Interim consolidated financial statements

Consolidated statement of financial position

millions of €

	Sept. 30, 2021	Dec. 31, 2020	Change	Change %	Sept. 30, 2020
Assets					
Current assets	**34,586**	**37,293**	**(2,707)**	**(7.3)**	**32,725**
Cash and cash equivalents	6,337	12,939	(6,602)	(51.0)	10,642
Trade receivables	14,110	13,523	587	4.3	12,960
Contract assets	1,976	1,966	10	0.5	1,926
Current recoverable income taxes	270	349	(79)	(22.6)	213
Other financial assets	3,304	3,224	80	2.5	2,650
Inventories	2,138	2,695	(557)	(20.7)	2,342
Other assets	1,890	1,484	406	27.4	1,948
Non-current assets and disposal groups held for sale	4,559	1,113	3,446	n.a.	44
Non-current assets	**238,769**	**227,624**	**11,145**	**4.9**	**232,568**
Intangible assets	130,709	118,066	12,643	10.7	120,873
Property, plant and equipment	60,072	60,975	(903)	(1.5)	61,594
Right-of-use assets	30,807	30,302	505	1.7	31,756
Capitalized contract costs	2,335	2,192	143	6.5	2,133
Investments accounted for using the equity method	980	543	437	80.5	550
Other financial assets	5,053	6,416	(1,363)	(21.2)	6,643
Deferred tax assets	7,514	7,972	(458)	(5.7)	7,861
Other assets	1,298	1,159	139	12.0	1,159
Total assets	**273,355**	**264,917**	**8,438**	**3.2**	**265,292**
Liabilities and shareholders' equity					
Current liabilities	**35,035**	**37,135**	**(2,100)**	**(5.7)**	**35,109**
Financial liabilities	10,811	12,652	(1,841)	(14.6)	12,419
Lease liabilities	4,663	5,108	(445)	(8.7)	5,134
Trade and other payables	8,235	9,760	(1,525)	(15.6)	8,318
Income tax liabilities	916	690	226	32.8	558
Other provisions	3,494	3,638	(144)	(4.0)	3,490
Other liabilities	3,977	3,213	764	23.8	3,525
Contract liabilities	1,665	1,625	40	2.5	1,666
Liabilities directly associated with non-current assets and disposal groups held for sale	1,274	449	825	n.a.	0
Non-current liabilities	**159,460**	**155,232**	**4,228**	**2.7**	**158,149**
Financial liabilities	98,110	94,456	3,654	3.9	95,437
Lease liabilities	28,143	27,607	536	1.9	28,718
Provisions for pensions and other employee benefits	6,445	7,684	(1,239)	(16.1)	8,481
Other provisions	5,283	5,395	(112)	(2.1)	5,018
Deferred tax liabilities	18,908	17,260	1,648	9.5	17,706
Other liabilities	2,011	2,418	(407)	(16.8)	2,375
Contract liabilities	560	411	149	36.3	414
Liabilities	**194,495**	**192,367**	**2,128**	**1.1**	**193,259**
Shareholders' equity	**78,861**	**72,550**	**6,311**	**8.7**	**72,034**
Issued capital	12,765	12,189	576	4.7	12,189
Treasury shares	(45)	(46)	1	2.2	(46)
	12,720	**12,143**	**577**	**4.8**	**12,143**
Capital reserves	63,705	62,640	1,065	1.7	62,610
Retained earnings including carryforwards	(36,720)	(38,905)	2,185	5.6	(39,398)
Total other comprehensive income	(2,318)	(4,115)	1,797	43.7	(2,927)
Net profit (loss)	3,705	4,158	(453)	(10.9)	2,487
Issued capital and reserves attributable to owners of the parent	**41,092**	**35,922**	**5,170**	**14.4**	**34,916**
Non-controlling interests	37,769	36,628	1,141	3.1	37,118
Total liabilities and shareholders' equity	**273,355**	**264,917**	**8,438**	**3.2**	**265,292**

Consolidated income statement

millions of €

	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Net revenue	**26,877**	**26,393**	**1.8**	**79,860**	**73,377**	**8.8**	**100,999**
Of which: interest income calculated using the effective interest method	65	61	6.6	206	218	(5.5)	278
Other operating income	250	254	(1.6)	1,091	1,073	1.7	2,879
Changes in inventories	16	(1)	n.a.	12	29	(58.6)	(15)
Own capitalized costs	724	702	3.1	2,104	2,029	3.7	2,774
Goods and services purchased	(11,866)	(11,065)	(7.2)	(35,021)	(31,307)	(11.9)	(44,674)
Personnel costs	(4,340)	(4,618)	6.0	(13,698)	(14,233)	3.8	(18,853)
Other operating expenses	(1,195)	(1,050)	(13.8)	(3,050)	(3,386)	9.9	(4,476)
Impairment losses on financial assets	(132)	(197)	33.0	(401)	(671)	40.2	(862)
Gains (losses) from the write-off of financial assets measured at amortized cost	(31)	(52)	40.4	(84)	(137)	38.7	(188)
Other	(1,032)	(801)	(28.8)	(2,565)	(2,578)	0.5	(3,425)
EBITDA	**10,468**	**10,615**	**(1.4)**	**31,298**	**27,581**	**13.5**	**38,633**
Depreciation, amortization and impairment losses	(7,002)	(7,508)	6.7	(20,625)	(18,876)	(9.3)	(25,829)
Profit (loss) from operations (EBIT)	**3,466**	**3,107**	**11.6**	**10,672**	**8,704**	**22.6**	**12,804**
Finance costs	(1,159)	(1,100)	(5.4)	(3,462)	(3,100)	(11.7)	(4,224)
Interest income	108	105	2.9	323	298	8.4	414
Interest expense	(1,267)	(1,205)	(5.1)	(3,785)	(3,398)	(11.4)	(4,638)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	4	(1)	n.a.	(40)	(7)	n.a.	(12)
Other financial income (expense)	(337)	111	n.a.	(159)	(96)	(65.6)	109
Profit (loss) from financial activities	**(1,491)**	**(990)**	**(50.6)**	**(3,661)**	**(3,204)**	**(14.3)**	**(4,128)**
Profit (loss) before income taxes	**1,974**	**2,116**	**(6.7)**	**7,011**	**5,501**	**27.4**	**8,677**
Income taxes	(467)	(495)	5.7	(1,728)	(1,463)	(18.1)	(1,929)
Profit (loss)	**1,508**	**1,621**	**(7.0)**	**5,283**	**4,038**	**30.8**	**6,747**
Profit (loss) attributable to							
Owners of the parent (net profit (loss))	889	817	8.8	3,705	2,487	49.0	4,158
Non-controlling interests	618	804	(23.1)	1,578	1,550	1.8	2,589

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 reporting 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."

Earnings per share

		Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	FY 2020
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	889	817	8.8	3,705	2,487	49.0	4,158
Adjusted weighted average number of basic/diluted ordinary shares outstanding	millions	4,800	4,743	1.2	4,766	4,743	0.5	4,743
Earnings per share basic/diluted	€	**0.19**	**0.17**	**11.8**	**0.78**	**0.52**	**50.0**	**0.88**

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Consolidated statement of comprehensive income

millions of €

	Q3 2021	Q3 2020	Change	Q1-Q3 2021	Q1-Q3 2020	Change	FY 2020
Profit (loss)	**1,508**	**1,621**	**(113)**	**5,283**	**4,038**	**1,245**	**6,747**
Items not subsequently reclassified to profit or loss (not recycled)							
Gains (losses) from the remeasurement of equity instruments	46	(12)	58	133	47	86	62
Gains (losses) from the remeasurement of defined benefit plans	(522)	(515)	(7)	1,088	(1,870)	2,958	(1,358)
Revaluation due to business combinations	0	0	0	0	0	0	0
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0	0	0	0
Income taxes relating to components of other comprehensive income	11	142	(131)	(213)	154	(367)	142
	(466)	**(385)**	**(81)**	**1,008**	**(1,670)**	**2,678**	**(1,154)**
Items subsequently reclassified to profit or loss (recycled), if certain reasons are given							
Exchange differences on translating foreign operations							
Recognition of other comprehensive income in income statement	20	0	20	61	0	61	0
Change in other comprehensive income (not recognized in income statement)	1,641	(2,845)	4,486	3,689	(3,889)	7,578	(6,578)
Gains (losses) from the remeasurement of debt instruments							
Recognition of other comprehensive income in income statement	74	0	74	253	212	41	491
Change in other comprehensive income (not recognized in income statement)	(74)	51	(125)	(253)	(144)	(109)	(481)
Gains (losses) from hedging instruments (designated risk components)							
Recognition of other comprehensive income in income statement	12	151	(139)	26	292	(266)	431
Change in other comprehensive income (not recognized in income statement)	13	(173)	186	160	(1,255)	1,415	(1,446)
Gains (losses) from hedging instruments (hedging costs)							
Recognition of other comprehensive income in income statement	1	1	0	2	2	0	2
Change in other comprehensive income (not recognized in income statement)	35	7	28	55	(21)	76	(30)
Share of profit (loss) of investments accounted for using the equity method							
Recognition of other comprehensive income in income statement	0	0	0	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	0	1	(1)	0	1	(1)	1
Income taxes relating to components of other comprehensive income	(18)	(5)	(13)	(64)	252	(316)	283
	1,703	**(2,812)**	**4,515**	**3,929**	**(4,552)**	**8,481**	**(7,327)**
Other comprehensive income	**1,238**	**(3,197)**	**4,435**	**4,937**	**(6,222)**	**11,159**	**(8,481)**
Total comprehensive income	**2,745**	**(1,576)**	**4,321**	**10,220**	**(2,184)**	**12,404**	**(1,734)**
Total comprehensive income attributable to							
Owners of the parent	1,165	(908)	2,073	6,498	(1,460)	7,958	(496)
Non-controlling interests	1,580	(668)	2,248	3,722	(724)	4,446	(1,238)

