

DEUTSCHE TELEKOM INTERNATIONAL FINANCE B.V.
MAASTRICHT

INTERIM REPORT

for the half year ended June 30, 2023

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REPORT OF THE DIRECTORS

Directors' report

The Board of Management is pleased to present the semi-annual report and the semi-annual financial statements of Deutsche Telekom International Finance B.V. (the Company) as of June 30, 2023.

Review of financial position and result

The business activities of the Company for the six months that ended June 30, 2023 are adequately presented in the statement of financial position and the statement of comprehensive profit and loss. The course of business of the Company went in line with expectations of the management.

Business activities

On February 1, 2023 the Company prepaid parts of bonds by a tender offer with total aggregate nominal amounts of EUR 2,088,748,000 and GBP 238,787,000. Parts of loans granted to Deutsche Telekom AG (DTAG) for the same aggregate nominal amounts were repaid to the Company.

On March 13, 2023 the Company prepaid parts of two USD bonds by a tender offer with a total aggregate nominal amount of USD 631,813,000 and parts of two USD loans granted to Deutsche Telekom AG (DTAG) for the same aggregate nominal amount were repaid to the Company.

On March 17, 2023 the Company redeemed a bond with a nominal amount of EUR 200,000,000 and a loan granted to Deutsche Telekom AG (DTAG) with the same nominal amount was repaid to the Company.

On April 3, 2023 the Company redeemed a bond with a remaining outstanding nominal amount of EUR 1,114,936,000 and a loan granted to Deutsche Telekom AG (DTAG) with the same remaining nominal amount was repaid to the Company.

The Company made a semi-annual net loss of EUR 11,358,928.76 for the first half year of 2023 versus a semi-annual net loss of EUR 4,923,676.25 for the first half year of 2022.

Future business developments and financing

The management expects no new financing for the remainder of the year. Since derivatives are carried at fair value and the non-derivative instruments at amortized costs, the financial result under IFRS of the Company is expected to remain volatile. However, management expects net positive cash flow for the year ending December 31, 2023 as well as in each of the following years.

Events after the statement of financial position date

On July 19, 2023 the Company redeemed a bond early after having called the bond in June with a nominal amount of USD 750,000,000 and a loan granted to Deutsche Telekom AG (DTAG) with the same nominal amount was prepaid to the Company on the same date.

Management representation

Management declares that, to the best of their knowledge, the semi-annual financial statements give a true and fair view of the assets, liabilities, financial position and results of the Company. The semi-annual management report includes a fair review of the development and performance of the business and the position of the Company.

Maastricht,
September 1, 2023

The Managing Directors,

Markus Schäfer

Frans Roose

FINANCIAL STATEMENTS (UNAUDITED)

Statement of comprehensive profit and loss (unaudited)

thousands of €	Six months ended June 30,	
	2023	2022
Finance income (expense)		
Interest income	475,077	464,545
Interest expense	(488,471)	(476,727)
Impairment reversals on financial assets	3,724	1,408
Impairment on financial assets	(619)	(2,596)
Other financial income (expense)	(746)	6,837
Loss from financial activities	(11,035)	(6,533)
General and administrative expenses	(251)	(181)
Other operating income	12	21
Loss from operations	(239)	(160)
Loss before income taxes	(11,274)	(6,693)
Income taxes	(85)	1,769
Loss after income taxes	(11,359)	(4,924)
Other comprehensive income	-	-
Loss attributable to owners:	(11,359)	(4,924)
Total comprehensive loss attributable to the owners:	(11,359)	(4,924)

Statement of financial position (unaudited)

thousands of €	30-06-2023	31-12-2022
ASSETS		
Non-current assets	16,929,634	20,064,012
Financial assets	16,929,634	20,064,012
Current assets	1,964,015	3,266,754
Financial assets	1,952,567	3,239,496
Income tax receivable	8,337	8,337
Other assets	2	5
Cash and cash equivalents with aff. comp.	3,109	18,916
TOTAL ASSETS	18,893,649	23,330,766
SHAREHOLDER'S EQUITY AND LIABILITIES		
Shareholder's equity	217,200	249,518
Issued Capital	500	500
Retained earnings	228,059	202,919
Net profit (loss)	(11,359)	46,099
Non-current liabilities	16,733,436	19,852,667
Financial liabilities	16,733,436	19,852,667
Current liabilities	1,943,013	3,228,581
Financial liabilities	1,942,920	3,228,469
Income tax liability	39	-
Other liabilities	54	112
Liabilities	18,676,449	23,081,248
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	18,893,649	23,330,766

