, transactions with regard to financing activities are only concluded with counterparties that have at least a credit rating of BBB+/Baa1, in connection with an operational credit management system. At the level of operations, the outstanding debts are continuously monitored in each area, i.e., locally. Credit risks are taken into account through individual allowances and allowances calculated at portfolio level. The solvency of the business with corporate customers, especially international carriers, is monitored separately. In terms of the overall risk exposure from the credit risk, however, the receivables from these counterparties are not so extensive as to justify extraordinary concentrations of risk.



**Maximum credit risk of financial assets**

millions of €			
Classes of financial instruments (IFRS 7)	Measurement category (IFRS 9)	2021 <sup>a</sup>	2020
Originated loans and other receivables	AC	5,249	4,733
	FVOCI	0	0
	FVTPL	233	203
Cash and cash equivalents	AC	7,624	13,012
Trade receivables	AC	6,062	6,128
	FVOCI	9,633	7,516
	FVTPL	1	0
Contract assets (IFRS 15)	n.a.	2,054	1,966
Lease receivables	n.a.	228	248

<sup>a</sup> Including the assets of T-Mobile Netherlands included under assets directly associated with non-current assets and disposal groups held for sale as of December 31, 2021.

**Development of allowances<sup>a</sup>**

millions of €													
	General approach									Simplified approach			
	12-month expected credit losses			Lifetime expected credit losses						Trade receivables	Contract assets	Lease assets	
	Stage 1 – No change in credit risk since initial recognition			Stage 2 – Significant increase in credit risk since initial recognition, not credit-impaired			Stage 3 – Credit-impaired at the reporting date (not purchased or originated credit-impaired)						
	Cash and cash equivalents	Originated loans and other receivables		Cash and cash equivalents	Originated loans and other receivables		Cash and cash equivalents	Originated loans and other receivables					
AC	AC	FVOCI	AC	AC	FVOCI	AC	AC	FVOCI	AC	FVOCI	n.a.	n.a.	
<b>January 1, 2021</b>	0	(4)	0	0	0	0	0	(10)	0	(1,313)	(280)	(38)	0
Reclassification due to a change in business model										(1)			
Additions										(5)	(596)	(351)	(34)
Use											384	305	34
Reversal		1									213		6
Other											92		2
Foreign currency effect											(4)	(31)	(8)
<b>December 31, 2021</b>	0	(3)	0	0	0	0	0	(15)	0	(1,225)	(357)	(38)	0

<sup>a</sup> Including the allowances of T-Mobile Netherlands included under assets directly associated with non-current assets and disposal groups held for sale as of December 31, 2021.

There were no material transfers in the general approach.

**Credit rating of financial assets measured at amortized cost or at fair value through other comprehensive income**

millions of €

	Dec. 31, 2021 <sup>a</sup>				Dec. 31, 2020			
	Contractual obligations fulfilled to date	Disruptions in performance already occurred	Non-performing	Total	Contractual obligations fulfilled to date	Disruptions in performance already occurred	Non-performing	Total
<b>General approach (short term)</b>								
12-month expected credit losses (stage 1)	11,291			11,291	15,909			15,909
Lifetime expected credit losses								
Significant increase in credit risk, but not credit-impaired (stage 2)		83		83		158		158
Credit-impaired at the reporting date, but not purchased or originated credit-impaired (stage 3)			52	52			42	42
	11,291	83	52	11,426	15,909	158	42	16,109
<b>General approach (long term)</b>								
12-month expected credit losses (stage 1)	1,449			1,449	1,650			1,650
Lifetime expected credit losses								
Significant increase in credit risk, but not credit-impaired (stage 2)		2		2		1		1
Credit-impaired at the reporting date, but not purchased or originated credit-impaired (stage 3)			1	1			0	0
	1,449	2	1	1,452	1,650	1	0	1,651
<b>Simplified approach</b>								
Trade receivables	15,161	696	1,060	16,917	13,379	489	1,080	14,948
Contract assets	2,056	29	8	2,093	1,994	8	8	2,010
Lease receivables	228			228	239	0	8	247
	17,445	725	1,068	19,238	15,612	497	1,096	17,205
<b>Financial assets that are purchased or originated credit-impaired</b>								
Receivables				0	11			11
	30,185	810	1,121	32,116	33,182	656	1,138	34,976

<sup>a</sup> Including the assets of T-Mobile Netherlands included under assets directly associated with non-current assets and disposal groups held for sale as of December 31, 2021.

**Offsetting of financial instruments**

millions of €

	Dec. 31, 2021				Dec. 31, 2020			
	Trade receivables	Trade payables	Derivative financial assets	Derivative financial liabilities	Trade receivables	Trade payables	Derivative financial assets	Derivative financial liabilities
Gross amounts subject to enforceable master netting arrangements or similar agreements	181	158	1,844	696	465	441	2,254	727
Amounts set off in the statement of financial position in accordance with IAS 32.42	(100)	(100)			(119)	(119)		
<b>Net amounts presented in the statement of financial position</b>	<b>81</b>	<b>58</b>	<b>1,844</b>	<b>696</b>	<b>346</b>	<b>322</b>	<b>2,254</b>	<b>727</b>
<b>Amounts subject to enforceable master netting arrangements or similar agreements and not meeting all offsetting requirements in accordance with IAS 32.42</b>								
Of which: amounts related to recognized financial instruments	(23)	(23)	(1,831)	(664)	(28)	(28)	(2,210)	(727)
Of which: amounts related to financial collateral (including cash collateral)	(23)	(23)	(241)	(241)	(28)	(28)	(693)	(693)
			(1,590)	(423)			(1,517)	(34)
<b>Net amounts</b>	<b>58</b>	<b>35</b>	<b>13</b>	<b>32</b>	<b>318</b>	<b>294</b>	<b>44</b>	<b>0</b>

Offsetting is applied in particular to receivables and liabilities at Deutsche Telekom AG and Telekom Deutschland GmbH for the routing of international calls via the fixed network and for roaming fees in the mobile network.

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, the counterparty provided Deutsche Telekom with cash pursuant to the collateral contracts mentioned in Note 1 "Cash and cash equivalents." The credit risk was thus further reduced.

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 to counterparties pursuant to collateral agreements. The net amounts are normally recalculated every bank working day and offset against each other. The cash collateral paid is offset by corresponding negative net derivative positions of EUR 423 million at the reporting date, which is why it was not exposed to any credit risks in this amount at the reporting date.

For further information, please refer to Note 11 "[Other financial assets](#)."

The collateral paid is reported under originated loans and other receivables within other financial assets. On account of its close connection to the corresponding derivatives, the collateral paid constitutes a separate class of financial assets. Likewise, the collateral received, which is reported as other interest-bearing liabilities under financial liabilities, constitutes a separate class of financial liabilities on account of its close connection to the corresponding derivatives. There were no other significant agreements reducing the maximum exposure to the credit risk of financial assets. The maximum exposure to the credit risk of the other financial assets thus corresponds to their carrying amounts.

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

No collateral is provided for the options received from third parties for the purchase or sale of shares in subsidiaries and associates.

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

For further information, please refer to Note 13 "[Financial liabilities and lease liabilities](#)."

**Liquidity risk.** For further information, please refer to Note 13 "[Financial liabilities and lease liabilities](#)."

#### Hedge accounting

**Fair value hedges.** To hedge the fair value risk of fixed-interest liabilities, Deutsche Telekom primarily uses interest rate swaps and forward interest rate swaps (pay variable, receive fixed) denominated in EUR, GBP, and USD. Fixed-income bonds denominated in EUR, GBP, and USD were designated as hedged items. The changes in the fair values of the hedged items resulting from changes in the EURIBOR, GBP LIBOR, or USD LIBOR swap rate are offset against the changes in the value of these interest rate swaps. In addition, cross-currency swaps mainly in the EUR/USD and EUR/GBP currency pairs, are designated as fair value hedges, which convert fixed-income foreign currency bonds into variable-interest EUR bonds to hedge the interest rate and currency risk. The changes in the fair value of the hedged items resulting from changes in the USD LIBOR and GBP LIBOR swap rate as well as the USD and GBP exchange rate, are offset against the changes in the value of the cross-currency swaps. The aim of the fair value hedges is thus to transform the fixed-income bonds into variable-interest debt, thus hedging the fair value (interest rate risk and currency risk) of these financial liabilities. Credit risks are not part of the hedging.

