

Connect Activate Grow



**KPN and ABP join
forces through new
TowerCo**

5 June 2024

kpn. The network of the Netherlands

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.

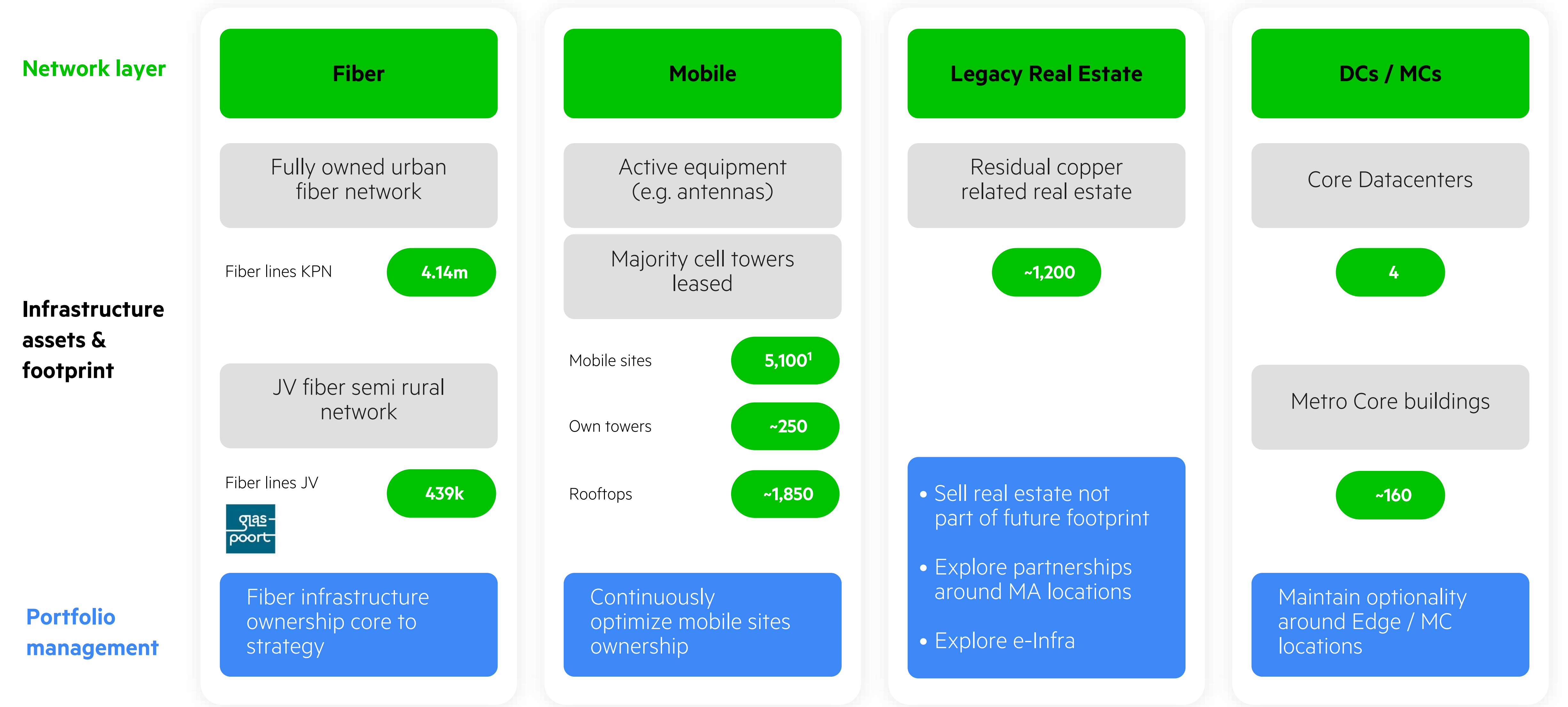
Forward-looking statements

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.

