

KPN delivers organic¹ growth in all segments and confirms guidance

- Group service revenue growth (+3.7% y-on-y, or +3.4% organic)
- Consumer service revenue growth (+6.1% y-on-y, or +2.7% organic)
- Ongoing commercial momentum in Consumer postpaid (+45k); positive net adds broadband (+3k)
- Continued Business service revenue growth (+5.0% y-on-y, or +5.9% organic)
- Wholesale service revenues returned to growth on an organic basis (+1.1% y-on-y)
- Adj. EBITDA AL grew 2.3% y-on-y, or +1.9% excl. Youfone in Q3 2024; YTD FCF generation broadly stable y-on-y
- Expanded fiber footprint with +110k HP in Q3 2024 (+137k HP incl. Glaspoort)
- Full-year 2024 outlook reiterated

Message from the CEO, Joost Farwerck

“We continue to execute on our strategy as planned, with healthy financial results in the third quarter. Our Group service revenues showed organic growth across all segments. Consumer service revenues were supported by another quarter of solid base inflow in mobile, partly driven by the launch of our new Kids and Teens proposition in early September. Our fiber broadband revenues showed continued growth, absorbing the challenging competitive environment and the elevated churn in our copper business. Business service revenues came in strong once again, with all segments contributing. Our Wholesale service revenues have returned to growth when adjusted for Youfone, despite a further decline in the broadband base.

To sustain our network leadership position, we continue to invest in our fiber roll out with increasing focus on connecting households. Together with our joint-venture Glaspoort we now cover 62% of the Netherlands. Customer satisfaction remains a priority for us and while our NPS remains leading, we have witnessed some adverse movements recently, which have our full attention.

We remain committed to our ambitious ESG agenda. During the quarter, the Science Based Targets initiative has validated KPN's near-term and long-term emission reduction targets to reach net-zero by 2040. With a strong foundation built over the past years, we are ready to update our stakeholders on the execution of our ESG strategy at our upcoming ESG webinar on November 26th.

We are confident to deliver on our full-year 2024 outlook and we remain on track to deliver on our mid-term ambitions as outlined during our Capital Markets Day last November.”

Key figures

Group financials (unaudited) (in € m, unless stated otherwise)	Q3 2023	Q3 2024	Δ y-on-y	YTD 2023	YTD 2024	Δ y-on-y
Adjusted revenues	1,363	1,420	+4.2%	4,028	4,189	+4.0%
Service revenues	1,277	1,325	+3.7%	3,749	3,887	+3.7%
Adjusted EBITDA AL	629	643	+2.3%	1,809	1,878	+3.8%
As % of adjusted revenues	46.1%	45.3%		44.9%	44.8%	
Operating profit (EBIT)	366	367	+0.2%	1,020	1,061	+4.1%
Net profit	224	231	+3.0%	636	632	-0.6%
Capex	303	281	-7.5%	905	920	+1.7%
As % of adjusted revenues	22.3%	19.8%		22.5%	22.0%	
Operational Free Cash Flow	326	363	+11%	904	958	+6.0%
As % of adjusted revenues	23.9%	25.5%		22.4%	22.9%	
Free Cash Flow	198	178	-10%	552	542	-1.7%
As % of adjusted revenues	14.5%	12.5%		13.7%	13.0%	
Net debt				5,820	6,220	

¹ Adjusted for the Youfone acquisition and divestments in LCE

Operational performance

- **Consumer:** service revenues driven by solid base inflow in mobile and continued fiber broadband growth
 - Fixed-Mobile households: +11k net adds; Fixed-Mobile ARPA at € 88 (+4.0% y-on-y)
 - Broadband: +3k² net adds (of which +37k fiber net adds); ARPU fixed € 54 (+0.5% y-on-y)
 - Postpaid: +45k net adds; ARPU mobile at € 17 (-0.6% y-on-y)
 - YTD NPS at +16 (Q2 2024: +17)
- **Business:** continues to perform well, with growth across the board
 - Broadband lines: +3k net adds
 - Mobile SIMs: +15k net adds
 - YTD NPS at +4 (Q2 2024: +4)
- **Wholesale:** organic service revenues back to growth
 - Broadband lines: -9k net adds
 - Postpaid SIMs: +9k net adds
 - Full MVNO SIMs: +263k net adds (primarily travel SIMs/M2M)
- **Network:** steady expansion fiber footprint
 - Together with Glaspoort, fiber coverage at 62% of the Netherlands or ~5.2m households
 - Strong focus on delivering homes connected