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Consolidated statement of changes in equity

millions of €

	Issued capital and reserves attributable to owners of the parent						
	Equity contributed			Consolidated shareholders' equity generated			
	Issued capital	Treasury shares	Capital reserves	Retained earnings including carry-forwards	Net profit (loss)	Translation of foreign operations	Revaluation surplus
Balance at January 1, 2020	**12,189**	**(47)**	**55,029**	**(38,709)**	**3,867**	**(808)**	**(21)**
Transfer resulting from change in accounting standards							
Changes in the composition of the Group							
Transactions with owners			7,371			(350)	0
Unappropriated profit (loss) carried forward				3,867	(3,867)		
Dividends				(2,846)			
Capital increase at Deutsche Telekom AG							
Capital increase from share-based payment			210				
Share buy-back/shares held in a trust deposit		1		0			
Profit (loss)					2,487		
Other comprehensive income				(1,706)		(1,809)	
Total comprehensive income							
Transfer to retained earnings				(4)			5
Balance at September 30, 2020	**12,189**	**(46)**	**62,610**	**(39,398)**	**2,487**	**(2,967)**	**(16)**
Balance at January 1, 2021	**12,189**	**(46)**	**62,640**	**(38,905)**	**4,158**	**(4,092)**	**(14)**
Transfer resulting from change in accounting standards							
Changes in the composition of the Group							
Transactions with owners			(152)				
Unappropriated profit (loss) carried forward				4,158	(4,158)		
Dividends				(2,846)			
Capital increase at Deutsche Telekom AG	576		1,063			(83)	
Capital increase from share-based payment			154				
Share buy-back/shares held in a trust deposit		1					
Profit (loss)					3,705		
Other comprehensive income				821		1,720	
Total comprehensive income							
Transfer to retained earnings				52			5
Balance at September 30, 2021	**12,765**	**(45)**	**63,705**	**(36,720)**	**3,705**	**(2,454)**	**(9)**

Issued capital and reserves attributable to owners of the parent – Total other comprehensive income: Equity instruments measured at fair value through other comprehensive income (IFRS 9)	Debt instruments measured at fair value through other comprehensive income (IFRS 9)	Hedging instruments: designated risk components (IFRS 9)	Hedging instruments: hedging costs (IFRS 9)	Investments accounted for using the equity method	Taxes	Total	Non-controlling interests	Total shareholders' equity
101	**(6)**	**130**	**51**	**0**	**(69)**	**31,707**	**14,524**	**46,231**
						0	17,329	17,329
0	12	379			(109)	7,303	5,999	13,301
						0		0
						(2,846)	(215)	(3,061)
						210	205	416
						1		1
						2,487	1,550	4,038
47	19	(661)	(20)	1	183	(3,947)	(2,275)	(6,222)
						(1,460)	**(724)**	**(2,184)**
0		0		(1)		0		0
148	**25**	**(153)**	**32**	**0**	**4**	**34,916**	**37,118**	**72,034**
156	**0**	**(223)**	**24**	**0**	**34**	**35,922**	**36,628**	**72,550**
						0	(181)	(181)
		5			(1)	(149)	3	(145)
						0	0	0
						(2,846)	(234)	(3,080)
		(64)			19	1,511	(2,358)	(847)
						154	188	342
						1	0	1
						3,705	1,578	5,283
127	0	122	57		(53)	2,794	2,142	4,937
						6,498	**3,722**	**10,220**
(60)	0				3	0	0	0
223	**0**	**(160)**	**81**	**0**	**1**	**41,092**	**37,769**	**78,861**

Consolidated statement of cash flows

millions of €

	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	FY 2020
Profit (loss) before income taxes	**1,974**	**2,116**	**7,011**	**5,501**	**8,677**
Depreciation, amortization and impairment losses	7,002	7,508	20,625	18,876	25,829
(Profit) loss from financial activities	1,491	990	3,661	3,204	4,128
(Profit) loss on the disposal of fully consolidated subsidiaries	32	0	(130)	(9)	(10)
(Income) loss from the sale of stakes accounted for using the equity method	(13)	0	(13)	0	0
Other non-cash transactions	85	251	90	645	(857)
(Gains) losses from the disposal of intangible assets and property, plant and equipment	64	71	62	249	368
Change in assets carried as operating working capital	(187)	(859)	249	(1,220)	(2,702)
Change in other operating assets	378	(59)	(164)	(323)	(509)
Change in provisions	131	134	(368)	(128)	20
Change in liabilities carried as operating working capital	(43)	(1,085)	(1,173)	(2,960)	(2,108)
Change in other operating liabilities	(250)	(145)	147	38	(239)
Income taxes received (paid)	(262)	(332)	(618)	(406)	(690)
Dividends received	4	2	6	6	6
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	(1)	(17)	(1)	(2,207)	(2,207)
Cash generated from operations	**10,406**	**8,577**	**29,384**	**21,266**	**29,706**
Interest paid	(1,344)	(1,388)	(4,549)	(5,782)	(7,252)
Interest received	170	150	786	961	1,289
Net cash from operating activities	**9,233**	**7,338**	**25,620**	**16,445**	**23,743**
Cash outflows for investments in					
Intangible assets	(1,431)	(1,098)	(11,519)	(4,154)	(5,756)
Property, plant and equipment	(3,236)	(3,665)	(9,740)	(8,726)	(12,938)
Non-current financial assets	(83)	(150)	(259)	(525)	(566)
Payments for publicly funded investments in the broadband build-out	(114)	(123)	(294)	(337)	(507)
Proceeds from public funds for investments in the broadband build-out	99	76	202	152	431
Changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(1,588)	(1)	(1,613)	(4,649)	(5,028)
Proceeds from disposal of					
Intangible assets	0	0	1	2	3
Property, plant and equipment	24	48	129	175	233
Non-current financial assets	54	13	244	86	112
Changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	202	1,085	347	1,106	1,094
Net change in short-term investments and marketable securities and receivables	(307)	(216)	(185)	1,574	273
Other	0	(17)	0	(6)	(2)
Net cash used in investing activities	**(6,380)**	**(4,048)**	**(22,687)**	**(15,302)**	**(22,649)**
Proceeds from issue of current financial liabilities	(11)	94	4,287	19,012	19,018
Repayment of current financial liabilities	(4,856)	(4,917)	(15,960)	(31,091)	(34,939)
Proceeds from issue of non-current financial liabilities	1,703	0	10,278	26,113	34,131
Repayment of non-current financial liabilities	0	0	0	(1,699)	(1,699)
Dividend payments (including to other shareholders of subsidiaries)	(178)	(193)	(3,087)	(3,067)	(3,067)
Principal portion of repayment of lease liabilities	(2,180)	(1,476)	(5,215)	(4,206)	(5,371)
Cash inflows from transactions with non-controlling entities	1	23	12	47	53
Cash outflows from transactions with non-controlling entities	(62)	(103)	(409)	(448)	(565)
Other	0	0	0	0	0
Net cash (used in) from financing activities	**(5,582)**	**(6,573)**	**(10,094)**	**4,661**	**7,561**
Effect of exchange rate changes on cash and cash equivalents	136	(612)	492	(556)	(1,036)
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	69	0	68	0	(73)
Net increase (decrease) in cash and cash equivalents	**(2,524)**	**(3,895)**	**(6,602)**	**5,249**	**7,547**
Cash and cash equivalents, at the beginning of the period	**8,861**	**14,537**	**12,939**	**5,393**	**5,393**
Cash and cash equivalents, at the end of the period	**6,337**	**10,642**	**6,337**	**10,642**	**12,939**

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Significant events and transactions

Accounting policies

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

Statement of compliance

The interim consolidated financial statements for the period ended September 30, 2021 are in compliance with International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements at December 31, 2020. All IFRSs applied by Deutsche Telekom AG have been adopted by the European Commission for use within the EU.