Highlights: KPN and ABP join forces through new TowerCo

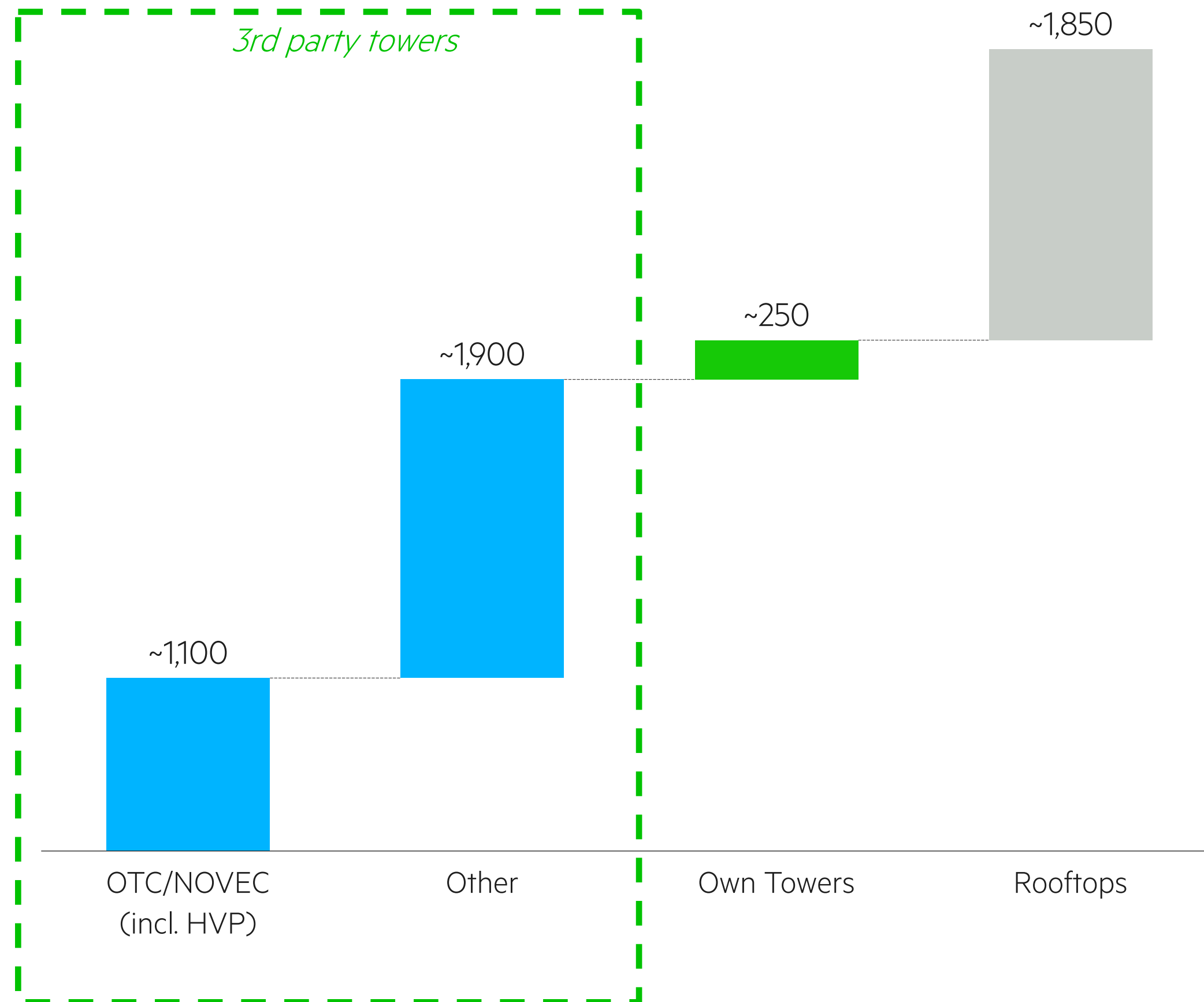
- ▶▶ **Aligned with Connect, Activate & Grow strategy** to optimize value passive infra
- ▶▶ **Majority stake with operational influence** over passive mobile infrastructure
- ▶▶ **Operational efficiency** from harmonization of leases into single MSA
- ▶▶ **Reset of lease fees** on a substantial part of tower portfolio
- ▶▶ **Increase in KPN's EBITDA** through financial consolidation