Statement of changes in equity (unaudited)

thousands of €	Issued share capital	Retained earnings	Result for the year	Total
Balance as at January 1, 2022	500	186,835	23,705	211,040
Movements				
Net result			46,099	46,099
Appropriation of result		23,705	(23,705)	-
Transactions with owners				
Dividends paid		(7,621)		(7,621)
Balance as at December 31, 2022	500	202,919	46,099	249,518

thousands of €	Issued share capital	Retained earnings	Result for the year	Total
Balance as at January 1, 2023	500	202,919	46,099	249,518
Movements				
Net result			(11,359)	(11,359)
Appropriation of result		46,099	(46,099)	-
Transactions with owners				
Dividends paid		(20,959)		(20,959)
Balance as at June 30, 2023	500	228,059	(11,359)	217,200

Statement of cash flows (unaudited)

thousands of €	Six months ended June 30,	
	2023	2022
Interest received	376,700	513,332
Interest paid	(375,299)	(507,119)
Interest received from derivatives	114,022	77,976
Interest paid from derivatives	(98,134)	(61,539)
Guarantee fees paid	(11,748)	(17,100)
Net income tax paid	(53)	(2,994)
Others	(336)	(221)
Net cash generated from operating activities	5,152	2,336
Proceeds from repayments of current loans	2,469,975	939,530
Proceeds from repayments of non-current loans	1,794,776	-
Net cash generated from investing activities	4,264,751	939,530
Repayment of current financial liabilities	(2,469,975)	(939,530)
Repayment of non-current financial liabilities	(1,794,776)	-
Dividend payments	(20,959)	(7,622)
Net cash used in financing activities	(4,285,710)	(947,152)
Net decrease in cash and cash equivalents	(15,807)	(5,286)
Cash and cash equivalents with aff. comp., at the beginning of the period	18,916	13,156
Cash and cash equivalents with aff. comp., at the end of the period	3,109	7,870

Notes to the financial statements

General information

Deutsche Telekom International Finance B.V. (hereafter “the Company”) is the financing company of Deutsche Telekom AG, Bonn, Germany (hereafter “DTAG”). Its principal activities consist of the issuance of debt instruments and the funding of Deutsche Telekom Group. The Company has its registered office at Stationsplein 8-K, Maastricht, the Netherlands, registered under number 33274743 with the Dutch trade register “Kamer van Koophandel” and is a 100% subsidiary of DTAG, which is also the ultimate parent of the Company. The Company’s financial statements are included in the consolidated financial statements of DTAG.

Basis of preparation

The single entity semi-annual accounts have been prepared under the historical cost convention, as modified by the revaluation of its derivatives. The single semi-annual accounts have been prepared in accordance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. It does not contain all the information that is required for the full year financial report and needs to be read in combination with the annual accounts 2022 of the Company, which have been prepared in accordance with IFRS. The principles applied in preparing the semi-annual accounts of the Company are similar to those applied by drawing up the annual accounts 2022 of the Company.

Changes in accounting policies

There have been no changes in the accounting policies applied in the first half year of 2023, compared to those applied in the 2022 financial year.

Judgements and estimates

The Company exercises judgement in measuring and recognizing provisions. Judgement is necessary in assessing the likelihood that a liability will arise and to quantify the possible range of the final settlement. These estimates are subject to change as new information becomes available.

Regarding assumptions made for the calculation of fair values we refer to the section financial instruments under accounting policies on pages 16 and 17 of the annual report for the year ended December 31, 2022.

Income taxes

Income tax expense is recognized based on management's best estimate of the effective income tax rate for the complete fiscal year. The corporate income tax calculation has been performed according to the cost-plus method for the relevant periods disclosed in this report. The estimated effective tax rate used, based on the cost-plus method, for the year until June 30, 2023 is 22.2%.

Dividends

The Shareholder's meeting on March 29, 2023 resolved to pay a dividend of EUR 20,958,511.87 in 2023 relating to the fiscal year ending December 31, 2022. The Company did pay a dividend of EUR 7,621,765.75 in 2022 relating to the fiscal year ending December 31, 2021.

Post statement of financial position events

On July 19, 2023 the Company redeemed a bond early after having called the bond in June with a nominal amount of USD 750,000,000 and a loan granted to Deutsche Telekom AG (DTAG) with the same nominal amount was prepaid to the Company on the same date.

No other events occurred since June 30, 2023, which would make the present financial position substantially different from that shown in the statement of financial position as that date, or which would require adjustment to or disclosure in the semi-annual financial statements.