In the opinion of the Board of Management, the reviewed quarterly financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the results of operations and financial position of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2020 for the accounting policies applied for the Group's financial reporting.

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

Pronouncement	Title	To be applied by Deutsche Telekom from	Changes	Expected impact on the presentation of Deutsche Telekom's results of operations and financial position
IFRSs endorsed by the EU				
Amendment to IFRS 16	Covid-19-related Rent Concessions	Jan. 1, 2021[a]	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.

[a] 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 interest rate benchmarks. EONIA has already been transitioned to €STR, while specific implementation work for the currencies CHF, GBP, and JPY will continue until the end of 2021, so that these currencies can be 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 more information on standards, interpretations, and amendments that have been issued but not yet applied, as well as disclosures on the recognition and measurement of items in the statement of financial position and discretionary decisions and estimation uncertainties, please refer to the section "Summary of accounting policies" in the notes to the consolidated financial statements in the 2020 Annual Report.

Changes in accounting policies and changes in the reporting structure

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

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 reassigned 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.

Coronavirus pandemic

The coronavirus pandemic has developed into a global economic crisis. 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. Possible factors could include the introduction of new travel restrictions, the closure of Telekom shops, disrupted supply chains, further declines in roaming and visitor volumes, falling terminal equipment sales, or a drop in the number of new contracts being taken out. In addition, corporate customer business may decline further, for example, due to delayed or changed customer decisions. The possibility of an increase in the number of consumers and business customers defaulting on their payments cannot be ruled out either. Based on experience so far, the coronavirus pandemic is expected to have only a limited impact on Deutsche Telekom's business.

Changes in the composition of the Group and other transactions

In the first nine months of 2021, 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)
= Consideration transferred	**30,627**

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 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
Assets	
Current assets	**7,903**
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
Non-current assets	**85,678**
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
Assets	**93,581**
Liabilities	
Current liabilities	**18,978**
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
Non-current liabilities	**43,976**
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
Liabilities	**62,954**

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
= Goodwill	**8,704**

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 "Summary of accounting policies – Changes in the composition of the Group and other transactions" 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
= Consideration transferred	**293**

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
Assets	
Current assets	**6**
Cash and cash equivalents	4
Trade receivables	1
Other assets	1
Non-current assets	**336**
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
Assets	**342**
Liabilities	
Current liabilities	**15**
Trade and other payables	4
Income tax liabilities	7
Other liabilities	4
Non-current liabilities	**34**
Deferred tax liabilities	34
Liabilities	**49**

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
= Goodwill	**196**

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 "Summary of accounting policies – Changes in the composition of the Group and other transactions" in the notes to the consolidated financial statements in the 2020 Annual Report.

In the first nine months of 2021, 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 the 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 September 30, 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 with a carrying amount of EUR 0.4 billion. The carrying amount of the non-controlling interest of 33.33 % in DIV amounted to EUR 0.1 billion as of June 1, 2021. Since the shares in DIV are puttable, the non-controlling interests were recognized under non-current financial liabilities.

T-Mobile Netherlands will continue to have full access to the contributed passive mobile infrastructure by means of a long-term agreement at normal market conditions, primarily on the lease of the corresponding infrastructure. The lease component included in the agreement 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 September 30, 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 used in/from 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 preliminary 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 had not been finalized as of September 30, 2021. The preliminary fair values of Shentel's acquired assets and liabilities are presented in the following table:

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

The preliminary 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
= Goodwill	**872**

The preliminary goodwill comprises the cost savings anticipated in connection with the acquisition, in particular from the integration of the network infrastructure and the telecommunications systems. No part of the recognized goodwill is expected to be deductible for income tax purposes.

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.

No material contingent liabilities have been identified.

Transaction-related costs totaling EUR 10 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 124 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 7 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 following transaction will change the composition of the Deutsche Telekom Group in the 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 September 30, 2021 are reported in the consolidated statement of financial position as "held for sale." The closing of the transaction is expected to be completed at the latest by the first quarter of 2022.

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 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 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. 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 that were received by SoftBank and 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 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 they are exercised. The percentage of T-Mobile US shares for which Deutsche Telekom can exercise voting rights, based on an agreement concluded with SoftBank in connection with the acquisition of Sprint, amounted to 52.0 % as of September 30, 2021. The aim is to support SoftBank in their efforts to take a seat on Deutsche Telekom AG's Supervisory Board.

For the presentation of the effects in connection with the capital increase against a non-cash contribution and the partial exercise and subsequent measurement of the stock options, please refer to the sections "Shareholders' equity," "Other financial assets," and "Disclosures on financial instruments."

Deutsche Telekom is also weighing plans to invest up to USD 2.4 billion of the proceeds from the agreed sale of T-Mobile Netherlands to exercise further stock options to purchase around 20 million T-Mobile US shares. This will further increase its stake in T-Mobile US by approximately 1.6 percentage points, bringing its total stake to around 48.4 %.

Selected notes to the consolidated statement of financial position

Trade receivables

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

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."

Contract assets

At EUR 2.0 billion as of the reporting date, the carrying amount of contract assets remained unchanged against December 31, 2020. Contract assets relate to receivables that have not yet legally come into existence, which arise from the earlier – as compared to billing – recognition of revenue, in particular from the sale of goods and merchandise. Furthermore, receivables from long-term construction contracts are recognized under contract assets.

Inventories

The carrying amount of inventories decreased by EUR 0.6 billion compared to December 31, 2020 to EUR 2.1 billion, mainly due to sales of high-priced mobile terminal equipment as a result of a marketing campaign in the United States operating segment. Positive exchange rate effects, mainly from the translation from U.S. dollars into euros, increased the carrying amount.

Intangible assets

The carrying amount of intangible assets increased by EUR 12.6 billion to EUR 130.7 billion, primarily due to the following effects: Additions of EUR 12.4 billion resulting mainly from the conclusion of the FCC C-band auction in the United States increased the carrying amount of intangible assets. 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. In the Europe operating segment, licenses were purchased for a total value of EUR 0.2 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 addition, proceedings to re-award 900 and 1,800 MHz spectrum licenses in Hungary were held on January 28, 2021 and concluded the same day. Magyar Telekom acquired spectrum licenses for EUR 0.1 billion. Positive exchange rate effects of EUR 5.9 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 preliminary goodwill arising from the transaction of EUR 0.9 billion. The reclassification of T-Mobile Netherlands' assets, in connection with the agreed sale, to non-current assets and disposal groups held for sale in the amount of EUR 2.2 billion as well as depreciation, amortization and impairment losses of EUR 5.0 billion reduced the carrying amount.

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

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 in September 2020, primarily from the Systems Solutions and Europe operating segments. The realignment of the B2B telecommunications business in combination with the effects of the coronavirus pandemic in the third quarter of 2020 triggered ad hoc impairment testing of the assets assigned to the Systems Solutions cash-generating unit, which identified a deterioration in the business outlook for IT operations. As a consequence, impairment losses were recognized on intangible assets and property, plant and equipment in the Systems Solutions operating segment and on intangible assets in the Group Headquarters & Group Services segment. In the first three quarters of 2021, this resulted in total impairment losses of EUR 0.1 billion mainly on intangible assets under development and under construction.

For further information on the impairment losses, please refer to Note 6 "Intangible assets" in the 2020 Annual Report.

Property, plant and equipment

The carrying amount of property, plant and equipment decreased by EUR 0.9 billion compared to December 31, 2020 to EUR 60.1 billion. Additions of EUR 10.4 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. Positive exchange rate effects of EUR 1.6 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. By contrast, depreciation, amortization and impairment losses of EUR 11.0 billion, disposals of EUR 1.3 billion, and the reclassification of T-Mobile Netherlands' assets to assets and disposal groups held for sale in the amount of EUR 0.7 billion had an offsetting effect.

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."