Aligned with Connect, Activate & Grow to optimize value passive infra



Room for improvement in structure of passive mobile network assets

KPN's current passive infrastructure portfolio



More operational control is imperative

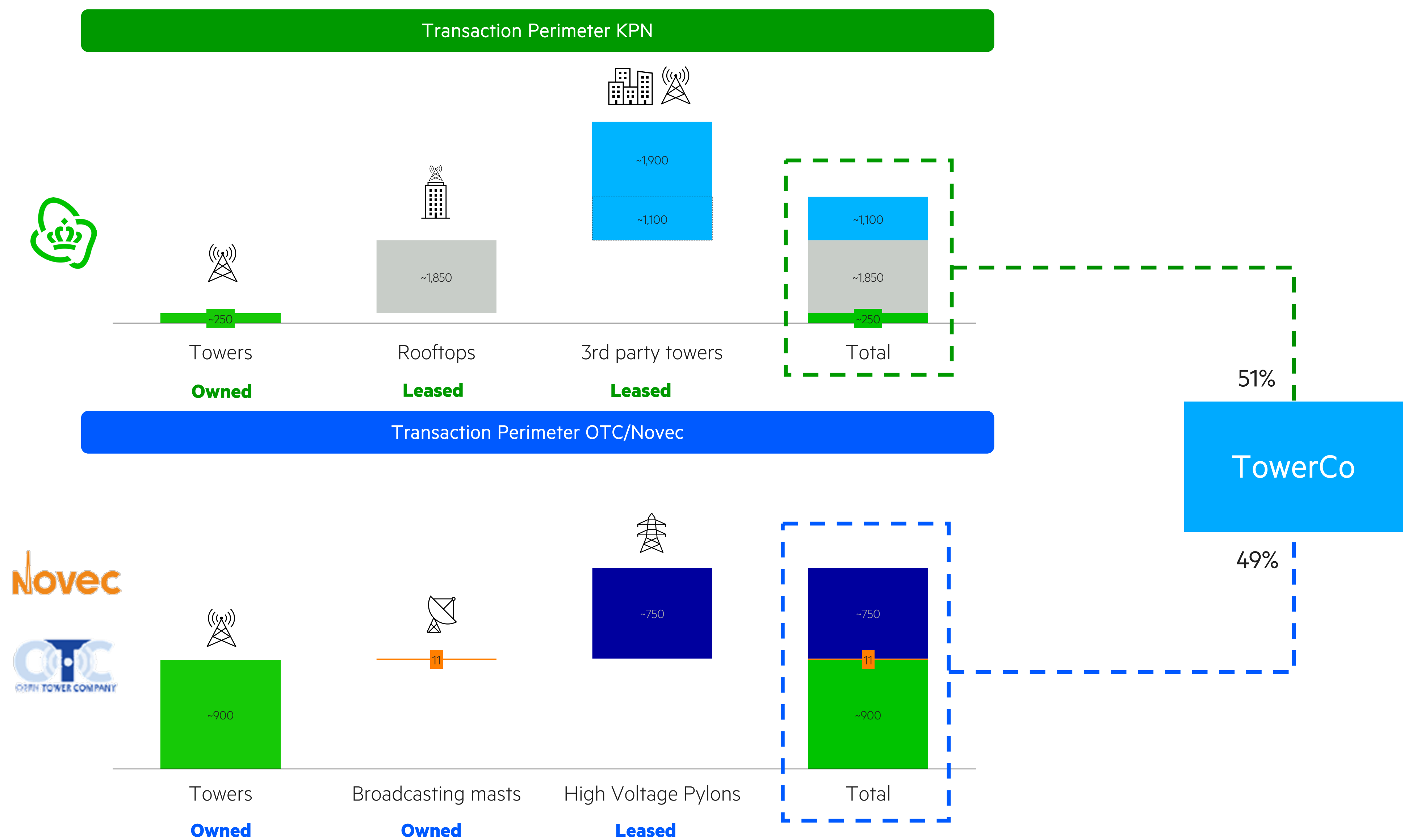
~35% largely consists of rooftop leases

~60% of KPN's passive mobile network currently owned by 3rd parties

Material lease expenses with uncapped inflation exposure

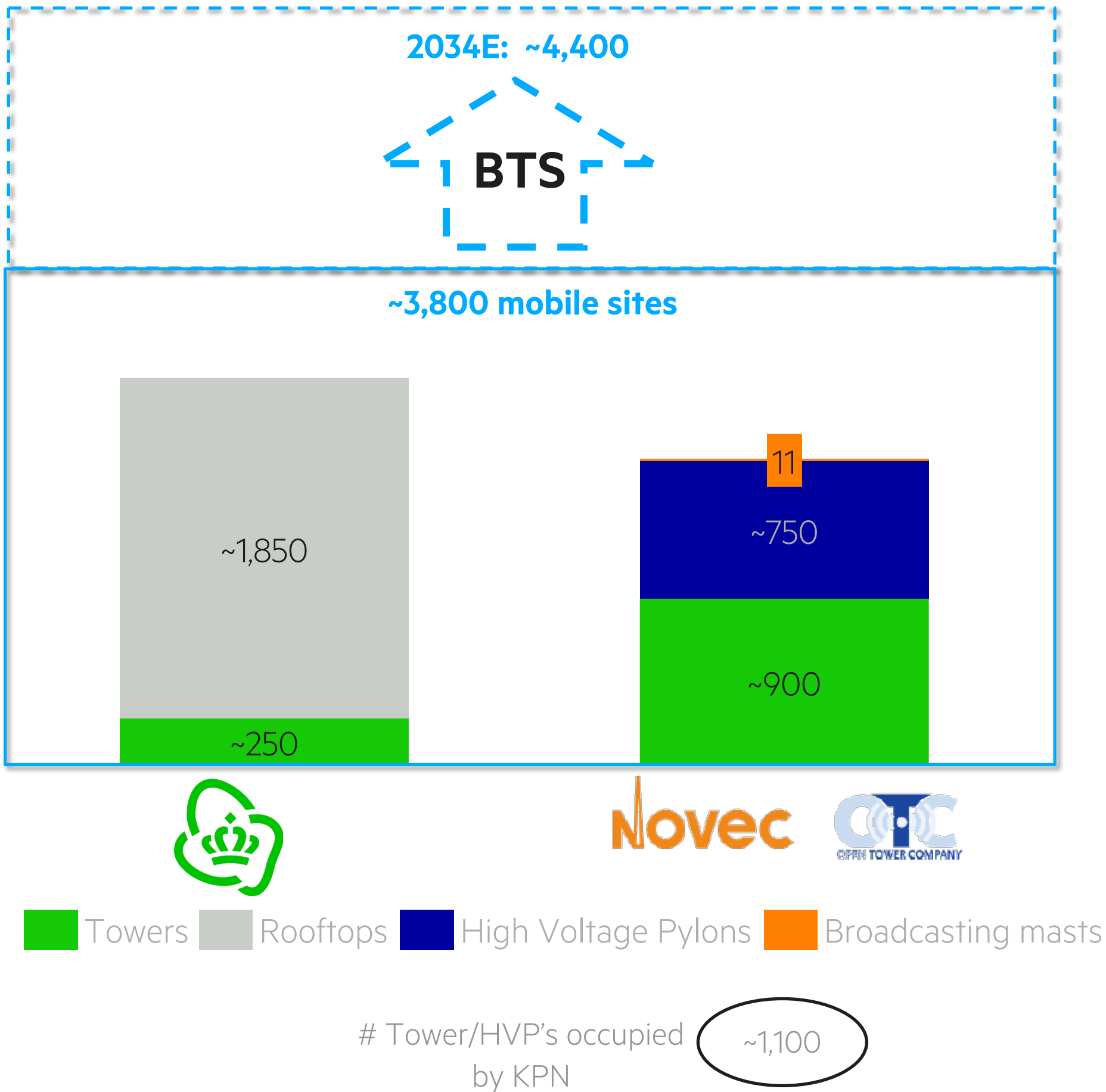
High dependency on 3rd parties for densification mobile network

