

KPN delivers on Connect, Activate & Grow strategy

- Executing against Connect, Activate & Grow strategic objectives; reaffirming 3-3-7 CAGR ambitions for the full plan period
- Fiber roll out continues at a more moderate pace; focus shifting from infrastructure expansion to connecting and activating households
- Capex to decline to below € 1bn in 2027, stable thereafter
- KPN's transformation programs accelerating, targeting ~€ 100m net indirect Opex savings annually by 2030 (vs. 2025)
- ESG leadership sustained, with continued progress on our #BetterInternet mission
- Capital allocation policy reiterated, returning full FCF to shareholders
- Rebasing dividend to ~80% of FCF as of 2026, remainder through SBBs; DPS growth projected at ~14% CAGR (2025–2027) vs. ~7% previously
- Beyond 2027: targeting mid-single-digit annual FCF growth, supporting continued increases in shareholder returns

Message from the CEO, Joost Farwerck

"We are successfully delivering on our Connect, Activate and Grow strategy. At the halfway point of our four-year plan, we have achieved market leadership in both fixed and mobile, further expanded our world-class quality networks, and maintained a clear financial trajectory. Our strategy creates sustainable value for our customers, employees, shareholders and all other stakeholders."

Over the past two years, we continued fiber deployment to strengthen our position as the leading provider of next-generation connectivity. Together with Glaspoort, we now cover two-thirds of the Netherlands, supported by an optimized roll out strategy and a strong focus on connecting households. These efforts have driven record Homes Connected and sustained fiber broadband growth. At the same time, we maintained our lead in mobile, ensuring best-in-class coverage. Strategic initiatives, including the acquisition of Youfone and the launch of TowerCo Althio, have strengthened our market presence. With ongoing investments in network reliability and a Security-First mindset, we remain a trusted enabler for consumers, businesses, and government."

We remain committed to deliver nationwide high-speed connectivity. While our fiber roll out continues, the pace will moderate as we will focus on connecting and activating customers to deliver profitable growth and optimize value creation. This shift means our original target of approximately 80% household penetration by end-2026 will take longer to achieve. Across Consumer, Business, and Wholesale, we prioritize value over volume, deepen customer loyalty, and focus on high-value IT and core connectivity solutions. Our transformation into a digital-first telco is accelerating. Through automation, AI, and simplification, we aim to achieve € 100 million in net indirect Opex savings annually by 2030, while enhancing customer experience and operational efficiency."

Sustainability remains central to our strategy, with ESG commitments fully embedded in our operating model. We are now climate-neutral in operations, use 100% green electricity, and maintain top-tier ESG ratings. We continue to advance our #BetterInternet mission by focusing on efforts to act as a Responsible, Inclusive and Sustainable company, reinforcing our role as a trusted partner in society."

We remain on track to deliver our mid-term 3-3-7 ambitions. Capex will step down to below € 1bn in 2027, supporting a material inflection in Free Cash Flow. Our distribution policy remains unchanged and we aim to return all our Free Cash Flow to shareholders, targeting approximately € 4.0bn distributions over 2024–2027, with a growing share from dividends. Beyond 2027, annual Free Cash Flow growth is expected to be in the mid-single digits, supporting continued attractive shareholder returns through dividends and buybacks."

I am proud to see employee engagement remains strong and I want to thank #TeamKPN for their contributions so far. I look forward to a successful second half of our plan as we continue building a resilient, digital-driven telco, that delivers long-term value for all stakeholders."

Mid-term 3-3-7 financial ambition reiterated; DPS increased

KPN reaffirms its FY 2025 outlook presented at its Q3 2025 results and reiterates its mid-term 3-3-7 CAGR ambition as outlined in 2023. KPN confirms its commitment to return all Free Cash Flow to shareholders through continued dividend growth and share buybacks, but with a growing share through dividends. Starting in 2026, approximately 80% of Free Cash Flow will be distributed via dividends, targeting approximately € 0.20 per share over 2026 (+10% y-on-y) and targeting approximately € 0.25 over 2027 (+25% y-on-y).

	Outlook FY 2025	Ambition 2024-2027
Service Revenues	~3%	~3% CAGR ¹
Adjusted EBITDA AL	>€ 2,630m	~3% CAGR ¹
Capex	~€ 1.25bn	<€ 1.0bn in 2027
Free Cash Flow	>€ 940m	~7% CAGR ¹
Regular DPS	€ 18.2ct	~€ 20ct over 2026 / ~€ 25ct over 2027
Share buyback	€ 250m	Up to € 1.0bn in 2024-2027 period

¹ CAGR compared to FY 2023, unless otherwise stated

Strategic priorities

KPN enters new phase in fiber strategy: From infrastructure expansion to connecting and activating households

KPN leads the Dutch fiber market, now covering two-thirds of Dutch households together with Glaspoort. It holds a clear lead in connected homes and maintains a strong presence in business parks. Building on this solid foundation, KPN has entered a new phase, shifting focus from passing homes to connecting and activating them to deliver superior value and profitable growth. While fiber roll out will continue, the pace will moderate, meaning the original target of approximately 80% household penetration will take longer to achieve. Roll out plans will proceed in a more capital-efficient manner, aligned with the planned Capex reduction to below € 1bn in 2027. In line with its ambition to provide high-speed connectivity to everyone in the Netherlands, KPN expects to cover up to 85% of Dutch households with KPN fiber by 2030, with hybrid solutions serving the remainder.