Financial performance

- **Adjusted revenues** increased 4.2% y-on-y, or +3.9% organic in Q3 2024. Growth was driven by higher Group service and non-service revenues. YTD 2024 adj. revenues grew 4.0% y-on-y, of which +0.5% related to Youfone, -0.4% to divestments in LCE and +0.5% to IP sales
- **Adjusted EBITDA AL** increased 2.3% y-on-y in Q3 2024, or +1.9% excluding Youfone. Adjusted EBITDA AL margin decreased to 45.3% (Q3 2023: 46.1%). YTD 2024 adjusted EBITDA AL increased 3.8% y-on-y, of which +0.4% related to Youfone and +1.1% to IP sales
- **Net profit** increased 3.0% y-on-y in Q3 2024. YTD 2024 net profit decreased 0.6% y-on-y, mainly due to one-off refinancing costs in Q1 2024
- **Capex** of € 281m was € 23m lower y-on-y in Q3 2024, driven by timing of investment projects. YTD 2024 Capex increased € 15m y-on-y
- **Operational Free Cash Flow** of € 363m was € 37m above previous year in Q3 2024, driven by higher adjusted EBITDA AL and lower Capex. YTD 2024 Operational Free Cash Flow increased 6.0% y-on-y, driven by higher adjusted EBITDA AL, partially offset by higher Capex
- **Free Cash Flow** of € 178m decreased € 20m y-on-y in Q3 2024, mainly due to timing of interest payments and higher cash taxes. YTD 2024 Free Cash Flow was broadly stable compared to the same period last year as higher EBITDA was offset by higher capex, timing of interest payments and higher cash taxes

Outlook 2024 and mid-term ambitions reiterated

KPN maintains its FY 2024 outlook for service revenues growth of approximately 3%, adjusted EBITDA AL of approximately € 2,500m, Capex of approximately € 1.2bn, and Free Cash Flow of more than € 890m. KPN intends to pay a regular dividend per share of € 17.0 cents over 2024. An interim dividend of € 6.8 cents per share over 2024 was paid on 1 August.

KPN reiterates its mid-term ambitions as provided at the Capital Markets Day on 7 November 2023. As outlined during our CMD, after 2024, our Free Cash Flow will gradually grow in line with EBITDA, which implies a low-single digit CAGR until 2026. As from 2027 onwards, we foresee a step-down in our Capex, dropping to below € 1.0bn, resulting in a material inflection in our Free Cash Flow and a CAGR of around 7% over the entire 2024-2027 period.

	Achievements	Outlook	Ambitions
	YTD 2024	FY 2024	FY 2027 ³
Service Revenues	+3.7%	~3%	~3% CAGR
Adjusted EBITDA AL	€ 1,878m	~€ 2,500m	~3% CAGR
Capex	€ 920m	~€ 1.2bn	<€ 1.0bn
Free Cash Flow	€ 542m	>€ 890m	~7% CAGR
Regular DPS	€ 6.8ct <i>Interim dividend</i>	€ 17.0ct	~7% CAGR vs. 2024
Share buyback	€ 200m	€ 200m	Up to € 1.0bn 2024-2027 period

² Corrected for migrations to, and new customers of, business propositions (4k in Q3 2024, 5k in Q2 2024, 6k in Q1 2024, 6k in Q4 2023 and 6k in Q3 2023)