**Cash flow hedges – interest rate risks.** Deutsche Telekom mainly uses payer interest rate swaps and forward-payer interest rate swaps (pay fixed, receive variable) to hedge the cash flow risk of existing and future debt. The interest payments to be made in the hedging period are the hedged items and are recognized in profit or loss in the same period. Hedged items may be individual liabilities, portfolios of liabilities, or combinations of liabilities and derivatives (aggregate risk exposure). The changes in the cash flows of the hedged items resulting from changes in the USD LIBOR rate and the EURIBOR rate are offset against the changes in the cash flows of the interest rate swaps. The aim of this hedging is to transform the variable-interest bonds into fixed-income debt, thus hedging the cash flows of the financial liabilities. Credit risks are not part of the hedging.

**Cash flow hedges – currency risks.** Deutsche Telekom entered into currency derivative and cross-currency swaps (pay fixed, receive variable) to hedge cash flows not denominated in a functional currency. The payments in foreign currency to be made in the hedging period are the hedged items and are recognized in profit or loss in the same period. The terms of the hedging relationships will end in the years 2022 through 2033. In the case of rolling cash flow hedges for hedging currency risks, short-term currency forwards are entered into, which are then extended by means of follow-up transactions.

At each reporting date, the effectiveness of the fair value and cash flow hedges is reviewed prospectively based on the main contractual features and determined retrospectively in the form of a statistical regression analysis; for rolling foreign currency hedges the effectiveness is reviewed using the dollar offset test. All hedging relationships were sufficiently effective as of the reporting date.

**Hedging of a net investment.** The hedges of the net investment in T-Mobile US against fluctuations in the U.S. dollar spot rate de-designated in prior periods did not generate any effects in 2021. The amounts recognized in total other comprehensive income would be reclassified in the event of the disposal of T-Mobile US.

**Conditions of derivative financial instruments in hedging relationships**

	2022					Average margin received
	Nominal amount	Average hedge rate	Average swap rate received	Average swap rate paid	Average margin paid	
millions of €						
<b>Fair value hedges</b>						
<b>Interest rate risk</b>						
EURIBOR	1,000		0.4715 %	6M EURIBOR	0.3100 %	
USD LIBOR						
GBP LIBOR						
<b>Cross-currency risk</b>						
USD/EUR						
GBP/EUR						
Other						
<b>Cash flow hedges</b>						
<b>Currency risk</b>						
<b>Buy</b>						
USD/EUR	288	1.1740				
GBP/EUR	836	0.9029	6.5000 %	6.5717 %		
Other	3					
<b>Sell</b>						
USD/EUR	222	1.1983				
CHF/EUR	9	1.0578				
<b>Interest rate risk</b>						
EURIBOR	1,400		6M EURIBOR	-0.2574 %		0.3214 %
USD LIBOR	1,104		3M USD LIBOR	5.3750 %		2.8012 %

millions of €						
2023–2026						
	Nominal amount	Average hedge rate	Average swap rate received	Average swap rate paid	Average margin paid	Average margin received
<b>Fair value hedges</b>						
<b>Interest rate risk</b>						
EURIBOR	7,525		0.8730 %	6M EURIBOR	0.4082 %	
USD LIBOR	662		2.4860 %	3M USD LIBOR	1.1020 %	
GBP LIBOR						
<b>Cross-currency risk</b>						
USD/EUR						
GBP/EUR	692	0.8680	1.8750 %	3M EURIBOR	0.5536 %	
Other	79					
<b>Cash flow hedges</b>						
<b>Currency risk</b>						
<b>Buy</b>						
USD/EUR	199	1.1859				
GBP/EUR						
Other						
<b>Sell</b>						
USD/EUR	376	1.2355				
CHF/EUR	27	1.0578				
<b>Interest rate risk</b>						
EURIBOR	5,778		6M EURIBOR	-0.1293 %		0.3844 %
USD LIBOR	1,324		3M USD LIBOR	4.7500 %		2.0707 %

millions of €						
2027 and thereafter						
	Nominal amount	Average hedge rate	Average swap rate received	Average swap rate paid	Average margin paid	Average margin received
<b>Fair value hedges</b>						
<b>Interest rate risk</b>						
EURIBOR	6,300		1.6231 %	6M EURIBOR	0.9189 %	
USD LIBOR	4,736		4.1460 %	3M USD LIBOR	1.6014 %	
GBP LIBOR						
<b>Cross-currency risk</b>						
USD/EUR						
GBP/EUR	1,557	1.1221	8.7500 %	3M EURIBOR	5.8751 %	
Other	925	0.8646	2.8420 %	6M EURIBOR	0.9015 %	
Other	818					
<b>Cash flow hedges</b>						
<b>Currency risk</b>						
<b>Buy</b>						
USD/EUR	1,758	1.3508	8.7832 %	7.7842 %		
GBP/EUR	441	0.9071	7.9337 %	7.5761 %		
Other						
<b>Sell</b>						
USD/EUR	55	1.2357				
CHF/EUR						
<b>Interest rate risk</b>						
EURIBOR						
USD LIBOR						

**Nominal and carrying amounts of derivative financial instruments in hedging relationships**

millions of €

	2021					2020					Disclosure of the hedging instruments in the statement of financial position
	Nominal amount of the hedging instruments		Carrying amount of the hedging instruments		Change in value of the hedging instruments in the reporting period for determining ineffectiveness	Nominal amount of the hedging instruments		Carrying amount of the hedging instruments		Change in value of the hedging instruments in the reporting period for determining ineffectiveness	
	in foreign currencies	in euros	Financial assets	Financial liabilities		in foreign currencies	in euros	Financial assets	Financial liabilities		
<b>Fair value hedges</b>											Other financial assets/financial liabilities
<b>Interest rate risk</b>		20,224	972	(3)	(957)		21,680	1,902	0	1,058	
Of which: EUR		14,825					15,463				
Of which: USD	6,115	5,399				6,671	5,438				
Of which: GBP	0	0				700	779				
<b>Cross-currency risk</b>		4,071	223	(8)	(114)		3,191	123	(52)	173	Other financial assets/financial liabilities
Of which: USD	1,747	1,557				1,747	1,557				
Of which: GBP	1,400	1,617				700	796				
Of which: other		897					839				
<b>Cash flow hedges</b>											Other financial assets/financial liabilities
<b>Currency risk</b>		4,214	321	(1)	257		4,326	12	(73)	(183)	
<b>Buy</b>											
USD/EUR	2,872	2,245				2,880	2,255				
GBP/EUR	1,155	1,277				1,163	1,282				
Other		3					19				
<b>Sell</b>											
USD/EUR	746	654				895	732				
Other		36					38				
<b>Interest rate risk</b>		9,606	43	(105)	67		10,845	9	(261)	(1,307)	Other financial assets/financial liabilities
USD LIBOR	2,750	2,428				3,750	3,057				
EURIBOR		7,178					7,788				

In this and the following tables on hedging relationships, losses are shown as negative amounts unless explicitly stated otherwise.

**Disclosures on hedged items in hedging relationships**

millions of €

		Carrying amount of the hedged items (including cumulative fair value hedge adjustments)	Cumulative adjustments to the carrying amount of the designated fair value hedges	Change in the fair value of the hedged items for determining ineffectiveness in the reporting period	Remaining balance of cumulative adjustments to the carrying amount of the designated fair value hedges	Balance of amounts recognized in other comprehensive income relating to hedged risk (existing hedging relationships) <sup>a</sup>	Balance of amounts recognized in other comprehensive income relating to hedged risk (terminated hedging relationships) <sup>a</sup>	Presentation of the hedged items in the statement of financial position
<b>Fair value hedges</b>								
Interest rate risk	2021	20,923	799	970	277	n.a.	n.a.	Financial liabilities
	2020	23,417	1,741	(1,044)	258	n.a.	n.a.	
Cross-currency risk	2021	4,304	59	129	0	n.a.	n.a.	n.a.
	2020	3,219	188	(164)	0	n.a.	n.a.	
<b>Cash flow hedges</b>								
Currency risk	2021	n.a.	n.a.	(255)	n.a.	129	8	n.a.
	2020	n.a.	n.a.	179	n.a.	132	8	
Interest rate risk	2021	n.a.	n.a.	(42)	n.a.	(43)	(1,847)	n.a.
	2020	n.a.	n.a.	1,267	n.a.	(198)	(2,008)	
<b>Hedges of net investment</b>								
Currency risk	2021	n.a.	n.a.	0	n.a.	794	n.a.	n.a.
	2020	n.a.	n.a.	0	n.a.	794	n.a.	