Right-of-use assets

The carrying amount of the right-of-use assets increased by EUR 0.5 billion compared with December 31, 2020 to EUR 30.8 billion, mainly due to the following effects: The carrying amount was increased by additions of EUR 4.3 billion, partly as a result of a sale-and-leaseback transaction concluded after the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund. The carrying amount was also increased by positive exchange rate effects of EUR 1.5 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 4.6 billion. This included a EUR 0.6 billion increase in depreciation and amortization due to a reduction in the useful life of leased network technology for cell sites in the United States operating segment following the business combination of T-Mobile US and Sprint. The reclassification of T-Mobile Netherlands' assets to non-current assets and disposal groups held for sale in the amount of EUR 0.5 billion and disposals of EUR 0.2 billion also reduced the carrying amount.

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

Capitalized contract costs

As of September 30, 2021, the carrying amount of capitalized contract costs was up by EUR 0.1 billion against the level of December 31, 2020 to EUR 2.3 billion. The capitalized contract costs primarily relate to the United States, Germany, and Europe operating segments.

Investments accounted for using the equity method

The carrying amount of investments accounted for using the equity method increased from EUR 0.5 billion on December 31, 2020 to EUR 1.0 billion, mainly as a result of the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund. As a result of the transaction, 37.65 % of the shares in Cellnex Netherlands B.V. with a carrying amount of EUR 0.4 billion were included in the Group Development operating segment in the consolidated financial statements using the equity method.

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."

Other financial assets

The carrying amount of current and non-current other financial assets decreased by EUR 1.3 billion compared with the level of December 31, 2020 to EUR 8.4 billion. The carrying amount of derivatives with a hedging relationship decreased by EUR 0.5 billion to EUR 1.6 billion, mainly due to the decrease in positive fair values from interest rate swaps in fair value hedges, which is primarily the result of a rise in the interest rate level. The carrying amount of derivatives without a hedging relationship decreased by a net effect of EUR 0.7 billion to EUR 1.3 billion. Taking into account the partial exercise 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 0.5 billion compared with December 31, 2020 to EUR 0.3 billion for the following reasons: Due to the negative development of the T-Mobile US share price, a remeasurement loss of EUR 0.2 billion was recorded in other financial income/expense in the first nine months of 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 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 0.2 billion from energy forward agreements embedded in contracts and of EUR 0.2 billion from receivables from grants still to be received from funding projects for the broadband build-out in Germany. At EUR 0.5 billion, cash collateral deposited was at the same level as at the end of 2020. The conclusion of the FCC C-band auction in the United States in February 2021 reduced the carrying amount by EUR 0.4 billion. It was increased by cash collateral of EUR 0.3 billion paid by the Group Headquarters & Group Services segment and the deposit of cash collateral of EUR 0.1 billion for the spectrum auction that began in the United States in October 2021.

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

Non-current assets and disposal groups held for sale

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

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

Financial liabilities and lease liabilities

The following table shows the composition and maturity structure of **financial liabilities** as of September 30, 2021:

millions of €	Sept. 30, 2021	Due within 1 year	Due >1 ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	91,645	4,714	27,328	59,603
Liabilities to banks	3,896	1,411	1,658	827
Liabilities to non-banks from promissory note bonds	484	53	150	281
Liabilities with the right of creditors to priority repayment in the event of default	3,300	454	2,278	568
Other interest-bearing liabilities	7,014	2,430	2,118	2,467
Other non-interest-bearing liabilities	1,921	1,638	150	134
Derivative financial liabilities	662	113	454	95
Financial liabilities	**108,921**	**10,811**	**34,136**	**63,974**

The carrying amount of current and non-current financial liabilities increased by EUR 1.8 billion compared with year-end 2020 to EUR 108.9 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 3.6 billion.

The carrying amount of bonds and other securitized liabilities increased by EUR 3.9 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 11.8 billion (EUR 9.8 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 4.9 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 2.3 billion (EUR 1.9 billion) and in the Group of euro bonds with a volume of EUR 1.7 billion and U.S. dollar bonds with a volume of USD 0.3 billion (EUR 0.2 billion) had a contrasting effect. The carrying amount of bonds and other securitized liabilities increased by EUR 3.2 billion due to exchange rate effects, especially from the translation of U.S. dollars into euros.

The carrying amount of liabilities to banks decreased by EUR 1.4 billion compared with December 31, 2020 to EUR 3.9 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.

The liabilities with the right of creditors to priority repayment in the event of default of EUR 3.3 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 0.8 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 0.2 billion.

The carrying amount of other interest-bearing liabilities decreased by EUR 0.2 billion compared with December 31, 2020 to EUR 7.0 billion. The carrying amount of other interest-bearing liabilities decreased by a total of EUR 0.2 billion in connection with collateral received for derivative financial instruments.

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

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 the section "Disclosures on financial instruments."

The carrying amount of current and non-current **lease liabilities** increased by EUR 0.1 billion to EUR 32.8 billion compared with December 31, 2020. Exchange rate effects, in particular from the translation of U.S. dollars into euros, raised the carrying amount by EUR 1.6 billion. Effects of changes in the composition of the Group, mainly from the first-time inclusion of Shentel, acquired by T-Mobile US, also increased the carrying amount by EUR 0.3 billion. This was offset in particular by the decommissioning of former Sprint cell sites and the closure of some former Sprint shops in the United States operating segment and by an advance payment for the lease of sites of EUR 0.9 billion made by T-Mobile US to a U.S. cell tower company in September 2021 in connection with a change to the existing lease agreed in the reporting period. Overall, lease liabilities in the amount of EUR 4.7 billion are due within one year.

Trade and other payables

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

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."

Provisions for pensions and other employee benefits

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

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, as had already been done for employees covered by collective agreements in the fourth quarter of 2020. 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 of EUR 0.1 billion recognized according to the previous rules were released against a reduction in expenses in the first quarter of 2021.

For further information on the Global Pension Policy and a description of the plan, please refer to Note 15 "Provisions for pensions and other employee benefits" in the 2020 Annual Report.

Current and non-current other provisions

The carrying amount of current and non-current other provisions decreased by EUR 0.3 billion compared with the end of 2020 to EUR 8.8 billion. This decline resulted in part from the reclassification of T-Mobile Netherlands' liabilities in connection with the agreed sale to non-current assets and disposal groups held for sale. In addition, provisions were reduced by the reversal of other provisions for personnel costs, 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.

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."

Other liabilities

The carrying amount of current and non-current other liabilities increased by EUR 0.4 billion to EUR 6.0 billion. Liabilities due to existing build-out obligations in connection with grants still to be received from funding projects for the broadband build-out in Germany increased by EUR 0.1 billion. The carrying amount was also increased by higher deferrals in the United States operating segment as well as negative exchange rate effects, primarily from the translation of euros into U.S. dollars. By contrast, the carrying amount was reduced by the reclassification of the liabilities of T-Mobile Netherlands 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."

Contract liabilities
The carrying amount of current and non-current contract liabilities increased by EUR 0.2 billion compared with December 31, 2020 to EUR 2.2 billion. These mainly comprise deferred revenues.

Liabilities directly associated with non-current assets and disposal groups held for sale
The carrying amount of liabilities directly associated with non-current assets and disposal groups held for sale increased by EUR 0.8 billion against December 31, 2020 to EUR 1.3 billion. Of this increase, EUR 1.3 billion resulted from the reclassification of T-Mobile Netherlands' liabilities in connection with the sale agreed on September 6, 2021. By contrast, the sale of the Dutch company T-Mobile Infra as of June 1, 2021 and of Telekom Romania Communications as of September 30, 2021 in particular had decreasing effects on the carrying amount of EUR 0.2 billion and EUR 0.3 billion respectively. Both these companies were classified as held for sale as of December 31, 2020 on account of the specific intention to sell them.

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

Shareholders' equity
The carrying amount of shareholders' equity increased from EUR 72.6 billion as of December 31, 2020 to EUR 78.9 billion. Profit of EUR 5.3 billion and capital increases from share-based payments of EUR 0.3 billion increased shareholders' equity, as did other comprehensive income of EUR 4.9 billion, primarily as a result of currency translation effects of EUR 3.8 billion recognized directly in equity and the remeasurement of defined benefit plans accounting for EUR 1.1 billion, as well as gains from hedging instruments of EUR 0.2 billion. By contrast, income taxes relating to components of other comprehensive income of EUR 0.3 billion had a negative impact on other comprehensive income. Shareholders' equity was reduced in connection with dividend payments for the 2020 financial year to Deutsche Telekom AG shareholders in the amount of EUR 2.8 billion and to other shareholders of subsidiaries in the amount of EUR 0.2 billion. The carrying amount of shareholders' equity also decreased by a net EUR 0.8 billion due to the acquisition of T-Mobile US shares by way of a capital increase against a non-cash contribution. Changes in the composition of the Group – mainly due to the sale of Telekom Romania Communications in the Europe operating segment – of EUR 0.2 billion and transactions with owners of EUR 0.1 billion also decreased the carrying amount.