³ CAGR compared to FY 2023, unless stated otherwise

Financial review KPN Group Q3 and YTD 2024

Key financial metrics

Group financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q3 2023	Q3 2024	Δ y-on-y	YTD 2023	YTD 2024	Δ y-on-y
Service revenues	1,277	1,325	+3.7%	3,749	3,887	+3.7%
Non-service revenues & other	86	95	+11%	278	301	+8.2%
Adjusted revenues	1,363	1,420	+4.2%	4,028	4,189	+4.0%
Cost of goods & services	343	367	+7.0%	1,011	1,056	+4.4%
Personnel expenses	188	202	+7.3%	599	630	+5.2%
IT/TI	78	72	-8.2%	226	225	-0.3%
Other operating expenses	88	98	+12%	270	284	+4.8%
Total adjusted opex excl. D&A before leases	697	739	+6.0%	2,107	2,195	+4.2%
Depreciation right-of-use asset	32	33	+0.3%	96	98	+1.9%
Interest lease liabilities	5	6	+12%	15	17	+12%
Total adjusted indirect opex after leases	734	777	+5.8%	2,219	2,311	+4.1%
Adjusted EBITDA AL	629	643	+2.3%	1,809	1,878	+3.8%
<i>As % of adjusted revenues</i>	46.1%	45.3%		44.9%	44.8%	
Operating profit (EBIT)	366	367	+0.2%	1,020	1,061	+4.1%
Net profit	224	231	+3.0%	636	632	-0.6%

Q3 2024

Adjusted revenues increased 4.2% y-on-y, or +3.9% adjusted for the Youfone acquisition and divestments in LCE. The increase was driven by higher Group service revenues and higher non-service revenues & other.

Cost of goods and services increased 7.0% y-on-y, due to higher third-party access costs (primarily Glaspoort), service revenue mix effects in B2B and higher non-service revenues such as handset and hardware sales. Personnel expenses increased 7.3% y-on-y, driven by wage indexation. IT/TI expenses decreased by 8.2% y-on-y due to higher recoverable claims, while other opex increased by 12% y-on-y mainly due to higher marketing & sales costs. Inflationary headwinds across the chain offset KPN's simplification and cost measures resulting in 5.8% higher total adjusted indirect opex after leases y-on-y.

Adjusted EBITDA AL increased 2.3% y-on-y, or +1.9% excluding Youfone. Adjusted EBITDA AL margin decreased 80bps to 45.3%.

Operating profit (EBIT) of € 367m was broadly stable compared to previous year, as higher EBITDA was offset by higher depreciation and amortization. Net profit of € 231m increased € 7m or 3.0% y-on-y.

Financial position

Group financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q3 2023	Q3 2024	Δ y-on-y	YTD 2023	YTD 2024	Δ y-on-y
Operational Free Cash Flow	326	363	+11%	904	958	+6.0%
<i>As % of adjusted revenues</i>	23.9%	25.5%		22.4%	22.9%	
Free Cash Flow	198	178	-10%	552	542	-1.7%
<i>As % of adjusted revenues</i>	14.5%	12.5%		13.7%	13.0%	
Net debt				5,820	6,220	
Gross debt				6,400	6,738	
Cash & short-term investments				579	519	
Leverage ratio*				2.4x	2.5x	
Interest cover ratio**				12.3x	9.3x	
Credit ratings				Rating	Outlook	
Standard & Poor's				BBB	Stable	
Fitch Ratings				BBB	Stable	
Moody's				Baa3	Positive	

* Net debt (excl. leases) / LTM adjusted EBITDA AL

** LTM adjusted EBITDA AL / LTM Net interest paid (excl. lease interest, incl. perpetual hybrid coupon)

YTD 2024

YTD 2024 Operational Free Cash Flow of € 958m was 6.0% higher y-on-y, driven by higher EBITDA. YTD 2024 Free Cash Flow was broadly stable compared to the same period last year as higher operational free cash flow was offset by timing of interest payments and higher cash taxes paid. Free Cash Flow margin decreased 70bps to 13.0%.

At the end of Q3 2024, net debt amounted to € 6,220m, € 181m higher compared to end Q2 2024. Compared to the prior year, net debt increased by € 399m, mainly driven by the Youfone acquisition, the 3.5GHz spectrum payment and non-recurring refinancing costs. The spectrum that was obtained on 1 July was paid in full on 23 July 2024.