<sup>a</sup> Figures include non-controlling interests.

**Gains/losses from hedge accounting**

millions of €

		Hedge ineffectiveness of existing hedging relationships recognized in profit or loss	Changes in fair value recognized directly in other comprehensive income	Amounts reclassified to profit or loss from other comprehensive income due to occurrence of the hedged items (designated hedging relationships) <sup>a</sup>	Amounts reclassified to profit or loss from other comprehensive income due to occurrence of the hedged items (dedesignated hedging relationships) <sup>a</sup>	Total change in other comprehensive income	Presentation of the reclassified effective amounts in profit or loss	Presentation of the ineffectiveness in profit or loss
<b>Fair value hedges</b>								
Interest rate risk	2021	13	n.a.	n.a.	n.a.	n.a.	n.a.	Other financial income (expense)
	2020	14	n.a.	n.a.	n.a.	n.a.	n.a.	
Cross-currency risk	2021	15	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	2020	9	n.a.	n.a.	n.a.	n.a.	n.a.	
<b>Cash flow hedges</b>								
Currency risk	2021	2	255	(258)	0	(4)	Net revenue/ goods and services purchased/ other financial income (expense)	Other financial income (expense)
	2020	(4)	(179)	229	0	50		
Interest rate risk	2021	25	42	68	207	316	Interest expense	n.a.
	2020	(40)	(1,267)	38	163	(1,066)		

<sup>a</sup> Negative amounts represent gains in the income statement.

The recorded ineffectiveness in the income statement mainly results from the different discount rates of the hedged items (fixed-income) and designated hedging instruments (fixed-income and variable-interest). Furthermore, cross-currency interest rate hedges are impacted by effects from cross currency basis spreads, which are included in the hedging instruments, but not in the hedged items. For some hedges, the characteristics of hedging instruments and hedged items differ, resulting in ineffectiveness. In the case of interest rate hedges on highly probable future borrowings, ineffectiveness could arise if time shifts occur. The relative amounts of the ineffectiveness are not expected to increase significantly in the future. Furthermore, there are no other potential sources of ineffectiveness.

**Reconciliation of total other comprehensive income from hedging relationships<sup>a</sup>**

millions of €

	Designated risk components (effective portion)			Total designated risk components	Hedging costs <sup>b</sup>	Total other comprehensive income
	Cash flow hedges		Hedges of net investment			
	Currency risk	Interest rate risk	Currency risk			
<b>Balance at January 1, 2021</b>	141	(2,206)	794	(1,271)	24	(1,247)
Changes recognized directly in equity	254	42	0	296	60	356
Reclassification to profit or loss due to occurrence of the hedged item	(258)	275	0	17	2	19
<b>Balance at December 31, 2021</b>	<b>137</b>	<b>(1,889)</b>	<b>794</b>	<b>(958)</b>	<b>86</b>	<b>(872)</b>

<sup>a</sup> Figures include non-controlling interests.

<sup>b</sup> The hedging costs relate entirely to cross-currency basis spreads.

**Derivatives.** The following table shows the fair values of the various derivatives. A distinction is made depending on whether these are part of an effective hedging relationship as set out in IFRS 9 (fair value hedge, cash flow hedge, net investment hedge) or not. Other derivatives can also be embedded, i.e., a component of a composite instrument that contains a non-derivative host contract.

millions of €

	Net carrying amounts Dec. 31, 2021	Net carrying amounts Dec. 31, 2020
<b>Assets</b>		
Interest rate swaps		
Without a hedging relationship	8	22
In connection with fair value hedges	972	1,902
In connection with cash flow hedges	43	9
Currency forwards/currency swaps		
Without a hedging relationship	44	15
In connection with cash flow hedges	17	8
Cross-currency swaps		
Without a hedging relationship	227	169
In connection with fair value hedges	223	123
In connection with cash flow hedges	305	3
Other derivatives in connection with cash flow hedges	0	0
Other derivatives without a hedging relationship	246	819
Embedded derivatives	677	966
<b>Liabilities</b>		
Interest rate swaps		
Without a hedging relationship	64	31
In connection with fair value hedges	3	0
In connection with cash flow hedges	105	261
Currency forwards/currency swaps		
Without a hedging relationship	15	41
In connection with cash flow hedges	1	28
In connection with net investment hedges	0	0
Cross-currency swaps		
Without a hedging relationship	45	264
In connection with fair value hedges	8	52
In connection with cash flow hedges	0	46
Other derivatives in connection with cash flow hedges	0	0
Other derivatives without a hedging relationship	454	13
Embedded derivatives	7	129



### Transfer of financial assets

#### Factoring transactions with substantially all risks and rewards being transferred

Deutsche Telekom is party to two factoring agreements under which it sells – on a revolving basis – trade receivables from consumers and business customers relating to both charges already due and charges from sales of handsets payable over a period of up to two years.

In one transaction, receivables are sold directly to a structured entity. This structured entity holds the receivables and allocates the risks and rewards resulting from these to Deutsche Telekom and a bank on the basis of contractual arrangements. It is financed through the issue of commercial paper to third parties outside the Group or, alternatively, through a credit facility provided by a bank. Deutsche Telekom does not consolidate the structured entity because it does not control the relevant activities.

The receivables being sold are selected from a portfolio in compliance with the eligibility criteria set out in the receivables purchase agreement and an obligatory minimum volume, based on the decision of the structured entity. Deutsche Telekom is obligated to buy back aged receivables and receivables for which a write-down is imminent at nominal value. This would not affect the allocation of the credit risk-related losses, as these would be passed back to the buyer in line with the agreed risk allocation. The cash flows resulting from the buy-backs normally occur in the month following the buy-back. The structured entity does not have any business activities other than the purchase or sale of trade receivables or other investments. Deutsche Telekom is not exposed to risks other than the credit risks and late-payment risks resulting from the sold receivables stipulated in the agreement.

The risks relevant for the risk assessment with respect to the sold receivables are based on the credit risk and the late-payment risk. Deutsche Telekom bears certain portions of the credit risk. The other credit risk-related losses are borne by the buyer. The late-payment risk continues to be borne in full by Deutsche Telekom. All receivables sold were derecognized in full, since substantially all risks and rewards were transferred. At the derecognition date, the fair value of the expected losses is expensed as financial liabilities.

Deutsche Telekom continues to perform servicing for the receivables sold, with the structured entity having the right to transfer the servicing to third parties for no specific reason. Please refer to the table below for the disclosures on the continuing involvement resulting from the receivables sold.

In another transaction, receivables are sold directly to a bank, with Deutsche Telekom having the right to decide on a case-by-case basis whether and to what extent the revolving nominal volume will be used. Sales exceeding this amount must be agreed on a case-by-case basis. The risks relevant for the risk assessment with respect to the receivables sold are the credit risk and the late-payment risk, which are transferred to the buyer of the receivables in full in return for payment of a fixed purchase price discount. Losses relating to certain receivables are reimbursed up to a maximum amount under a credit insurance policy, which reduces the credit risk. The receivables sold until the reporting date were derecognized in full. At the derecognition date, the fixed purchase price discount is expensed. Deutsche Telekom continues to perform receivables credit management against payment for the receivables sold. For the disclosures on the receivables sold, please refer to the table below.

For three factoring agreements terminated as planned in the first quarter of the financial year, expenses of EUR 1.5 million have been recognized on a cumulative basis since commencement of the agreements.