The following table shows the changes in the composition of the Group, the development of transactions with owners, and the capital increase made against a non-cash contribution:

millions of €

	Sept. 30, 2021			Dec. 31, 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
Changes in the composition of the Group	**0**	**(181)**	**(181)**	**0**	**17,329**	**17,329**
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)
Transactions with owners	**(149)**	**3**	**(145)**	**7,299**	**5,967**	**13,266**
Acquisition of Sprint	0	0	0	7,474	5,915	13,389
T-Mobile US share-based remuneration	(152)	161	9	(207)	249	42
Magyar Telekom share buy-back	9	(38)	(29)	68	(83)	(15)
OTE share buy-back	(36)	(77)	(113)	(40)	(103)	(143)
Hrvatski Telekom share buy-back	(2)	(10)	(12)	5	(17)	(12)
T-Mobile Netherlands sale and leaseback	33	(33)	0	0	0	0
Other effects	0	0	0	(1)	6	5
Capital increase of Deutsche Telekom AG	**1,511**	**(2,358)**	**(847)**	**0**	**0**	**0**

In connection with the agreement concluded on September 6, 2021 between Deutsche Telekom 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 a non-cash contribution. 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 is 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 around 45.4 million T-Mobile US shares, on September 23, 2021, Deutsche Telekom exercised a portion 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 paid to SoftBank, as a result of the derecognition of the exercised options (issued capital and reserves attributable to owners of the parent). Other financial assets decreased as a result.

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."

For more information on the presentation of the effects in connection with the stock options, please refer to the sections "Other financial assets" and "Disclosures on financial instruments."

Selected notes to the consolidated income statement

Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. As a result of the change in the composition of the Group during the year, the remeasured assets and liabilities were recognized as of this date, and all income and expenses generated from the date of first-time consolidation are included in Deutsche Telekom's consolidated income statement. This affects the comparability of the figures for the current period with the prior-year figures.

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

Net revenue

Net revenue breaks down into the following revenue categories:

millions of €	Q1-Q3 2021	Q1-Q3 2020
Revenue from the rendering of services	**62,856**	**59,016**
Germany	15,239	14,904
United States	36,993	33,559
Europe	7,054	7,023
Systems Solutions	2,294	2,319
Group Development	1,216	1,156
Group Headquarters & Group Services	61	55
Revenue from the sale of goods and merchandise	**13,757**	**10,669**
Germany	1,635	1,449
United States	10,699	7,875
Europe	1,071	1,019
Systems Solutions	48	52
Group Development	304	275
Group Headquarters & Group Services	1	0
Revenue from the use of entity assets by others	**3,247**	**3,691**
Germany	522	610
United States	2,239	2,589
Europe	166	160
Systems Solutions	20	42
Group Development	211	202
Group Headquarters & Group Services	89	89
Net revenue	**79,860**	**73,377**

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

Other operating income

millions of €

	Q1-Q3 2021	Q1-Q3 2020
Income from the reversal of impairment losses on non-current assets	3	52
Income from the disposal of non-current assets	96	105
Income from reimbursements	93	105
Income from insurance compensation	65	52
Income from ancillary services	16	16
Miscellaneous other operating income	819	744
Of which: gains resulting from deconsolidations and from the sale of stakes accounted for using the equity method	214	9
	1,091	**1,073**

In the prior-year period, income from the reversal of impairment losses on non-current assets had included a reversal of EUR 50 million on property, plant and equipment in the Europe operating segment. This arose in connection with the sale of the Romanian fixed-network business, which had been planned since October 2020. Miscellaneous other operating income in the prior-year period 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 by SoftBank of T-Mobile US shares. Gains resulting 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 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."

Other operating expenses

millions of €

	Q1-Q3 2021	Q1-Q3 2020
Impairment losses on financial assets	(401)	(671)
Gains (losses) from the write-off of financial assets measured at amortized cost	(84)	(137)
Other	(2,566)	(2,578)
Legal and audit fees	(559)	(417)
Losses from asset disposals	(158)	(354)
Income (losses) from the measurement of factoring receivables	(3)	(5)
Other taxes	(382)	(388)
Cash and guarantee transaction costs	(404)	(359)
Insurance expenses	(103)	(88)
Miscellaneous other operating expenses	(959)	(968)
Of which: losses resulting from deconsolidations and from the sale of stakes accounted for using the equity method	70	0
	(3,050)	**(3,386)**

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 the first nine months of 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.

Depreciation, amortization and impairment losses

At EUR 20.6 billion, depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets were EUR 1.7 billion higher overall in the first three quarters of 2021 than in the prior-year period. Depreciation of property, plant and equipment increased by EUR 1.2 billion, amortization of intangible assets by EUR 0.9 billion, and depreciation of right-of-use assets by EUR 0.9 billion. These increases are all largely due to Sprint, which has been included in the consolidated group since April 1, 2020. In the United States operating segment, a reduction in the useful life of leased network technology for cell sites following the business combination of T-Mobile US and Sprint increased depreciation of the corresponding right-of-use assets by EUR 0.6 billion.

Impairment losses decreased by EUR 0.7 billion year-on-year to EUR 0.1 billion. The figure for the prior-year period included impairment losses of EUR 0.5 billion resulting from an ad hoc impairment test of assets assigned to the Systems Solutions cash-generating unit, and of EUR 0.2 billion, likewise from an ad hoc impairment test of assets assigned to the Romania cash-generating unit. The impairment losses recognized in the first three quarters of 2021 mainly resulted from the ad hoc impairment test carried out in the prior year of assets assigned to the Systems Solutions cash-generating unit, with EUR 68 million relating to the Systems Solutions operating segment and EUR 14 million to the Group Headquarters & Group Services segment.

For further information on the impairment losses recognized following ad hoc testing, please refer to the section "Selected notes to the consolidated statement of financial position."

Profit/loss from financial activities

The loss from financial activities increased from EUR 3.2 billion in the first nine months of 2020 to EUR 3.7 billion, with finance costs increasing by EUR 0.4 billion to EUR 3.5 billion, mainly due to the financial liabilities assumed in connection with the acquisition of Sprint and the related restructuring and increase in financing. Other financial expense increased by EUR 0.1 billion year-on-year to EUR 0.2 billion. On the one hand, interest income from the measurement of provisions and liabilities increased, in particular in the Group Headquarters & Group Services segment by EUR 0.5 billion. On the other, there was a EUR 0.5 billion decrease in gains/losses (net) from financial instruments, 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 concluded with a bank in May 2021 to hedge the price of acquiring T-Mobile US shares in the future. And in part, net positive measurement effects resulted from the amortization and subsequent measurement of the stock options received from SoftBank in June 2020 to purchase shares in T-Mobile US. Overall, the share of profit/loss of associates and joint ventures accounted for using the equity method was on a par with the prior-year period.

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

For a presentation of the effects resulting from the partial exercise and subsequent measurement of the stock options in connection with the capital increase against a non-cash contribution, please refer to the sections "Other financial assets" and "Disclosures on financial instruments."

Income taxes

In the first three quarters of 2021, a tax expense of EUR 1.7 billion was recorded. 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 in the United States operating segment of EUR 0.2 billion. In the prior-year period, a tax expense of EUR 1.5 billion had been recorded despite lower profit/loss before income taxes.

Other disclosures

Notes to the consolidated statement of cash flows

Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. As such, the development of cash flows in the reporting period can only be compared with the prior-year period to a limited extent.

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

Net cash from operating activities

Net cash from operating activities increased by EUR 9.2 billion year-on-year to EUR 25.6 billion. The strong performance both in the United States and outside of the United States had a positive effect on net cash from operating activities. 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 period 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 period 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 0.5 billion in interest payments, mainly as a result of the financial liabilities recognized and the restructuring carried out in connection with the acquisition of Sprint, and the related increase in financing. Income tax payments increased by EUR 0.2 billion compared with the prior-year period. Factoring agreements of EUR 0.2 billion had a positive impact on net cash used in operating activities in the reporting period. In the prior-year period, factoring agreements had had negative effects of EUR 0.6 billion, mainly as a result of the contractual termination of a revolving factoring agreement in the Germany operating segment.