KPN had a strong balance sheet and liquidity position at the end of Q3 2024. Nominal debt outstanding was € 7,170m, including € 60m short-term commercial paper. Gross debt of € 6,738 was sequentially lower (Q2 2024: € 7,146m), mainly due to the senior bond redemption (€ 431m) at the end of September 2024. KPN's committed liquidity consisted of € 519m cash & short-term investments and € 1,075m of undrawn committed revolving credit facilities. Therefore, available liquidity covers debt maturities until 2027. At 30 September 2024, the net debt to EBITDA ratio was 2.5x (Q2 2024: 2.4x) and the interest cover ratio stood at 9.3x (Q2 2024: 10.5x), which was partly impacted by timing of the September 2024 bond coupon payment. At 30 September 2024, the weighted average cost of senior debt was 3.86%, 30bps lower y-on-y and 6bps lower q-on-q.

In H1 2024, KPN completed a € 200m share buyback program, repurchasing 59,987,360 ordinary shares at an average price of € 3.33 per share. As a result of that, KPN cancelled 58,487,360 of the repurchased shares on 19 September 2024 to reduce its capital. The remaining 1,500,000 repurchased shares were retained to cover employee share plans. As per 30 September 2024, the total shares outstanding amounted to 3,888,930,422 of which 2,651,382 are Treasury shares.

At the end of Q3 2024, Group equity amounted to € 3,579m, slightly lower compared to the end of Q2 2024.

Financial and operating review per segment Q3 and YTD 2024

Consumer

Segment financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q3 2023	Q3 2024	Δ q-on-q	Δ y-on-y	Δ y-on-y Organic	YTD 2023	YTD 2024	Δ y-on-y	Δ y-on-y Organic
Fixed service revenue	464	475		+2.2%	+1.0%	1,360	1,403	+3.2%	+2.4%
Broadband service revenues	450	463		+2.8%	+1.6%	1,317	1,366	+3.8%	+2.9%
<i>o/w Fiber broadband service revenues</i>	264	296		+12%	+12%	756	854	+13%	+13%
<i>o/w Copper broadband service revenues</i>	186	166		-11%	-13%	560	512	-8.7%	-9.9%
Other Fixed service revenues	14	12		-16%	-16%	44	37	-16%	-15%
Mobile service revenues	197	227		+15%	+6.7%	581	655	+13%	+7.2%
Adjusted Consumer service revenues	662	702		+6.1%	+2.7%	1,941	2,059	+6.1%	+3.8%
Non-service & Other revenues	62	63		+2.0%	+1.9%	191	194	+1.3%	+1.3%
Adjusted Consumer revenues	724	765		+5.7%	+2.7%	2,132	2,252	+5.6%	+3.6%
Households (k)									
Fiber households	1,604	1,787	+37	+183					
Copper households	1,155	1,031	-38	-124					
Postpaid-only households	779	1,000	+6	+220					
Total Consumer households	3,539	3,818	+5	+279					
<i>o/w Fixed-Mobile households</i>	1,543	1,669	+11	+126					
ARPA (€)									
ARPA Fixed-Mobile households	85	88	+1.7%	+4.0%					
ARPA total Consumer households	61	62	+1.9%	+2.4%					
NPS Consumer (YTD)	+16	+16	-1	flat					

Q3 2024

Adjusted Consumer service revenues increased 6.1% y-on-y, or +2.7% adjusted for Youfone. Within the mix, fixed service revenues increased 2.2% y-on-y, or +1.0% organic, with broadband service revenues growing by 2.8% y-on-y. The broadband market continues to see a challenging competitive environment. Fiber broadband service revenues continued to grow at a solid pace (+12% y-on-y), offsetting the ongoing decline in copper (-11% y-on-y) and legacy services (-16% y-on-y). Broadband net adds were +3k⁴ in Q3 2024. Fixed ARPU was broadly stable y-on-y at € 54.

Consumer mobile service revenues increased 15% y-on-y, or +6.7% adjusted for Youfone, driven by base growth. KPN's postpaid base grew by 45k net adds. Growth was supported by the ongoing commercial success of KPN's speed tiering proposition and the recent launch of the Kids and Teens proposition addressing the younger market. Postpaid ARPU was broadly stable y-on-y at € 17.

Non-service revenues increased 2.0% y-on-y, driven by higher handset sales.

Consumer NPS at +16 was slightly down q-on-q (Q2 2024: +17), mainly due to the rising cost of living impacting consumer sentiment. Customer satisfaction remains a priority for us and while our NPS remains leading, we witnessed some adverse movements recently, which have our full attention.