#### Factoring transactions involving the splitting of significant risks and rewards as well as the transfer of control

There is also a revolving factoring transaction in place under which a bank is required to purchase trade receivables from charges from sales of handsets payable over a period of up to two years. Deutsche Telekom has the right to decide on a case-by-case basis whether the revolving nominal volume will be used and to what extent. The risks relevant for the risk assessment with respect to the receivables sold are the credit risk and the late-payment risk. Deutsche Telekom bears credit risk-related losses from the various tranches up to a certain amount in each case; the other credit risk-related losses are borne by the bank. The late-payment risk is borne in full by Deutsche Telekom. Due to the allocation of the material risks between Deutsche Telekom and the bank, substantially all the risks and rewards of ownership of the receivables were neither transferred nor retained. Control of the receivables sold was transferred to the bank because it has the practical ability to resell the receivables. The bank has the right to sell all overdue receivables back to Deutsche Telekom. The purchase price corresponds to the nominal amount and is payable in the month following the buy-back. This does not affect the allocation of the credit risk-related losses, as the losses would be passed back to the bank in line with the agreed risk allocation. All receivables sold have been derecognized. At the derecognition date, the fair value of the expected losses is expensed as financial liabilities. Please refer to the table below for the disclosures on the continuing involvement resulting from the receivables sold.

### Factoring transactions involving the splitting of significant risks and rewards with control remaining at Deutsche Telekom

In addition, there are several factoring agreements in place under which Deutsche Telekom sells – on a revolving basis – trade receivables from consumers and business customers relating to both charges already due and charges from sales of handsets payable over a period of up to two years.

In two transactions, subsidiaries of Deutsche Telekom sell receivables to structured entities that are also subsidiaries of Deutsche Telekom and were established for the sole purpose of these factoring agreements. The required funding is provided to these structured entities in the context of Deutsche Telekom's general Group financing. These structured entities have no assets and liabilities other than those resulting from the purchase and sale of the receivables under factoring agreements. The structured entities transfer the legal role of creditor for the receivables in each case to a bank that performs this role on behalf of the respective investors who have beneficial ownership of the receivables (administrative agent). These investors are nine banks and six other structured entities altogether. Deutsche Telekom does not consolidate these six other structured entities because it has no control over their relevant activities. The six other structured entities are financed through the issue of commercial paper to third parties outside the Group or, alternatively, through a credit facility provided in each case by a bank.

In a further transaction, receivables are sold directly to a structured entity. This structured entity holds the receivables and allocates the risks and rewards resulting from these to Deutsche Telekom and a bank on the basis of contractual arrangements. It is financed through the issue of commercial paper to third parties outside the Group or, alternatively, through a credit facility provided by a bank. Deutsche Telekom does not consolidate the structured entity because it does not control the relevant activities.

The receivables being sold are selected from the relevant portfolios, either in an automated process in compliance with the eligibility criteria set out in the receivables purchase agreement or based on the decision of the relevant structured entity taking an obligatory minimum volume into account. Receivables are sold largely on a daily basis and are billed on a monthly basis. The purchase price up to a specific amount will be paid out immediately upon sale; remaining portions of the purchase price will only be paid to the extent that the volume of receivables sold in the relevant portfolio decreases further accordingly or the characteristics of the receivables change. In all transactions, Deutsche Telekom is obligated to buy back aged receivables and receivables for which a write-off is imminent at nominal value. Such buy-backs would not affect the allocation of the credit risk-related losses in any way, as the latter would be passed back to the buyers in line with the agreed risk allocation. The cash flows resulting from the buy-backs normally occur in the month following the buy-back. None of the structured entities has business activities other than the purchase or sale of trade receivables or other investments. In none of the transactions is Deutsche Telekom exposed to risks other than the credit risk and late-payment risk resulting from the sold receivables agreed in the respective agreement.

In other transactions, receivables are sold directly to buyers outside the Group without the involvement of structured entities. If more receivables are purchased in individual portfolios, the purchase price payment is deferred until the maximum program volume decreases further accordingly. In all those transactions, Deutsche Telekom has the right to decide whether receivables are sold and in which volume. In individual portfolios, receivables for which a write-off is imminent are sold back to Deutsche Telekom. Here the purchase price corresponds to the actual proceeds from collection or disposal and is payable after Deutsche Telekom receives these proceeds from collection or disposal. These buy-backs would affect neither the allocation of the credit risk-related losses nor Deutsche Telekom's liquidity situation. In one portfolio, the existing credit insurance reimburses losses relating to certain receivables to a specific maximum amount and thus reduces the exposure to loss.

The risks relevant for the risk assessment with respect to the sold receivables are based on the credit risk and the late-payment risk. Deutsche Telekom bears certain portions of the credit risk in the individual transactions. The other credit risk-related losses are borne by the respective buyers. The late-payment risk in all transactions continues to be borne in full by Deutsche Telekom. Substantially all the risks and rewards of ownership of the receivables were neither transferred nor retained (allocation of the material risks and rewards between Deutsche Telekom and the buyers). Deutsche Telekom continues to perform servicing for the receivables sold. Under the factoring agreements in which structured entities are engaged, buyers have the unilateral right to transfer the servicing to third parties for no specific reason. Although Deutsche Telekom is not authorized to use the receivables sold other than in its capacity as servicer, it retains control over the receivables sold because the buyers and the structured entities do not have the practical ability to resell the purchased receivables. At the time the receivables are sold, the fair value of the expected losses is expensed. Expected future payments are presented as a component of the associated liability. In transactions with structured entities, certain portions of the purchase price are initially held back and, depending on the amount of the actual defaults, are only paid to Deutsche Telekom at a later date. To the extent that such portions of the purchase price are expected to be received in the future, they are recognized at fair value. Deutsche Telekom continues to recognize the trade receivables sold to the extent of its continuing involvement, i.e., in the maximum amount with which it is still liable for the credit risk and late-payment risk inherent in the receivables sold, and recognizes a corresponding associated liability presented in liabilities to banks. The receivables and the associated liability are then derecognized in the extent to which Deutsche Telekom's continuing involvement is reduced (particularly when payment is made by the customer). The carrying amount of the receivables is subsequently reduced by the extent to which the actual losses to be borne by Deutsche Telekom resulting from the credit risk and the late-payment risk exceed the losses initially expected. This amount is recognized as an expense. Please refer to the table below for the disclosures on the continuing involvement resulting from the receivables sold.

**Transfer of financial assets**

millions of €

	2021					Total
	Transfer of substantially all risks and rewards		Allocation of substantially all risks and rewards			
	Partial transfer of the credit risk and full retention of the late-payment risk	Full transfer of the credit and late-payment risk	Transfer of control	Retention of control		
				Partial or full transfer of the credit risk and full retention of the late-payment risk		
With the involvement of structured entities	Without the involvement of structured entities	Partial transfer of the credit risk and full retention of the late-payment risk	With the involvement of structured entities	Without the involvement of structured entities		
End of contract terms	2023	2022	2022	2022-2025	2022	
Contractual maximum volume	95	85	90	8,829	324	9,423
Purchase prices to be paid immediately	95	85	80	2,041	324	2,625
Volume of receivables sold as of the reporting date	101	75	79	2,799	250	3,304
Scope of volume of receivables sold in the reporting year	11-49	26-75	18-32	1,533-2,046	112-296	
Provision for receivables management	0	0	0	0	0	0
<b>Continuing involvement</b>						
Maximum credit risk (before credit insurance)	6	0	15	593	0	614
Credit insurance	0	29	0	0	21	50
Maximum late-payment risk	0	0	0	6	0	6
Carrying amount of the continuing involvement (asset side)	0	0	0	507	0	507
Carrying amount of the associated liability	0	0	0	599	0	599
Fair value of the associated liability	0	0	0	91	0	91
<b>Buy-back agreements</b>						
Nominal value of receivables that can be bought back at the nominal amount	0	0	79	2,743	0	2,822
Nominal value of receivables that can be bought back at the collected amount	101	0	0	56	0	157
<b>Purchase price discounts recognized in profit or loss, program fees, and pro rata loss allocations</b>						
Current reporting year	1	0	1	91	1	94
Cumulative since commencement of the agreement	7	3	7	1,262	4	1,283