Net cash used in investing activities

millions of €	Q1-Q3 2021	Q1-Q3 2020
Cash capex		
Germany operating segment	(2,692)	(2,928)
United States operating segment	(16,041)	(7,131)
Europe operating segment	(1,324)	(1,431)
Systems Solutions operating segment	(146)	(149)
Group Development operating segment	(393)	(566)
Group Headquarters & Group Services	(702)	(693)
Reconciliation	40	18
	(21,260)	**(12,880)**
Payments for publicly funded investments in the broadband build-out	(294)	(337)
Proceeds from public funds for investments in the broadband build-out	202	152
Net cash flows for collateral deposited and hedging transactions	(138)	1,564
Changes in cash and cash equivalents in connection with the consummated business combination of T-Mobile US and Sprint	0	(4,647)
Of which: cash and cash equivalents acquired from Sprint[a]	0	2,117
Of which: repayment of Sprint loans pursuant to change-in-control clause	0	(6,764)
Changes in cash and cash equivalents in connection with the acquisition of Shentel at T-Mobile US	(1,588)	0
Changes in cash and cash equivalents in connection with the sale of Sprint's prepaid business to DISH[b]	0	1,085
Other changes in cash and cash equivalents in connection with the acquisition of control of subsidiaries and associates	(25)	0
Changes in cash and cash equivalents in connection with the contribution of the stake in T-Mobile Infra into Cellnex Netherlands[c]	135	0
Changes in cash and cash equivalents in connection with the sale of the stake in Telekom Romania Communications[d]	202	0
Other changes in cash and cash equivalents in connection with the loss of control of subsidiaries and associates	33	21
Proceeds from the disposal of property, plant and equipment, and intangible assets	107	176
Other	(62)	(436)
	(22,687)	**(15,302)**

[a] Also includes a payment of EUR 93 million received in relation to a cost allocation from SoftBank in connection with CPUC.

[b] Of the overall purchase price payment of EUR 1,221 million, EUR 136 million was recognized under net cash used in/ from financing activities. This related to receivables from customers in connection with the Equipment Installment Plan in Sprint's sold prepaid business.

[c] 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.

[d] 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.

At EUR 21.3 billion, cash capex was EUR 8.4 billion higher than in the prior-year period. 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 8.2 billion and, in the Europe operating segment, mobile spectrum licenses were acquired for a total of EUR 0.1 billion in the reporting period. The figure for the prior-year period included EUR 1.4 billion for the acquisition of mobile spectrum licenses, EUR 1.0 billion of which related to the United States operating segment and EUR 0.2 billion to each of the Europe and Group Development operating segments. Excluding investments in mobile spectrum licenses, cash capex was up EUR 1.4 billion year-on-year. This change was primarily attributable to an increase of EUR 1.7 billion 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. A decline of EUR 0.2 billion in the Germany operating segment had an offsetting effect. Investments in optical fiber were down in the first and second quarters of 2021 due to bad weather. In the third quarter of 2021, it was possible to step up investments again, thus partially making up for the decline. Also, construction work planned for 2021 had been brought forward to the fourth quarter of 2020.

Net cash used in/from financing activities

millions of €	Q1-Q3 2021	Q1-Q3 2020
Repayment of bonds	(9,448)	(8,783)
Dividend payments (including to other shareholders of subsidiaries)	(3,087)	(3,067)
Repayment of financial liabilities from financed capex and opex	(97)	(324)
Repayment of EIB loans	(1,093)	(193)
Net cash flows for collateral deposited and hedging transactions	0	(4)
Principal portion of repayment of lease liabilities	(5,215)	(4,206)
Repayment of financial liabilities for media broadcasting rights	(253)	(270)
Cash flows from continuing involvement factoring, net	(71)	(77)
Promissory notes, net	(58)	(202)
Issuance of bonds	10,035	1,609
Commercial paper, net	0	0
Overnight borrowings from banks, net	0	0
Repayment of liabilities from 5G spectrum acquired in Germany	(195)	(110)
Repayment of liabilities from 5G spectrum acquired in the Netherlands	(204)	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
Issue of senior secured notes in connection with the acquisition of Sprint	0	20,942
Raising of secured term loan in connection with the acquisition of Sprint	0	3,562
Raising of bridge loan facility in connection with the acquisition of Sprint	0	17,405
Repayment of bridge loan facility in connection with the acquisition of Sprint	0	(17,493)
Repayment of Sprint loans (raised prior to acquisition by T-Mobile US)	0	(3,572)
Cash inflows from transactions with non-controlling entities		
T-Mobile US stock options	8	36
Cellnex Netherlands capital contributions	3	0
Toll4Europe capital contributions	0	11
	12	**47**
Cash outflows from transactions with non-controlling entities		
T-Mobile US share buy-backs	(254)	(316)
OTE share buy-backs	(112)	(102)
Other payments	(43)	(30)
	(409)	**(448)**
Other	(254)	(154)
	(10,094)	**4,661**

Non-cash transactions

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 reporting period, Deutsche Telekom did not make use of financing options under which the payments for trade payables from operating and investing activities primarily become due at a later point in time by involving banks in the process (prior-year period: EUR 0.2 billion).

In the reporting period, Deutsche Telekom leased assets totaling EUR 4.5 billion, mainly network equipment, 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 period, this figure stood at EUR 12.8 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 1.0 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 0.4 billion were recognized in the reporting period for future consideration for acquired broadcasting rights (prior-year period: EUR 0.2 billion). The payment of the consideration will be recognized in net cash used in/from financing activities.

In the United States operating segment, mobile handsets amounting to EUR 0.9 billion were recognized under property, plant and equipment in the first three quarters of 2021 (prior-year period: EUR 2.1 billion). These relate 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."

Segment reporting

The following table gives an overall summary of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first three quarters of 2021 and 2020.

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

Effective January 1, 2021, Deutsche Telekom reassigned the responsibility for business and profit and loss for Deutsche Telekom IoT GmbH from the Systems Solutions operating segment to the business customer unit in the Germany operating segment. Prior-year comparatives in both segments were adjusted retrospectively. As of January 1, 2021, Deutsche Telekom reassigned 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 "Accounting policies."

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

Segment information in the first three quarters

millions of €

		Comparative period						Reporting date		
		Net revenue	Intersegment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets[a]	Segment liabilities[a]	Investments accounted for using the equity method[a]
Germany	Q1-Q3 2021	17,396	439	17,835	3,743	(2,998)	(12)	47,921	35,051	36
	Q1-Q3 2020	16,962	563	17,525	2,988	(3,319)	(53)	45,114	32,725	34
United States	Q1-Q3 2021	49,931	2	49,933	5,971	(13,761)	(40)	188,530	123,228	311
	Q1-Q3 2020	44,022	2	44,024	5,863	(11,165)	(37)	176,765	117,681	296
Europe	Q1-Q3 2021	8,291	165	8,456	1,463	(1,913)	(3)	24,885	8,604	54
	Q1-Q3 2020	8,202	142	8,344	1,095	(1,961)	(163)	27,034	9,172	54
Systems Solutions	Q1-Q3 2021	2,362	630	2,992	(129)	(185)	(71)	4,135	3,632	21
	Q1-Q3 2020	2,413	669	3,082	(513)	(277)	(373)	4,094	3,754	23
Group Development	Q1-Q3 2021	1,731	618	2,349	766	(613)	0	10,458	12,310	544
	Q1-Q3 2020	1,633	509	2,142	417	(576)	0	9,212	11,220	122
Group Headquarters & Group Services	Q1-Q3 2021	150	1,763	1,913	(1,127)	(1,051)	(15)	47,649	61,874	14
	Q1-Q3 2020	144	1,766	1,910	(1,140)	(933)	(45)	48,047	63,188	14
Total	**Q1-Q3 2021**	**79,860**	**3,619**	**83,478**	**10,687**	**(20,521)**	**(141)**	**323,578**	**244,699**	**980**
	Q1-Q3 2020	**73,377**	**3,651**	**77,027**	**8,710**	**(18,231)**	**(671)**	**310,266**	**237,740**	**543**
Reconciliation	Q1-Q3 2021	0	(3,619)	(3,619)	(15)	36	1	(50,223)	(50,204)	0
	Q1-Q3 2020	0	(3,651)	(3,651)	(6)	25	1	(45,349)	(45,373)	0
Group	**Q1-Q3 2021**	**79,860**	**0**	**79,860**	**10,672**	**(20,485)**	**(140)**	**273,355**	**194,495**	**980**
	Q1-Q3 2020	**73,377**	**0**	**73,377**	**8,704**	**(18,206)**	**(670)**	**264,917**	**192,367**	**543**

[a] Figures relate to the reporting dates of September 30, 2021 and December 31, 2020, respectively.

Contingent liabilities

This section provides additional information and explains recent changes in the contingent liabilities as described in the consolidated financial statements for the 2020 financial year.