⁴ Corrected for migrations to, and new customers of, small business propositions (4k in Q3 2024, 5k in Q2 2024, 6k in Q1 2024, 6k in Q4 2023 and 6k in Q3 2023)

Business

Segment financials (unaudited) (in € m, unless stated otherwise)	Q3 2023	Q3 2024	Δ q-on-q	Δ y-on-y	Δ y-on-y Organic	YTD 2023	YTD 2024	Δ y-on-y	Δ y-on-y Organic
SME service revenues	168	182		+8.1%	+6.7%	482	527	+9.4%	+8.5%
LCE service revenues	190	193		+1.4%	+4.4%	577	572	-0.9%	+1.7%
Tailored Solutions service revenues	74	80		+7.6%	+7.6%	220	231	+5.0%	+5.0%
Adjusted Business service revenues	432	454		+5.0%	+5.9%	1,279	1,330	+4.0%	+4.9%
Non-service & Other revenues	19	22		+16%	+16%	70	65	-7.2%	-6.2%
Adjusted Business revenues	452	477		+5.6%	+6.3%	1,349	1,396	+3.5%	+4.3%
KPIs (k)									
Broadband lines	380	392	+3	+12					
Mobile SIMs	2,160	2,261	+15	+101					
NPS Business (YTD)	+5	+4	flat	-1					

Q3 2024

Adjusted Business service revenues grew 5.0% y-on-y, or +5.9% adjusted for Youfone and divestments in LCE, with growth across the board. The number of broadband lines slightly increased by 3k this quarter, while the number of Mobile SIMs base increased by 15k.

SME service revenues grew 8.1% y-on-y, or +6.7% organic, supported by continued good commercial momentum in Broadband, Mobile and Cloud & Workspace.

LCE service revenues grew 1.4% y-on-y, or +4.4% adjusted for the divestments of CAM IT and KPN Internetservices. Growth was mainly driven by the continued strong performance in IoT, higher roaming-related revenues and a small negative service revenue-related one-off in Q3 2023.

Tailored Solutions service revenues grew 7.6% y-on-y, mainly driven by higher project related business revenues and higher, low-margin revenues for services delivered by subcontractors. Tailored Solutions remains subject to seasonality of projects.

While Business NPS remains leading in the Dutch market, we witnessed some adverse movements recently, which have our full attention.

Wholesale

Segment financials (unaudited) (in € m, unless stated otherwise)	Q3 2023	Q3 2024	Δ q-on-q	Δ y-on-y	Δ y-on-y Organic	YTD 2023	YTD 2024	Δ y-on-y	Δ y-on-y Organic
Broadband	79	78		-0.9%	+4.4%	238	239	+0.5%	+3.9%
Mobile	49	40		-18%	+4.3%	134	116	-13%	+1.8%
Other	51	48		-6.2%	-6.2%	149	137	-8.2%	-8.2%
Adjusted Wholesale service revenues	179	166		-7.2%	+1.1%	521	492	-5.6%	-0.3%
Non-service & Other revenues	-	1		n.m.	>100%	1	2	+67%	+67%
Adjusted Wholesale revenues	180	167		-6.9%	+1.3%	523	494	-5.4%	-0.1%
# Customers (k)									
Broadband lines ⁵	1,148	1,095	-9	-53					
Postpaid SIMs ⁶	782	306	+9	-476					
Full MVNO SIMs	2,873	4,117	+263	+1,245					

Q3 2024

Adjusted Wholesale service revenues decreased 7.2% y-on-y, or increased 1.1% adjusted for Youfone, driven by higher Broadband and Mobile service revenues.

Broadband service revenues decreased 0.9% y-on-y, or increased 4.4% when adjusted for Youfone. Growth was mainly supported by higher fiber service revenues from Glaspoort (KPN Wholesale delivers Pon Ethernet service to Glaspoort) and a negative revenue related one-off in Q3 2023. Sequentially, KPN's broadband base declined by 9k, mainly due to the continued competitive environment seen in the wider broadband market and the ongoing migration of copper lines to Glaspoort due to the copper switch-off.

Mobile service revenues decreased 18% y-on-y, or increased 4.3% adjusted for Youfone. Growth was driven by a significant increase in international sponsored roaming volumes and a growing base. Wholesale added 9k postpaid and 263k full MVNO SIMs during the quarter.