millions of €

	2020				Total
	Transfer of substantially all risks and rewards	Allocation of substantially all risks and rewards			
		Transfer of control	Retention of control		
			Partial transfer of the credit risk and retention of most of the late-payment risk	With the involvement of structured entities	
Full transfer of the credit and late-payment risk	2021	2021–2024	2022		
End of contract terms	2021–2022	2021	2021–2024	2022	
Contractual maximum volume	180	90	4,637	324	5,231
Purchase prices to be paid immediately	180	80	1,984	324	2,568
Volume of receivables sold as of the reporting date	94	61	2,677	297	3,129
Scope of volume of receivables sold in the reporting year	36–116	22–57	1,703–2,147	185–306	
Provision for receivables management	0	0	0	0	0
<b>Continuing involvement</b>					
Maximum credit risk (before credit insurance)	0	14	819	0	833
Credit insurance	27	0	0	23	50
Maximum late-payment risk	0	0	6	1	7
Carrying amount of the continuing involvement (asset side)	0	0	816	1	817
Carrying amount of the associated liability	0	0	825	1	826
Fair value of the associated liability	0	0	9	0	9
<b>Buy-back agreements</b>					
Nominal value of receivables that can be bought back at the nominal amount	0	61	2,562	0	2,623
Nominal value of receivables that can be bought back at the collected amount	0	0	116	0	116
<b>Purchase price discounts recognized in profit or loss, program fees, and pro rata loss allocations</b>					
Current reporting year	0	1	114	1	116
Cumulative since commencement of the agreement	4	6	1,178	3	1,191

#### 41 Capital management

The overriding aim of Deutsche Telekom's capital management is to strike a balance between the contrasting expectations of the following stakeholders, so that sufficient funding is available for an attractive dividend, debt repayment, responsible staff restructuring, and new investment in a sustainable and positive customer experience:

- **Shareholders** expect an appropriate, reliable return on their capital employed.
- **Providers of debt capital** expect an appropriate return and that Deutsche Telekom is able to repay its debts.
- **Employees** expect jobs that are secure, prospects for the future, and that any necessary staff restructuring will be done in a responsible manner.
- **"Entrepreneurs within the enterprise"** expect sufficient investment funding to be able to shape Deutsche Telekom's future business and develop products, innovations, and services for the customer.
- **Society** expects Deutsche Telekom to do everything within its power to protect the environment, encourage fair and democratic co-existence, and shape the digital transformation in a responsible manner.

An important key performance indicator for the capital market communication with investors, analysts, and rating agencies is relative debt, i.e., net debt to adjusted EBITDA. This ratio stood at 3.06x at December 31, 2021 (December 31, 2020: 2.78x). Deutsche Telekom is expected to exceed the target range for relative debt of 2.25x to 2.75x on account of the business combination of T-Mobile US and Sprint until the end of 2024. Adjusted EBITDA and net debt are non-GAAP figures not governed by International Financial Reporting Standards, and their definition and calculation may vary from one company to another. A further essential key performance indicator is the equity ratio, i.e., the ratio of shareholders' equity to total assets as shown in the consolidated statement of financial position. The equity ratio was 28.9 % as of December 31, 2021 (December 31, 2020: 27.4 %). The target range remains unchanged between 25 and 35 %. In addition, Deutsche Telekom maintains a liquidity reserve covering all maturities of the next 24 months.

For further information, please refer to the sections "Management of the Group" and "Development of business in the Group," in the combined management report.

millions of €	Dec. 31, 2021 <sup>a</sup>	Dec. 31, 2020	Change	Change %
Bonds and other securitized liabilities	93,857	87,702	6,155	7.0
Liabilities to banks	4,003	5,257	(1,254)	(23.9)
Other financial liabilities	13,730	14,149	(419)	(3.0)
Lease liabilities	33,767	32,715	1,052	3.2
<b>Financial liabilities and lease liabilities</b>	<b>145,357</b>	<b>139,823</b>	<b>5,534</b>	<b>4.0</b>
Accrued interest	(1,012)	(1,035)	23	2.2
Other	(855)	(703)	(152)	(21.6)
<b>Gross debt</b>	<b>143,490</b>	<b>138,085</b>	<b>5,405</b>	<b>3.9</b>
Cash and cash equivalents	7,617	12,939	(5,322)	(41.1)
Derivative financial assets	2,762	4,038	(1,276)	(31.6)
Other financial assets	969	881	88	10.0
<b>Net debt</b>	<b>132,142</b>	<b>120,227</b>	<b>11,915</b>	<b>9.9</b>

<sup>a</sup> 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.

## 42 Related-party disclosures

### Federal Republic of Germany and other related parties

The Federal Republic of Germany is both a direct and an indirect shareholder (via KfW Bankengruppe) and holds 30.5 % (December 31, 2020: 31.9 %) of the share capital of Deutsche Telekom AG. In previous years, this resulted in the Federal Republic of Germany representing a solid majority at the shareholders' meetings of Deutsche Telekom AG due to its level of attendance, giving it control over Deutsche Telekom. Thanks to higher levels of attendance, the Federal Republic has not had a majority of the voting rights at the shareholders' meetings of Deutsche Telekom AG since 2016. As such, it is no longer deemed to have control over Deutsche Telekom, but rather only a significant influence. Therefore, the Federal Republic and the companies controlled and jointly controlled by the Federal Republic, but not the companies over which the Federal Republic can exercise a significant influence are classified as related parties of Deutsche Telekom. In the course of business, Deutsche Telekom deals directly with these companies, and with authorities and other government agencies as an independent party. Deutsche Telekom participates in the spectrum auctions of the Bundesnetzagentur. The acquisition of mobile spectrum through licenses may result in build-out requirements.

The Federal Posts and Telecommunications Agency (Bundesanstalt für Post und Telekommunikation; Federal Agency) has been assigned certain tasks by law that affect cross-company issues at Deutsche Telekom AG, Deutsche Post AG, and Deutsche Bank AG (as legal successor of Deutsche Postbank AG). The Federal Agency's responsibilities include the continuation of the Civil Service Health Insurance Fund (Postbeamtenkrankenkasse), the Recreation Service (Erholungswerk), the Deutsche Bundespost Institution for Supplementary Retirement Pensions for Salaried Employees and Wage Earners (Versorgungsanstalt der Deutschen Bundespost), and the Welfare Service (Betreuungswerk) for Deutsche Telekom AG, Deutsche Post AG, and Deutsche Bank AG (as legal successor of Deutsche Postbank AG). The coordination and administrative tasks are performed on the basis of agency agreements. Up to and including the 2012 reporting year, Deutsche Telekom AG maintained a joint pension fund, Bundes-Pensions-Service für Post und Telekommunikation e.V., Bonn (Federal Pension Service for Post and Telecommunications – BPS-PT), together with Deutsche Post AG and Deutsche Bank AG (as legal successor of Deutsche Postbank AG) for civil-servant pension plans. The German Act on the Reorganization of the Civil Service Pension Fund (Gesetz zur Neuordnung der Postbeamtenversorgungskasse – PVKNeuG) transferred the functions of BPS-PT relating to civil-servant pensions (organized within the Civil Service Pension Fund) to the existing Federal Agency effective January 1, 2013. The civil-servant pension functions are therefore performed by the Civil Service Pension Fund as an integral part of the Federal Agency. This joint Civil Service Pension Fund works for the funds of all three companies and also handles the financial administration of the pension plan for the Federal Republic on a trust basis. For the 2021 financial year, Deutsche Telekom made payments in the amount of EUR 129 million (2020: EUR 121 million, 2019: EUR 146 million). Furthermore, payments are made to the Civil Service Pension Fund in accordance with the provisions of the Act on the Reorganization of the Civil Service Pension Fund.

For further information, please refer to Note 15 "Provisions for pensions and other employee benefits."

The Federal Republic and the companies controlled and jointly controlled by the Federal Republic are customers or suppliers of Deutsche Telekom and as such have mutual contractual relationships with Deutsche Telekom.

There are no material revenue, receivables, or liabilities from or to **joint ventures** and **associates**.