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

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

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

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

Proceedings against T-Mobile US as a consequence of the cyberattack on T-Mobile US. In August 2021 T-Mobile US confirmed that their systems were subject to a criminal cyberattack that compromised data of millions of their customers, former customers, and prospective customers. With the assistance of outside cybersecurity experts, T-Mobile US located and closed the unauthorized access to their systems and identified customers whose information was impacted and notified them, consistent with state and federal requirements. As a result of the cyberattack, T-Mobile US is subject to numerous lawsuits, including multiple class action lawsuits seeking unspecified monetary damages, and inquiries by various government agencies, law enforcement and other governmental authorities, and T-Mobile US may be subject to further regulatory inquiries and private litigation. At present the financial impact of these proceedings cannot be assessed with sufficient certainty.

Other financial obligations

The following table provides an overview of Deutsche Telekom's other financial obligations as of September 30, 2021:

millions of €	Sept. 30, 2021
Purchase commitments regarding property, plant and equipment	6,521
Purchase commitments regarding intangible assets	1,254
Firm purchase commitments for inventories	5,266
Other purchase commitments and similar obligations	19,470
Payment obligations to the Civil Service Pension Fund	1,464
Obligations arising in connection with business combinations	36
Miscellaneous other obligations	154
	34,165

Disclosures on financial instruments

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

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	**Carrying amount Sept. 30, 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	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	**Fair value Sept. 30, 2021[b]**
Assets								
Cash and cash equivalents	AC	6,337	6,337					
Trade receivables								
At amortized cost	AC	5,621	5,621					
At fair value through other comprehensive income	FVOCI	8,489			8,489			8,489
At fair value through profit or loss	FVTPL	0				0		0
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	4,516	4,516					4,547
Of which: collateral paid	AC	493	493					
Of which: publicly funded projects	AC	1,914	1,914					
At fair value through other comprehensive income	FVOCI	0			0			0
At fair value through profit or loss	FVTPL	223				223		223
Equity instruments								
At fair value through other comprehensive income	FVOCI	551		551				551
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,270				1,270		1,270
Of which: termination rights embedded in bonds issued	FVTPL	458				458		458
Of which: energy forward agreements embedded in contracts	FVTPL	250				250		250
Of which: options received by third parties for the purchase of shares in subsidiaries and associates	FVTPL	331				331		331
Derivatives with a hedging relationship	n.a.	1,553			314	1,239		1,553
Lease assets	n.a.	241					241	
Cash and cash equivalents and trade receivables and other financial assets directly associated with non-current assets and disposal groups held for sale	AC	419	419					
Equity instruments within non-current assets and disposal groups held for sale	FVOCI	34		34				34
Liabilities								
Trade payables	AC	8,235	8,235					
Bonds and other securitized liabilities	AC	91,645	91,645					100,707
Liabilities to banks	AC	3,896	3,896					4,003
Liabilities to non-banks from promissory note bonds	AC	484	484					571
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,300	3,300					3,536
Other interest-bearing liabilities	AC	7,014	7,014					7,032
Of which: collateral received	AC	1,324	1,324					

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

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

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount Sept. 30, 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	Fair value through profit or loss[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Sept. 30, 2021[b]
Other non-interest-bearing liabilities	AC	1,921	1,921					
Of which: puttable shares of non-controlling interests in consolidated partnerships	AC	134	134					
Lease liabilities	n.a.	32,806					32,806	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	464				464		464
Of which: options granted to third parties for the purchase of shares in subsidiaries and associates	FVTPL	0				0		0
Of which: energy forward agreements embedded in contracts	FVTPL	17				17		17
Derivatives with a hedging relationship	n.a.	198			171	28		198
Trade payables and other financial liabilities directly associated with non-current assets and disposal groups held for sale	AC	1,020	1,020					
Of which: aggregated by measurement category in accordance with IFRS 9								
Assets								
Financial assets at amortized cost	AC	16,893	16,893					4,547
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	8,489			8,489			8,489
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	585		585				585
Financial assets at fair value through profit or loss	FVTPL	1,496				1,496		1,496
Liabilities								
Financial liabilities at amortized cost	AC	117,515	117,515					115,849
Financial liabilities at fair value through profit or loss	FVTPL	464				464		464

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

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

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

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	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[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2020[b]
Assets								
Cash and cash equivalents	AC	12,939	12,939					
Trade receivables								
At amortized cost	AC	6,007	6,007					
At fair value through other comprehensive income	FVOCI	7,516			7,516			7,516
At fair value through profit or loss	FVTPL	0				0		0
Other financial assets								
Originated loans and other receivables								
At amortized cost	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	FVOCI	0			0			0
At fair value through profit or loss	FVTPL	203				203		203
Equity instruments								
At fair value through other comprehensive income	FVOCI	425		425				425
At fair value through profit or loss	FVTPL	3				3		3
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,992				1,992		1,992
Of which: termination rights embedded in bonds issued	FVTPL	889				889		889
Of which: energy forward agreements embedded in contracts	FVTPL	77				77		77
Of which: options received by third parties for the purchase of shares in subsidiaries and associates	FVTPL	819				819		819
Derivatives with a hedging relationship	n.a.	2,047			21	2,026		2,047
Lease assets	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	FVOCI	32		32				32
Liabilities								
Trade payables	AC	9,760	9,760					
Bonds and other securitized liabilities	AC	87,702	87,702					97,655
Liabilities to banks	AC	5,257	5,257					5,393
Liabilities to non-banks from promissory note bonds	AC	490	490					586
Liabilities with the right of creditors to priority repayment in the event of default	AC	3,886	3,886					4,167
Other interest-bearing liabilities	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					

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

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

millions of €

			Amounts recognized in the statement of financial position in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount 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[a]	Amounts recognized in the statement of financial position in accordance with IFRS 16	Fair value Dec. 31, 2020[b]
Lease liabilities	n.a.	32,715					32,715	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	478				478		478
Of which: options granted to third parties for the purchase of shares in subsidiaries and associates	FVTPL	8				8		8
Of which: energy forward agreements embedded in contracts	FVTPL	129				129		129
Derivatives with a hedging relationship	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								
Assets								
Financial assets at amortized cost	AC	23,874	23,874					4,758
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	7,516			7,516			7,516
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	457		457				457
Financial assets at fair value through profit or loss	FVTPL	2,198				2,198		2,198
Liabilities								
Financial liabilities at amortized cost	AC	116,402	116,402					115,071
Financial liabilities at fair value through profit or loss	FVTPL	478				478		478

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

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

Trade receivables include receivables amounting to EUR 2.3 billion (December 31, 2020: EUR 2.0 billion) due in more than one year. The fair value generally equals the carrying amount.

Financial instruments measured at fair value

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

Financial instruments measured at fair value

millions of €

	Sept. 30, 2021				Dec. 31, 2020			
	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Assets								
Trade receivables								
At fair value through other comprehensive income			8,489	**8,489**			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**
At fair value through profit or loss	137	77	9	**223**	133	62	8	**203**
Equity instruments								
At fair value through other comprehensive income	34		551	**585**			457	**457**
At fair value through profit or loss			3	**3**			3	**3**
Derivative financial assets								
Derivatives without a hedging relationship		232	1,038	**1,270**		207	1,785	**1,992**
Derivatives with a hedging relationship		1,553		**1,553**		2,047		**2,047**
Liabilities								
Derivative financial liabilities								
Derivatives without a hedging relationship		447	17	**464**		341	137	**478**
Derivatives with a hedging relationship		198		**198**		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.

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
Carrying amount as of January 1, 2021	**457**	**889**	**805**	**77**	**(129)**
Additions (including first-time categorization as Level 3)	72	72	0	0	0
Decreases in fair value recognized in profit/loss (including losses on disposal)		(714)	(419)	(28)	(3)
Increases in fair value recognized in profit/loss (including gains on disposal)		178	773	191	119
Decreases in fair value recognized directly in equity	(46)				
Increases in fair value recognized directly in equity	154				
Disposals	(88)	0	(847)	0	0
Currency translation effects recognized directly in equity	2	33	0	10	(4)
Carrying amount as of September 30, 2021	**551**	**458**	**312**	**250**	**(17)**

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 536 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 34 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 411 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 September 30, 2021. In the case of investments with a carrying amount of EUR 6 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 119 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 3.0 and 12.7) were taken. The 25 % quantile, the median, or the 75 % quantile was used for the multiples depending on the specific circumstances. If other values had been used for the multiples and for the expected revenue amounts, the fair values calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table below. In addition, non-material individual items with a carrying amount of EUR 15 million (when translated into euros) are included with differences in value of minor relevance.