KPN consolidates market leadership across all segments

KPN reinforces its position as the leading provider for connectivity in the Netherlands, driven by premium fiber and 5G services. The recently launched Combivoordeel program enhances household value through bundling benefits, boosting customer satisfaction and loyalty. In Consumer, KPN expects steady, low-single-digit growth, with a projected CAGR of approximately 1.5% between 2025 and 2027. In Business, KPN leads the SME segment with secure, integrated solutions via KPN EEN, while growth in LCE is driven by high-potential areas like Security, CPaaS, and IoT. KPN is also the primary Dutch provider of Mission Critical Services, supporting customers such as the Ministry of Defense with secure, tailored ICT solutions. The Business segment is expected to continue outperforming the market, with a projected CAGR of approximately 3% between 2025 and 2027. In Wholesale, KPN is expanding its fiber footprint while accelerating mobile growth through Sponsored Roaming and travel eSIMs. These efforts position Wholesale for a projected CAGR of approximately 4% between 2025 and 2027. KPN's strategic focus on premium service, security, and innovation continues to drive sustainable growth across all segments.

KPN accelerates digital transformation across all layers

KPN is accelerating its company-wide transformation across the customer interaction, platform, and infrastructure layers to become a digital-first, future-ready organization. The program focuses on further simplification of operations and automating processes by embedding AI throughout these layers, enabling smarter services, faster delivery, and an improved customer experience. KPN targets approximately € 100m in net indirect Opex savings annually by 2030 (vs. 2025).

Financial outlook

Mid-term 3-3-7 ambition reiterated, and long-term outlook provided

KPN reiterates its 3-3-7 mid-term financial targets, as presented during its 2023 Capital Market Day. For the 2024-2027 period, KPN targets a ~3% CAGR in both service revenues and adjusted EBITDA after leases. Service revenues are expected to moderate from now onwards, toward 2-2.5% through 2027. Capex is expected to remain around € 1.25bn annually until 2026, declining to below € 1.0bn in 2027, as fiber roll out Capex will come down materially in that year. Free Cash Flow is projected to grow by approximately 7% CAGR over the 2024-2027 period, with growth back-end loaded due to Capex development. KPN's ROCE has improved significantly in recent years, reaching 14.6% in H1 2025 and is expected to grow further to 15% by 2027.

Beyond 2027, KPN targets mid-single-digit CAGR in Free Cash Flow growth through 2030, supported by continued EBITDA growth, sustainable indirect Opex reductions, stable Capex and interest payments, and normalized cash taxes (~23% effective rate). This enables attractive and growing dividends, whilst at the same time organic deleveraging preserves headroom for investments and additional shareholder returns. Full consolidation of Glaspoort by end-2028 is expected to add ~1% incremental annual Free Cash Flow growth as from 2030, with a temporary ~0.3x increase in leverage.

Capital allocation and distribution policies reiterated. Full Free Cash Flow returned via DPS growth and share buybacks

KPN reaffirms its capital allocation policy, focused on long-term value creation. KPN is committed to maintaining its solid financial position and investment grade credit profile, targeting a leverage ratio below 2.5x, providing flexibility for value-accretive growth, including small M&A. KPN confirms its commitment to return all Free Cash Flow to shareholders through continued dividend growth and share buybacks. Starting in 2026, approximately 80% of Free Cash Flow will be distributed as dividends, targeting approximately € 0.20 per share over 2026 (+10% y-on-y) and approximately € 0.25 over 2027 (+25% y-on-y), which implies that for the years 2025-2027, Dividend Per Share is now expected to grow at a CAGR of ~14% vs. ~7% previously. The remaining Free Cash Flow will be returned via share buybacks, with a cumulative target of up to € 1bn over 2024-2027.

Beyond 2027, DPS is expected to grow at a mid-single-digit CAGR, aligned with Free Cash Flow growth. The remaining Free Cash Flow will continue to be returned through ongoing share buybacks. Effectively this means that we expect to distribute up to € 6bn to our shareholders over the next five years (2026-2030) on a declared basis.

Documents and related information: The presentation starts at 13.00 CET. A link to the webcast and all related documents will be published on KPN's website ir.kpn.com.

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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 2024. 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 2024 and does 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 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 of 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 2024. 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 2024, unless stated otherwise.