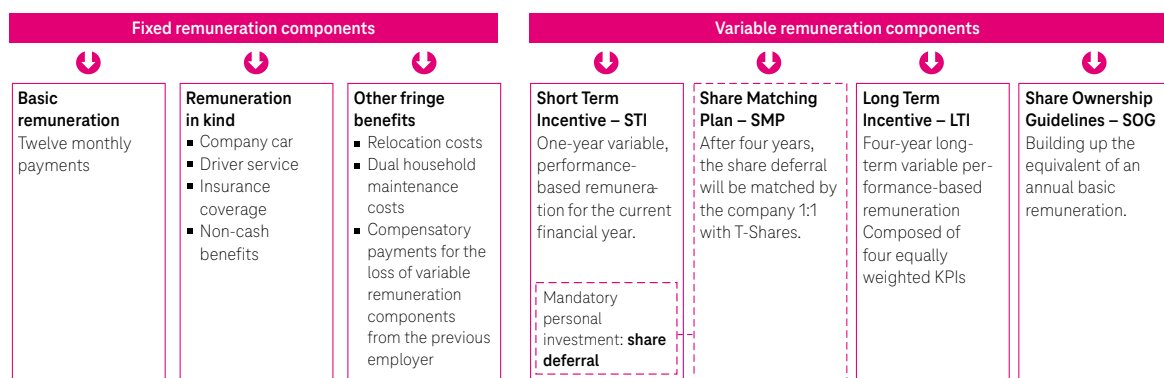
### Related individuals

At the Supervisory Board meeting on February 25, 2021, the Supervisory Board adopted a new Board of Management remuneration system which takes into account the updates to the German Corporate Governance Code as amended on December 16, 2019 and the amendments to the German Stock Corporation Act (ARUG II, the Act Implementing the Second Shareholder Rights Directive). This remuneration system was submitted to a vote at the shareholders' meeting of Deutsche Telekom AG on April 1, 2021 and was approved. The detailed presentation of the system for Board of Management and Supervisory Board remuneration, disclosures on the remuneration of each individual Board of Management and Supervisory Board member, and other individual disclosures, form part of the remuneration report published separately by the Board of Management and Supervisory Board in accordance with § 162 of the German Stock Corporation Act (Aktiengesetz – AktG).

Detailed information on the remuneration of the Board of Management and the Supervisory Board is published in the separate [remuneration report](#).

The following graphic provides a simplified, schematic representation of fixed and variable remuneration components:

### Remuneration of the Board of Management



In the reporting year, expenses for short-term benefits payable to members of the Board of Management and the Supervisory Board amounted to EUR 23.1 million (2020: EUR 20.5 million). These include, as Board of Management remuneration, the basic remuneration, the fringe benefits, and the Short-Term Incentive (STI) as well as Supervisory Board remuneration in the form of fixed remuneration, committee remuneration, and meeting attendance fees. Expenses of EUR 5.2 million (2020: EUR 7.3 million) for tranches of Variable II from the previous remuneration system were recorded as long-term benefits. Service cost of EUR 0.5 million (2020: EUR 2.3 million) was recorded for Board of Management pensions. In addition, expenses for share-based remuneration for Board of Management members were incurred in the amount of EUR 5.2 million (2020: EUR 2.0 million), which related to participation in the Share Matching Plan and to first-time participation in the Long-Term Incentive Plan (LTI). No termination benefits were expensed in 2021 or 2020.

For further information, please refer to Note 44 “Share-based payment.”

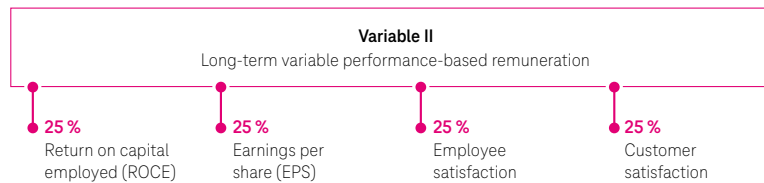
### Components of the Short-Term Incentive

GROUP FINANCIAL TARGETS	+	SEGMENT FINANCIAL TARGETS	+	ESG TARGETS	×	PERFORMANCE FACTOR
% of the target amount		% of the target amount		% of the target amount		Strategic personal target
Service revenue	30 %	Service revenue	33 %	CO <sub>2</sub> emissions	50 %	+
EBITDA AL (unadjusted)	30 %	EBITDA AL (unadjusted)	33 %	Energy consumption	50 %	Value adherence
Free cash flow	40 %	Indirect costs AL (adjusted)	33 %			
0 %–150 %		0 %–150 %		0 %–150 %		0.8–1.2

For details on the financial and non-financial performance indicators relevant for the Short-Term Incentive, please refer to the section “Management of the Group” in the combined management report.

The expenses recorded as long-term benefits relate to participation in the annually issued four-year tranches of Variable II, which was granted for the last time for the 2020 financial year and has been replaced since the 2021 financial year by the share-based LTI. The following graphic shows the target parameters allocated to Variable II, for each of which target achievement can vary between 0 and 150 %.

**Components of Variable II**



The LTI, granted for the first time in 2021, is based on the share price and is set out in detail together with the Share Matching Plan (SMP) as part of the disclosures on share-based payment.

Details on the components of the Long Term Incentive Plan can be found in Note 44 [“Share-based payment.”](#)

As of December 31, 2021, Deutsche Telekom recognized provisions for Board of Management and Supervisory Board remuneration from short-term benefits of EUR 13.4 million (2020: EUR 11.6 million) and from other long-term benefits of EUR 14.8 million (2020: EUR 14.3 million). Furthermore, the present value of the defined benefit obligation (DBO) from the Board of Management pension amounts to EUR 27.3 million (2020: EUR 28.0 million).

The remuneration of the Board of Management and the Supervisory Board totaled EUR 33.9 million in the reporting year (2020: EUR 32.2 million).

Since the introduction of the new Board of Management remuneration system in 2021, new members of the Board of Management are no longer entitled to receive a Board of Management pension. Current members of the Board of Management with a contribution-based pension commitment did not receive any contributions for 2021. The pension credit accrued up to December 31, 2020 is fixed and non-forfeitable. Upon retirement, these Board of Management members shall receive their pension credit in the form of a lump sum. A special arrangement applies for the pension commitment of Timotheus Höttges, which is structured as defined benefits and upon his retirement will be paid out in the form of life-long pension payments with a pension for surviving dependents in the form of entitlements for widows and orphans. The pension commitment may be in the form of a life-long retirement pension upon reaching the age of 62 or in the form of an early retirement pension upon reaching the age of 60. Opting for the early retirement pension scheme is connected with actuarial deductions. The maximum pension level of 50 % of annual basic remuneration was reached in 2018. Since then, an annual dynamic increase of 2.4 % has been applied to the reference variable. The reference variable for both the pension level and the dynamic increase is the basic remuneration applicable as of December 31, 2018. The pension payments to be made upon retirement increase dynamically, at a rate of 1 % per year. In the event of a permanent incapacity for work (invalidity), the beneficiary is also entitled to the pension credit accrued.

Employees elected to the Supervisory Board of Deutsche Telekom AG continue to be entitled to a regular salary as part of their employment contract. The amount of the remuneration is the adequate compensation for their job or activity within the Company. Besides this, no major transactions took place with related individuals.

The members of the Board of Management and Supervisory Board of Deutsche Telekom AG are members of supervisory boards or management boards of other companies or are shareholders of other companies with which Deutsche Telekom AG maintains relations in the ordinary course of business.

All related-party transactions are performed on an arm’s length basis.

**43 Remuneration of the Board of Management and the Supervisory Board**

The disclosure of the total remuneration of current and former members of the Board of Management and the Supervisory Board of Deutsche Telekom AG is made in accordance with the provisions of § 314 (1) No. 6 of the German Commercial Code (Handelsgesetzbuch – HGB).

**Board of Management remuneration for the 2021 financial year**

Total remuneration of the members of the Board of Management for the 2021 financial year amounted to EUR 36.8 million (2020: EUR 24.1 million). This includes a total of 235,696 entitlements to matching shares with a fair value of EUR 3.0 million on the grant date (2020: EUR 2.5 million). Since 2021, the members of the Board of Management participate in a share price-based Long-Term Incentive Plan (LTI), under which entitlements were granted to a pool of 517,260 phantom shares with a fair value of EUR 8.8 million.