The derivatives without a hedging relationship assigned to Level 3 and carried under derivative financial assets relate to options embedded in bonds issued by T-Mobile US with a carrying amount of EUR 458 million when translated into euros. The options, which can be exercised by T-Mobile US at any time, allow early redemption of the bonds at fixed exercise prices. Observable market prices are available regularly and also at the reporting date for the bonds as entire instruments, but not for the options embedded therein. The termination rights are measured using an option pricing model. Historical interest rate volatilities of bonds issued by T-Mobile US and comparable issuers are used for the measurement because these provide a more reliable estimate at the reporting date than current market interest rate volatilities. The spread curve, which is also unobservable, was derived on the basis of current market prices of bonds issued by T-Mobile US and debt instruments of comparable issuers. Risk-free interest rates and spreads were simulated separately from each other. At the current reporting date, the following interest rate volatility and spreads were used for the various rating levels of the bonds:

Interest rate volatilities and spreads used by rating levels

%	Interest volatility (absolute figure)	Spread
BBB+	0.2 %–0.3 %	0.2 %–1.1 %
BBB-	0.6 %–0.8 %	0.3 %–1.8 %
BB+	1.0 %–1.3 %	0.4 %–2.3 %

For the mean reversion input, which is unobservable, 3 % was used. In our opinion, the values used constitute the best estimate in each case. If other values had been used for interest rate volatility, spread curve, or mean reversion, the 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 119 million lower (EUR 148 million higher). In the reporting period, a net expense of EUR 64 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[a] of the carrying amounts of the financial assets and financial liabilities assigned to Level 3 depending on unobservable inputs

millions of €	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial assets at fair value through profit or loss: stock options	Derivative financial assets at fair value through profit or loss: energy forward agreements embedded in contracts	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts
Multiple next-level-up quantile	43				
Multiple next-level-down quantile	(21)				
Expected revenues +10 %	6				
Expected revenues -10 %	(7)				
Interest rate volatility[b] +10 %		50			
Interest rate volatility[b] -10 %		(46)			
Spread curve[c] +50 basis points		(193)			
Spread curve[c] -50 basis points		232			
Mean reversion[d] +100 basis points		(31)			
Mean reversion[d] -100 basis points		36			
Future energy prices +10 %				68	16
Future energy prices -10 %				(82)	(16)
Future energy output +5 %				38	4
Future energy output -5 %				(52)	(4)
Future prices for renewable energy credits[e] +100 %				108	30
Future prices for renewable energy credits[e] from zero				(123)	(30)
Share price volatility[f] +10 %			31		
Share price volatility[f] -10 %			(30)		

[a] Change in the relevant input parameter assuming all other input parameters are unchanged.
[b] Interest rate volatility shows the magnitude of fluctuations in interest rates over time (relative change). The larger the fluctuations, the higher the interest rate volatility.
[c] The spread curve shows, for the respective maturities, the difference between the interest rates payable by 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.
[d] Mean reversion describes the assumption that, after a change, an interest rate will revert to its average over time. The higher the selected value (mean reversion speed), the faster the interest rate will revert to its average in the measurement model.
[e] Renewable energy credits is the term used for U.S. emission certificates.
[f] The share price volatility shows the range of variation of the basic value over the remaining term of an option.

With a carrying amount of EUR -17 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 250 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 have been entered into with energy producers since 2017 and 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 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 gigawatt hours 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. Further, the value of the derivatives is materially influenced by the future prices for renewable energy credits, which are also not observable. For the unobservable portion of the term, T-Mobile US used on-peak energy prices of between EUR 17.30/MWh and EUR 50.18/MWh when translated into euros and off-peak prices of between EUR 9.78/MWh and EUR 39.40/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 336 million when translated into euros for the assets and EUR 42 million for the liabilities. 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 271 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 before the business combination of T-Mobile US and 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 312 million when translated into euros, resulting from the stock options received 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 absolute figure used for the share price volatility at the current reporting date was 26.3 % which, in our opinion, constitutes the best estimate. At the reporting date, the calculated fair value for the stock option amounted to EUR 602 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.

For information on the exercise of the stock options, please refer the section "Other financial assets."

Development of the not yet amortized amounts

millions of €

	Energy forward agreements	Stock options
Measurement amounts on initial recognition	**173**	**1,005**
Measurement amounts on initial recognition (additions during the reporting period)	0	0
Measurement amounts amortized in profit or loss in prior periods	(18)	(127)
Measurement amounts amortized in profit or loss in the current reporting period	(8)	(175)
Currency translation adjustments	(2)	(49)
Disposals in the current reporting period	0	(372)
Measurement amounts not amortized as of September 30, 2021	**145**	**282**

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 derivative financial assets with a carrying amount of EUR 18 million when translated into euros, resulting from options purchased from third parties for the purchase of company shares. No notable fluctuations in value are expected from these assets. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

Disclosures on credit risk

In line with the contractual provisions, in the event of insolvency, all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. The net amounts are normally recalculated every bank working day and offset against each other. When the netting of the positive and negative fair values of all derivatives was positive from Deutsche Telekom's perspective, Deutsche Telekom received unrestricted cash collateral from counterparties pursuant to collateral contracts in the amount of EUR 1,324 million (December 31, 2020: EUR 1,530 million). The credit risk was thus reduced by EUR 1,323 million (December 31, 2020: EUR 1,516 million) because, on the reporting date, the collateral received was offset by corresponding net derivative positions in the same amount. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 1,785 million as of the reporting date (December 31, 2020: EUR 2,253 million) had a maximum credit risk of EUR 79 million as of September 30, 2021 (December 31, 2020: EUR 44 million).

When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral in the amount of EUR 316 million as of the reporting date (December 31, 2020: EUR 34 million) to counterparties pursuant to collateral agreements. The cash collateral paid is offset by corresponding net derivative positions of EUR 263 million at the reporting date (December 31, 2020: EUR 34 million), which is why it was not exposed to any credit risks in this amount.

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

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

In connection with auctions for the acquisition of spectrum licenses, subsidiaries of Deutsche Telekom have deposited additional cash collateral of EUR 86 million when translated into euros (December 31, 2020: EUR 446 million). At the reporting date, cash and cash equivalents of EUR 87 million (December 31, 2020: EUR 63 million) when translated into euros were pledged as collateral for liabilities issued by Sprint with the right of creditors to priority repayment in the event of default. This cash collateral is not exposed to any significant credit risk.

Related-party disclosures

The following significant changes to the related-party disclosures reported in the consolidated financial statements as of December 31, 2020 were in effect as of September 30, 2021:

Federal Republic of Germany. Following the capital increase of Deutsche Telekom AG carried out on September 28, 2021 against a non-cash contribution, 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. The capital increase was executed in connection with the increase of the stake in T-Mobile US by way of the agreement with SoftBank.

For more information on the capital increase against a non-cash contribution, please refer to the section "Other transactions that had no effect on the composition of the Group."

Associate. In connection with the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund, the newly established, independently managed investment company Digital Infrastructure Vehicle II SICAF-RAIF (DIV) contributed the shares in T-Mobile Infra B.V. previously acquired by T-Mobile Netherlands into Cellnex Netherlands B.V. In return, DIV received a stake of 37.65 % in the "new" company Cellnex NL. Since then Cellnex NL has been included in the consolidated financial statements using the equity method. The transaction was consummated on June 1, 2021. Following the combination of the cell tower business in the Netherlands and the set-up of an infrastructure fund, T-Mobile Netherlands continues to have access to the contributed passive mobile infrastructure under a sale-and-leaseback transaction with T-Mobile Infra B.V. A long-term lease agreement at normal market conditions was concluded to this end.

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."

Events after the reporting period

Deutsche Telekom accelerates 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 Glasfaser Plus 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 four million gigabit-capable FTTH lines in rural and development areas between 2022 and 2028. This transaction, which underpins Deutsche Telekom's aim of being the leading company for the fiber-optic build-out in Germany, is subject to approval by the merger control authorities. The joint venture will be included in the consolidated financial statements using the equity method.

Responsibility statement

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

Bonn, November 12, 2021

Deutsche Telekom AG
The Board of Management

Timotheus Höttges

Adel Al-Saleh	Birgit Bohle	Srini Gopalan	Dr. Christian P. Illek
Thorsten Langheim	Dominique Leroy	Claudia Nemat	

Review report

To Deutsche Telekom AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to September 30, 2021 which are part of the quarterly financial report pursuant to § (Article) 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

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

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

Frankfurt/Main, November 12, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Tandetzki
Wirtschaftsprüfer
(German Public Auditor)

Dr. Sven Willms
Wirtschaftsprüfer
(German Public Auditor)