Other service revenues declined 6.2% y-on-y, mainly driven by the lower regulated tariffs and less traffic leading to a decrease in low-margin interconnect revenues.

⁵ Includes +18k from Q4 '23 related to Primevest and -56k in Q2 '24 related to Youfone

⁶ Includes -546k in Q2 '24 related to Youfone

Network, Operations & IT

Segment KPIs <i>(in thousands)</i>	YTD 2023	YTD 2024	Δ q-on-q	Δ y-on-y
FttH households KPN	4,142	4,634	+110	+492
FttH households Glaspoort JV	423	552	+27	+129
FttH households 3 rd party other	155	191	+5	+36
FttH households total	4,720	5,377	+142	+657

Q3 2024

In Q3 2024, KPN added 110k households to its own fiber footprint, including 4k acquired from Digitale Stad. Together with Glaspoort, KPN added 137k households to its fiber footprint, now jointly covering 62% of Dutch households. As outlined at the Capital Markets Day, KPN further optimized and streamlined the entire end-to-end fiber chain. This approach is delivering tangible results, with strong delivery of homes connected.

Analysis of adjusted results Q3 and YTD 2024

The following table shows the reconciliation between reported revenues and adjusted revenues:

Revenues (in € m)	Q3 2023	Q3 2024	Δ y-on-y	YTD 2023	YTD 2024	Δ y-on-y
Consumer	724	765	+5.7%	2,132	2,252	+5.6%
Business	452	477	+5.6%	1,349	1,396	+3.5%
Wholesale	180	167	-6.9%	523	494	-5.4%
Network, Operations & IT	13	9	-26%	37	44	+18%
Other (incl. eliminations)	0	2	n.m.	5	3	-52%
Total revenues	1,368	1,420	+3.8%	4,046	4,189	+3.5%
Revenue incidentals						
Consumer	-	-	-	-	-	-
Business	-	-	-	-	-	-
Wholesale	-	-	-	-	-	-
Network, Operations & IT	5	-	-100%	18	-	-100%
Other (incl. eliminations)	-	-	-	-	-	-
Total revenue incidentals	5	-	-100%	18	-	-100%
Consumer	724	765	+5.7%	2,132	2,252	+5.6%
Business	452	477	+5.6%	1,349	1,396	+3.5%
Wholesale	180	167	-6.9%	523	494	-5.4%
Network, Operations & IT	8	9	+19%	19	44	>100%
Other (incl. eliminations)	0	2	n.m.	5	3	-52%
Total adjusted revenues	1,363	1,420	+4.2%	4,028	4,189	+4.0%

The following table specifies the revenue incidental in more detail:

Revenue incidental (in € m)	Segment	Q3 2023	Q3 2024	YTD 2023	YTD 2024
Book gain on sale of assets to JV (Glaspoort)	NOI	5	-	18	-
Total revenue incidental		5	-	18	-

The following table shows the reconciliation between reported EBITDA and adjusted EBITDA AL:

(in € m)	Q3 2023	Q3 2024	Δ y-on-y	YTD 2023	YTD 2024	Δ y-on-y
EBITDA	658	676	+2.7%	1,918	1,978	+3.1%
Incidentals	-5	-	-100%	-21	-	-100%
Restructuring	13	6	-56%	24	15	-36%
Lease-related expenses						
Depreciation right-of-use asset	-32	-33	+0.3%	-96	-98	+1.9%
Interest lease liabilities	-5	-6	+12%	-15	-17	+12%
Adjusted EBITDA AL	629	643	+2.3%	1,809	1,878	+3.8%

The following table specifies the EBITDA incidentals in more detail:

EBITDA incidentals (in € m)	Category	Q3 2023	Q3 2024	YTD 2023	YTD 2024
Book gain on sale of assets to JV (Glaspoort)	Revenues	5	-	18	-
Release of provisions	Other opex	-	-	3	-
Total EBITDA incidentals		5	-	21	-

All related documents can be found on KPN's website: ir.kpn.com

For further information:

Media Relations

E-mail: press@kpn.com

Investor Relations

ir.kpn.com

E-mail: ir@kpn.com

Formal disclosures:

Royal KPN N.V.