**Former members of the Board of Management**

A total of EUR 10.6 million (2020: EUR 8.5 million) was included for payments to and entitlements for former members of the Board of Management as well as any surviving dependents. Provisions (measured in accordance with IAS 19) totaling EUR 210.2 million (2020: EUR 223.9 million) were recognized for current pensions and vested rights to pensions for this group of persons and their surviving dependents.

### Supervisory Board remuneration for the 2021 financial year

Total remuneration of the members of the Supervisory Board for 2021 amounted to EUR 2.8 million (plus VAT) (2020: EUR 3.0 million (plus VAT)) and is comprised of fixed annual remuneration plus meeting attendance fees.

### Other

The Company has not granted any advances or loans to current or former Board of Management members or to current or former Supervisory Board members, nor were any other financial obligations to the benefit of this group of people entered into.

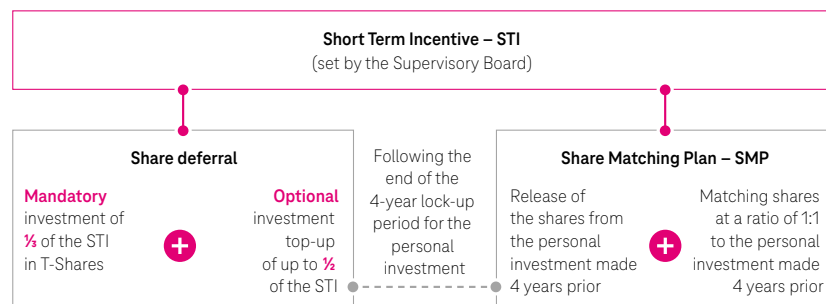
Detailed information on the remuneration of the Board of Management and the Supervisory Board is published in the separate [remuneration report](#).

## 44 Share-based payment

### Share Matching Plan

Since the 2021 financial year, members of the Board of Management have a contractual obligation to invest one third of the Short-Term Incentive (STI) set by the Supervisory Board in shares of Deutsche Telekom AG. There is an option to voluntarily increase the investment volume to up to 50 % of the STI. Deutsche Telekom AG will transfer one additional share for every share acquired as part of this Board of Management member's aforementioned personal investment (Share Matching Plan – SMP) on expiration of the four-year lock-up period starting from the date of purchase. The functioning of STI and SMP is set out in the following chart.

### Functioning of the Share Matching Plan and the Short-Term Incentive for Board of Management members



Since the 2011 financial year, specific executives have been contractually obligated to invest a minimum of 10 % of their short-term variable remuneration component, which is based on the achievement of targets set for each person for the financial year (Short-Term Incentive), in Deutsche Telekom AG shares. In the 2019 financial year, the upper limit for personal investment was raised from 33.3 % to 50 % of the short-term variable remuneration component paid. Deutsche Telekom AG will award one additional share for every share acquired as part of this executive's aforementioned personal investment (Share Matching Plan). These shares will be allotted to the beneficiaries of this plan on expiration of the four-year lock-up period.

Since the 2015 financial year, further executives who are not contractually obligated to participate in the Share Matching Plan have been given the opportunity to participate on a voluntary basis. This offer is only made when the Group's free cash flow target for the preceding year has been achieved. The conditions of participation in the voluntary Share Matching Plan were updated in the 2019 financial year. Since then, participation has been open to all executives in certain management groups. To participate, the executives invest at least 10 % and – since the 2019 financial year – a maximum of 50 % of the target amount (100 %) of the short-term remuneration component (Short-Term Incentive) in shares of Deutsche Telekom AG. Deutsche Telekom AG will award additional shares for every share acquired as part of this executive's aforementioned personal investment (Share Matching Plan). The number of additional shares granted will depend on the management group to which the executive is assigned. The additional shares will be allotted to the beneficiaries of this plan on expiration of the four-year lock-up period.

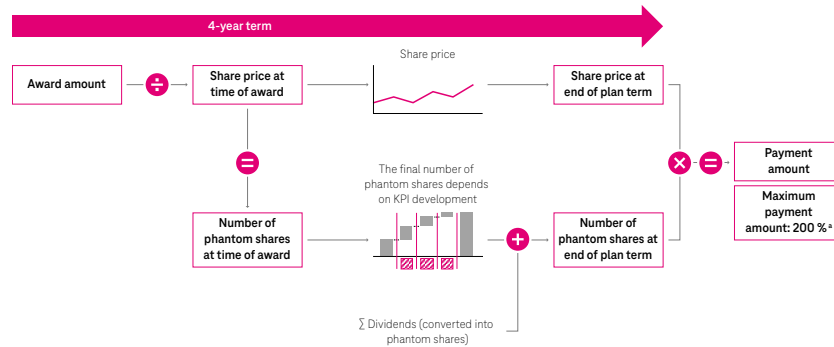
The individual Share Matching Plans are each recognized for the first time at fair value on the grant date. To determine the fair value, the expected dividend entitlements are deducted from Deutsche Telekom AG's share price, as there are no dividend entitlements until the matching shares have been allocated. In the 2021 financial year, a total of 0.9 million (2020: 1.0 million) matching shares were allocated to beneficiaries of the plan at a weighted average fair value of EUR 13.20 (2020: EUR 12.22). The cost is to be recognized against the capital reserves pro rata temporis until the end of the service period and amounted to EUR 10.1 million in total for all tranches as of December 31, 2021 (December 31, 2020: EUR 9.0 million). In the reporting year, reserves were reduced by transfers of shares to plan participants in a total value of EUR 5.8 million (2020: EUR 7.0 million). The capital reserves recognized for the Share Matching Plan as of December 31, 2021 amounted to EUR 23.4 million (December 31, 2020: EUR 19.1 million).



### Long-Term Incentive Plan

Since the introduction of the new Board of Management remuneration system in 2021, Board of Management members also participate in the Group's existing Long-Term Incentive Plan (LTI). The amount of the annual participation is contractually defined individually for each Board of Management member. The functioning of the LTI is summarized below:

#### Functioning of the Long-Term Incentive Plan for Board of Management members



<sup>a</sup> For members of the Board of Management, the maximum payment amount is set at 200 %.

Executives from the Deutsche Telekom AG Group also participate in the LTI provided they meet certain eligibility requirements or have an individual contractual commitment. At the inception of the plan, the participating executives receive a package of phantom shares with a value between 10 and 43 % of the participant's annual target salary depending on the extent to which defined criteria are fulfilled. The number of phantom shares is contingent on the participant's annual target salary, management group assignment, and, since the 2019 financial year, on the achievement of the collective targets (financial and strategic targets) of the organizational unit to which the executive is assigned.

Over the term of the four-year plan, the value of the phantom shares changes in line with Deutsche Telekom AG's share price development. The number of phantom shares will change in line with the achievement of the targets for four equally weighted key performance indicators (return on capital employed, adjusted earnings per share, employee satisfaction, and customer satisfaction), to be determined at the end of each year. In addition, a dividend is granted for the phantom shares over the term of the plan. This dividend is reinvested in phantom shares, increasing the number of phantom shares held by each plan participant. At the end of the four-year plan term, the final number of phantom shares will be converted on the basis of a share price calculated in a reference period at the end of the plan and paid out in cash together with the dividend for the last year of the plan, which is not converted into phantom shares.

The individual LTIs are each recognized for the first time at fair value on the grant date. The fair value of a plan is calculated by multiplying the number of phantom shares by Deutsche Telekom AG's share price discounted to the reporting date. For members of the Board of Management of Deutsche Telekom AG, the fair value is calculated on the grant date taking into account a discount for a maximum payout volume of 200 %. This maximum payout volume does generally not apply for other executives. In the 2021 financial year, a total of 4.93 million (2020: 3.91 million) phantom shares were granted at a weighted average fair value of EUR 14.92 (2020: EUR 14.76). A plan must be remeasured at every reporting date until the end of the service period and expensed pro rata temporis. The cost of the LTI plans amounted to EUR 85 million for all tranches in the reporting year (2020: EUR 77 million). In 2021, the provision was utilized in the amount of EUR 50 million (2020: EUR 47 million). Following a reclassification of EUR 1 million (2020: EUR 2 million) to liabilities directly associated with non-current assets and disposal groups held for sale, the provision amounted to EUR 186 million as of December 31, 2021 (December 31, 2020: EUR 152 million).