TowerCo: Contribution overview



Creation of a competitive NL TowerCo platform

TowerCo's passive mobile infrastructure portfolio



Value drivers

Fee levels

New Master Service Agreement (MSA) with 20-year initial period

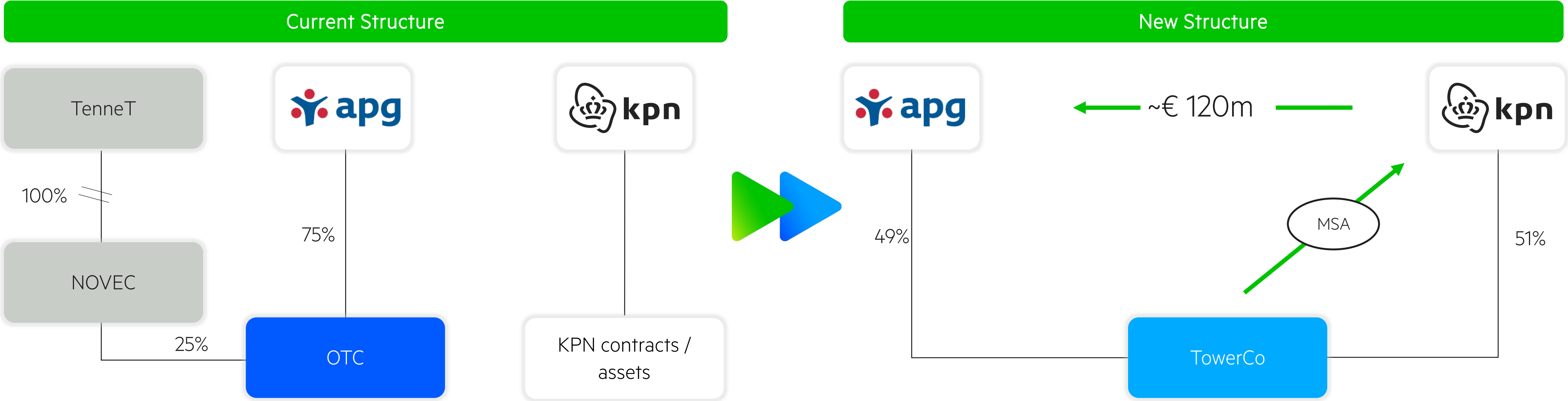
of sites

Increasing number of sites, mainly due to KPN's Built-to-Suit commitment (BTS) for ~550 sites

Utilization rate

Increasing utilization rate (~1.5x currently) due to structured incentivization in fees

Deal structure



Consolidation impact on KPN financials¹

	FY 2024	FY 2027
Adj. EBITDA AL	~€ 30m	>3% CAGR
Capex	~€ 10m	~€ 5m
Operating FCF	~€ 20m	~10% CAGR
Free Cash Flow	~€ 10m	>€ 15m

1. On a pro forma, full year basis

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