

INTERIM REPORT

for the half year ended June 30, 2021

DEUTSCHE TELEKOM INTERNATIONAL FINANCE B.V.

MAASTRICHT

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REPORT OF THE DIRECTORS

Directors' report

The Board of Management is pleased to present the semi-annual report and the semi-annual financial statements of Deutsche Telekom International Finance B.V. (the Company) as of June 30, 2021.

Review of financial position and result

The business activities of the Company for the six months that ended June 30, 2021 are adequately presented in the statement of financial position and the statement of comprehensive profit and loss. The course of business of the Company went in line with expectations of the management.

Business activities

On January 18, 2021 the Company redeemed a bond with a nominal amount of EUR 1,000,778,000 and two loans granted to Deutsche Telekom AG (DTAG) and Magyar Telekom (MT) with the same aggregate nominal amount were repaid to the Company.

On April 19, 2021 the Company redeemed a bond with a nominal amount of EUR 357,751,000 and a loan granted to DTAG with the same total nominal amount was repaid to the Company.

The Company made a semi-annual net profit of EUR 24,651,840.52 for the first half year of 2021 versus a semi-annual net profit of EUR 21,630,936.92 for the first half year of 2020.

Future business developments and financing

The management expects no new financing for the remainder of the year. Since derivatives are carried at fair value and the non-derivative instruments at amortized costs, the financial result under IFRS of the Company is expected to remain volatile. However, management expects net positive cash flow for the year ending December 31, 2021 as well as in each of the following years.

Events after the statement of financial position date

On July 27, 2021 the Company redeemed a bond with a nominal amount of EUR 350,000,000 and two loans granted to Deutsche Telekom AG (DTAG) and Magyar Telekom (MT) with the same aggregate nominal amount were repaid to the Company.

Management representation

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

Maastricht, 13 August 2021

The Managing Directors,

Markus Schäfer

Frans Roose

FINANCIAL STATEMENTS (UNAUDITED)

Statement of comprehensive profit and loss (unaudited)

thousands of €	Six months ended June 30,	
	2021	2020
Finance income (expense)		
Interest income	473.140	589.657
Interest expense	(483.428)	(576.082)
Other financial income (expense)	43.282	11.328
Profit from financial activities	32.994	24.903
General and administrative expenses	(177)	(178)
Other operating income	20	67
Loss from operations	(157)	(111)
Profit before income taxes	32.837	24.792
Income taxes	(8.185)	(3.161)
Profit after income taxes	24.652	21.631
Other comprehensive income	-	-
Profit attributable to owners:	24.652	21.631
Total comprehensive profit (loss) attributable to the owners:	24.652	21.631

Statement of financial position (unaudited)

thousands of €	30.06.2021	31.12.2020
Assets		
Non-current assets	24.760.535	25.603.950
Financial assets	24.760.535	25.603.950
Current assets	2.651.792	2.908.813
Financial assets	2.641.835	2.891.343
Income tax receivable	1.651	-
Other assets	13	3
Cash and cash equivalents	8.293	17.467
Total Assets	27.412.327	28.512.763
Liabilities and shareholder's equity		
Shareholder's equity	211.987	198.754
Issued Capital	500	500
Retained earnings	186.835	255.797
Net profit (loss)	24.652	(57.543)
Non-current liabilities	24.568.089	25.431.985
Financial liabilities	24.502.033	25.372.889
Deferred tax liability	66.056	59.096
Current liabilities	2.632.251	2.882.024
Financial liabilities	2.632.061	2.881.388
Income tax liability	35	495
Other liabilities	155	141
Liabilities	27.200.340	28.314.009
Total Liabilities and shareholder's equity	27.412.327	28.512.763

Statement of changes in equity (unaudited)

thousands of €	Issued share	Retained earnings	Result for the year	Total
Balance as at January 1, 2020	500	264.096	1.599	266.195
Movements				
Net result			(57.543)	(57.543)
Appropriation of result		1.599	(1.599)	-
Transactions with owners				
Dividends paid		(9.898)		(9.898)
Balance as at December 31, 2020	500	255.797	(57.543)	198.754

thousands of €	Issued share capital	Retained earnings	Result for the year	Total
Balance as at January 1, 2021	500	255.797	(57.543)	198.754
Movements				
Net result			24.652	24.652
Appropriation of result		(57.543)	57.543	-
Transactions with owners				
Dividends paid		(11.419)		(11.419)
Balance as at June 30, 2021	500	186.835	24.652	211.987

Statement of cash flows (unaudited)

thousands of €	Six months ended June 30,	
	2021	2020
Proceeds from repayments of loans	1.358.529	5.295.962
Interest received	516.392	636.556
Interest paid	(510.800)	(625.841)
Net interest received from derivatives	14.200	15.277
Guarantee fees paid	(14.007)	(16.958)
Net income tax paid	(3.345)	(3.697)
Others	(195)	(325)
Net cash generated from operating activities	1.360.774	5.300.974
Repayment of financial liabilities	(1.358.529)	(5.295.962)
Dividend payments	(11.419)	(9.898)
Net cash used in financing activities	(1.369.948)	(5.305.860)
Net increase (decrease) in cash and cash equivalents	(9.174)	(4.886)
Cash and cash equivalents, at the beginning of the period	17.467	15.752
Cash and cash equivalents, at the end of the period	8.293	10.866

Notes to the financial statements

General information

Deutsche Telekom International Finance B.V. (hereafter “the Company”) is the financing company of Deutsche Telekom AG, Bonn, Germany (hereafter “DTAG”). Its principal activity consists of the issuance of debt instruments and the funding of Deutsche Telekom Group. The Company, with its statutory seat in Maastricht and which has its office at Stationsplein 8-K, 6221 BT Maastricht, the Netherlands, is a 100% subsidiary of DTAG, which is also the ultimate parent of the Company. The Company’s financial statements are included in the consolidated financial statements of DTAG.

Basis of preparation

The single entity semi-annual accounts have been prepared in accordance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. It does not contain all the information that is required for the full year financial report and needs to be read in combination with the annual accounts 2020 of the Company, which have been prepared in accordance with IFRS. The principles applied in preparing the half yearly accounts of the Company are similar to those applied by drawing up the annual accounts 2020 of the Company.

Changes in accounting policies

There have not been any changes in accounting policies in the first half year of 2021.

Judgements and estimates

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

Regarding assumptions made for the calculation of fair values we refer to the section financial instruments under accounting policies on page 15 and 16 of the annual report for the year ended December 31, 2020.

Income taxes

Income tax expense is recognized based on management’s best estimate of the effective income tax rate for the complete fiscal year. The estimated effective tax rate used for the year to June 30, 2021 is 25.0%.

Dividends

The Shareholder's meeting on March 5, 2021 resolved to pay a dividend of EUR 11,418,614.07 in 2021 relating to the fiscal year ending December 31, 2020. The Company did pay a dividend of EUR 9,897,618.20 in 2020 relating to the fiscal year ending December 31, 2019.

Post statement of financial position events

On July 27, 2021 the Company redeemed a bond with a nominal amount of EUR 350,000,000 and two loans granted to Deutsche Telekom AG (DTAG) and Magyar Telekom (MT) with the same aggregate nominal amount were repaid to the Company.

No other events occurred since June 30, 2021, which would make the present financial position substantially different from that shown in the statement of financial position as that date, or which would require adjustment to or disclosure in the semi-annual financial statements.