Detailed information on the remuneration of the Board of Management and the Supervisory Board is published in the separate [remuneration report](#).

### Shares2You share ownership program

Since the 2021 financial year, employees in Germany have been given the option to invest an amount of between EUR 50 and EUR 1,000 in shares in Deutsche Telekom AG. Each eligible employee receives one additional free share in Deutsche Telekom AG for every two shares acquired by way of this personal investment (Shares2You). Once the investment amount has been paid in, ownership of the shares, which carry dividend and voting rights, is transferred to the employee. However, a lock-up period of another four years applies, for example, with regard to sale. The program is not subject to any minimum service period or performance conditions.

The cost for the free shares must be recognized against the capital reserves at the inception of the plan. In 2021, plan participants were granted a total of 1.0 million free shares at a fair value of EUR 16.72. A corresponding expense of EUR 17.0 million was recognized as of December 31, 2021. A total of 3.1 million shares at a value of EUR 51.1 million were reclassified from treasury shares to the capital reserve as of December 31, 2021, from personal investment and for the free shares.

### Stock-based compensation at T-Mobile US

Under T-Mobile US' Omnibus Incentive Plan, the company may grant stock options, stock appreciation rights, restricted stock, restricted stock units (RSUs), and performance awards to employees, consultants, advisors and non-employee directors. As of December 31, 2021, there were around 20 million T-Mobile US shares of common stock (December 31, 2020: 25 million shares) available for future grants under the incentive plan.

T-Mobile US grants RSUs to eligible employees and certain non-employee directors, and performance-based restricted stock units (PRSUs) to eligible key executives of the company. RSUs entitle the grantee to receive shares of T-Mobile US' common stock at the end of a vesting period of up to three years. PRSUs entitle the holder to receive shares of T-Mobile US common stock at the end of a vesting period of up to three years if a specific performance goal is achieved. The number of shares ultimately received is dependent on the actual performance of T-Mobile US measured against a defined performance target.

The RSU and PRSU plans resulted in the following share-related development:

#### Time-based restricted stock units and restricted stock awards (RSUs)

	Number of shares	Weighted average grant-date fair value USD
<b>Non-vested as of January 1, 2021</b>	<b>10,101,222</b>	<b>84.61</b>
Granted	4,884,185	121.40
Vested	(5,273,134)	79.67
Forfeited	(818,985)	104.40
<b>Non-vested as of December 31, 2021</b>	<b>8,893,288</b>	<b>105.96</b>

#### Performance-based restricted stock units (PRSUs)

	Number of shares	Weighted average grant-date fair value USD
<b>Non-vested as of January 1, 2021</b>	<b>3,173,101</b>	<b>86.58</b>
Granted	433,116	125.34
Adjustments <sup>a</sup>	576,866	64.44
Vested	(2,236,918)	69.14
Forfeited	(56,608)	99.51
<b>Non-vested as of December 31, 2021</b>	<b>1,889,557</b>	<b>108.97</b>

<sup>a</sup> Relates to PRSUs granted before 2021, for which the vesting period had expired and which resulted in the issue of additional shares. These PRSUs are also included under PRSUs vested in 2021.

The program is measured at fair value on the grant date and recognized as expense, net of expected forfeitures, following a graded vesting schedule over the related service period. The fair value of stock awards for the RSUs is based on the closing price of T-Mobile US' common stock on the date of grant. The fair value of stock awards for the PRSUs was determined using the Monte Carlo model. Stock-based compensation expense was EUR 540 million as of December 31, 2021 (December 31, 2020: EUR 628 million).

The outstanding stock options mainly relate to the stock option plans of MetroPCS and Sprint, both of which were set up prior to the business combinations with T-Mobile US. No new awards may be granted under these plans.

The plans resulted in the following development of the T-Mobile US stock options:

	Number of shares	Weighted average exercise price USD	Weighted average remaining contractual term (years)
<b>Stock options outstanding at January 1, 2021</b>	<b>918,695</b>	<b>51.77</b>	<b>4.0</b>
Exercised	(218,495)	48.02	
Forfeited/canceled	(4,356)	40.74	
<b>Stock options outstanding at December 31, 2021</b>	<b>695,844</b>	<b>53.01</b>	<b>3.3</b>
Stock options exercisable at December 31, 2021	695,844	53.01	3.3

The exercise of stock options generated cash inflows of EUR 9 million (USD 10 million) in the 2021 financial year (2020: EUR 42 million (USD 48 million)).

**45 Declaration of Conformity with the German Corporate Governance Code in accordance with § 161 AktG**

In accordance with § 161 AktG, the Board of Management and the Supervisory Board of Deutsche Telekom AG have submitted the mandatory declaration of conformity and made it available to shareholders on Deutsche Telekom AG’s website. The full text of the Declaration of Conformity is available on the Deutsche Telekom website.

[Declaration of Conformity](#)

**46 Events after the reporting period**

**Extension of agreement between T-Mobile US and Crown Castle.** In January 2022, T-Mobile US and Crown Castle International agreed a modification to existing contracts, mainly concerning the lease of Crown Castle International’s cell sites. This agreement modifies the monthly lease payments for existing cell sites, provides for an extension of the non-cancelable lease term until December 31, 2033 (with additional extension options), and is to give T-Mobile US greater flexibility for building out the network as well as integrating and merging the existing mobile networks. The modification of the agreement is expected to result, in 2022, in an increase of the carrying amounts of the right-of-use assets and the lease liabilities before deferred taxes of USD 7.3 billion (EUR 6.4 billion) in each case and in an increase in other financial liabilities before deferred taxes of USD 0.9 billion (EUR 0.8 billion) for components of the agreement that due to their financing nature do not fall within the scope of IFRS 16. This represents a preliminary estimate of the impact and may be revised as upon finalization of the accounting.

**FCC spectrum auction in the United States.** In January 2022, in the United States, the Federal Communications Commission (FCC) announced the results of the 3,450 MHz auction for mobile licenses. T-Mobile US was awarded 199 mobile licenses in mid-band spectrum between 3,450 and 3,550 MHz for a purchase price of USD 2.9 billion (EUR 2.6 billion). T-Mobile US deposited cash collateral of USD 0.1 billion (EUR 0.1 billion) with the FCC in September 2021 for participation in the auction. T-Mobile US paid the remaining purchase price of USD 2.8 billion (EUR 2.5 billion) to the FCC in the first quarter of 2022.

**47 Auditor’s fees and services in accordance with § 314 HGB**

PricewaterhouseCoopers Gesellschaft mit beschränkter Haftung, Wirtschaftsprüfungsgesellschaft (PwC) Frankfurt/Main, member of the German Chamber of Public Accountants in Berlin, has audited the consolidated financial statements of Deutsche Telekom AG since the Company’s listing in 1996. Following a change within PwC in 2015, Thomas Tandetzki has been the responsible auditor at PwC.

The following table provides a breakdown of the auditor’s professional fees recognized as expenses in the 2021 financial year:

millions of €	2021
Auditing services	14
Other assurance services	1
Tax advisory services	0
Other non-audit services	0
	<b>15</b>

Professional fees for auditing services include in particular fees for the statutory auditing of annual and consolidated financial statements and the subsidiaries included in the consolidated financial statements, fees for the review of the interim financial statements, and fees for other auditing services.

The fees recognized under other assurance services relate primarily to the auditing of information systems and processes, as well as the issuing of comfort letters.

Bonn, February 15, 2022

Deutsche Telekom AG  
The Board of Management

Timotheus Höttges

Adel Al-Saleh

Thorsten Langheim

Birgit Bohle

Dominique Leroy

Srini Gopalan

Claudia Nemat

Dr. Christian P. Illek

# Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report, which is combined with the management report of Deutsche Telekom AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Bonn, February 15, 2022

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