Head of IR: Matthijs van Leijenhorst

Inside information: Yes

Topic: Q3 2024 Results

28/10/2024; 7:30h

Safe harbor

Alternative performance measures and management estimates

This financial report contains a number of alternative performance measures (non-GAAP figures) to provide readers with additional financial information that is regularly reviewed by management, such as EBITDA and Free Cash Flow ('FCF'). These non-GAAP figures should not be viewed as a substitute for KPN's GAAP figures and are not uniformly defined by all companies including KPN's peers. Numerical reconciliations are included in KPN's quarterly factsheets and in the Integrated Annual Report 2023. KPN's management considers these non-GAAP figures, combined with GAAP performance measures and in conjunction with each other, most appropriate to measure the performance of the Group and its segments. The non-GAAP figures are used by management for planning, reporting (internal and external) and incentive purposes. KPN's main alternative performance measures are listed below. The figures shown in this financial report are based on continuing operations and were rounded in accordance with standard business principles. As a result, totals indicated may not be equal to the precise sum of the individual figures.

Financial information is based on KPN's interpretation of IFRS as adopted by the European Union as disclosed in the Integrated Annual Report 2023 and do not take into account the impact of future IFRS standards or interpretations. Note that certain definitions used by KPN in this report deviate from the literal definition thereof and should not be considered in isolation or as a substitute for analyses of the results as reported under IFRS as adopted by the European Union. KPN defines revenues as the total of revenues and other income. Adjusted revenues are derived from revenues (including other income) and are adjusted for the impact of incidentals. KPN defines EBITDA as operating result before depreciation (including impairments) of PP&E and amortization (including impairments) of intangible assets. Adjusted EBITDA after leases ('adjusted EBITDA AL') are derived from EBITDA and are adjusted for the impact of restructuring costs and incidentals ('adjusted') and for lease costs, including depreciation of right-of-use assets and interest on lease liabilities ('after leases' or 'AL'). KPN defines Gross Debt as the nominal value of interest-bearing financial liabilities representing the net repayment obligations in Euro, excluding derivatives, related collateral, and leases, taking into account 50% of the nominal value of the hybrid capital instruments. In its Leverage Ratio, KPN defines Net Debt as Gross Debt less net cash and short-term investments, divided by 12 month rolling adjusted EBITDA AL excluding major changes in the composition of the Group (acquisitions and disposals). The Lease adjusted leverage ratio is calculated as Net Debt including lease liabilities divided by 12 month rolling adjusted EBITDA AL excluding major changes in the composition of the Group (acquisitions and disposals). Operational Free Cash Flow is defined as adjusted EBITDA AL minus capital expenditures ('Capex') being expenditures on PP&E and software, excluding M&A. Free Cash Flow ('FCF') is defined as cash flow from continuing operating activities plus proceeds from real estate, minus Capex. Return on capital employed ('ROCE') is calculated by the net operating profit less adjustments for taxes ('NOPLAT') divided by capital employed, on a 4-quarter rolling basis. Net operating profit is the adjusted EBITA (excluding incidentals and amortization of other intangibles and including restructuring costs). KPN defines capital employed as the carrying amount of operating assets and liabilities, which excludes goodwill and the other intangibles.

All market share information in this financial report is based on management estimates based on externally available information, unless indicated otherwise. For a full overview on KPN's non-financial information, reference is made to KPN's quarterly factsheets available on ir.kpn.com.

Forward-looking statements

Certain statements contained in this financial report constitute forward-looking statements. These statements may include, without limitation, statements concerning future results of operations, the impact of regulatory initiatives on KPN's operations, KPN's and its joint ventures' share of new and existing markets, general industry and macro-economic trends and KPN's performance relative thereto and statements preceded by, followed by or including the words "believes", "expects", "anticipates", "will", "may", "could", "should", "intends", "estimate", "plan", "goal", "target", "aim" or similar expressions. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside KPN's control that could cause actual results to differ materially from such statements. A number of these factors are described (not exhaustively) in the Integrated Annual Report 2023. All forward-looking statements and ambitions stated in this financial report that refer to a growth or decline, refer to such growth or decline relative to the situation per 31 December 2023, unless stated otherwise.