

KPN delivers continued Group service revenue growth; on track to reach full-year outlook

- Continued B2B service revenue growth (+3.4% y-on-y), mainly driven by strong growth in SME
- Ongoing mobile base momentum in Consumer and Business (67k postpaid net adds)
- Growing Consumer mobile service revenues, improving trends in Consumer fixed
- Sustainable adjusted EBITDA AL growth +1.8% y-on-y
- Strong FCF generation (YTD 2022: +26% y-on-y), driven by higher adjusted EBITDA AL and lower Capex
- Customer satisfaction levels improved across Consumer and Business segments
- KPN's improved wholesale fiber offer declared binding by ACM until 2030
- On track to reach full-year outlook; € 300m share buyback for 2022 completed

Message from the CEO, Joost Farwerck

“In the third quarter, we continued to make progress against our strategic and financial ambitions. We have been able to show Group service revenue growth for the fifth quarter in a row. We see a healthy customer inflow in Consumer and Business, especially in mobile. Business service revenues grew for the second consecutive quarter, with SME again making a strong contribution. Consumer mobile service revenues continued to grow, partly offsetting the competitive dynamics in fixed. The commitment shown by our people towards enhancing customer centricity has been paying off, as illustrated by customer satisfaction improvements in both Business and Consumer.

KPN took the initiative to improve the terms of its wholesale fiber offer, including a cap on the pass through of inflation to wholesale providers. The new offer has been effective since the end of August and is applicable for a period of 8 years. This enables us to roll out fiber at a fast pace and supports our successful open network policy. We keep expanding our fiber footprint and are consistently making fiber accessible to more Dutch households by delivering these connections.

We are fully committed to creating value for all our stakeholders in a sustainable way. I am therefore pleased that we issued a Green Hybrid Bond to finance projects that support KPN's ambitious sustainability targets. We remain confident of delivering on our recently upgraded full-year 2022 outlook, despite the current economic environment. In light of this, we provided our employees with a one-off payment to support them with the rising cost of living. There remains a degree of uncertainty about the impact and duration of inflation, but we are working hard on mitigating measures to offset these headwinds. Despite the macro backdrop, we aim to deliver growth next year and remain fully committed to our Accelerate to Grow strategy.”

Key figures

| Group financials (unaudited) <i>(in € m, unless stated otherwise)</i> | Q3 2021 | Q3 2022 | Δ y-on-y | YTD 2021 | YTD 2022 | Δ y-on-y |
|--|---------|---------|----------|----------|----------|----------|
| Adjusted revenues | 1,311 | 1,337 | +1.9% | 3,897 | 3,961 | +1.6% |
| Adjusted EBITDA AL | 607 | 618 | +1.8% | 1,763 | 1,807 | +2.5% |
| As % of adjusted revenues | 46.3% | 46.2% | | 45.2% | 45.6% | |
| Operating profit (EBIT) | 281 | 325 | +16% | 1,610 | 923 | -43% |
| Net profit | 185 | 211 | +14% | 1,126 | 575 | -49% |
| Capex | 259 | 263 | +1.5% | 884 | 815 | -7.8% |
| As % of adjusted revenues | 19.7% | 19.6% | | 22.7% | 20.6% | |
| Operational Free Cash Flow | 348 | 355 | +2.0% | 879 | 991 | +13% |
| As % of adjusted revenues | 26.5% | 26.6% | | 22.6% | 25.0% | |
| Free Cash Flow | 232 | 265 | +14% | 533 | 673 | +26% |
| As % of adjusted revenues | 17.7% | 19.8% | | 13.7% | 17.0% | |
| Net debt | | | | 5,293 | 5,566 | |

Continued strong operational momentum

- **Consumer:** mobile service revenues continue to grow (+2.2% y-on-y), driven by base growth and broadly stable ARPU
 - Fixed-Mobile households: +11k net adds (Q2 2022: +8); Fixed-Mobile ARPA at € 83 (-0.3% y-on-y)
 - Broadband: +37k fiber net adds (Q2 2022: +34k), total broadband base +4k (Q2 2022: -3k)¹
 - Postpaid: +38k net adds (Q2 2022: +33k); ARPU stable y-on-y at € 17
 - NPS improved y-on-y to +18 (Q3 2021: +15); driven by quality and customer journey improvements
- **Business:** service revenue growth of 3.4% y-on-y, mainly driven by strong growth in SME
 - Broadband lines: +4k net adds (Q2 2022: +6k)
 - Mobile SIMs: +29k net adds (Q2 2022: +24k)
 - NPS improved to +4 (Q3 2021: +3); driven by customer centricity and reliability of products and services
- **Wholesale:** New and improved wholesale fiber offer declared binding by ACM, effective immediately and applicable until 2030
 - Broadband lines: +10k net adds (Q2 2022: +4k)
 - Postpaid: +18k net adds (Q2 2022: +17k)
- **Network:** fiber roll out at steady pace, total own footprint 3.5m homes passed
 - Added 76k FttH households to KPN's fiber footprint (+123k including Glaspoort) in Q3
- **Cost savings:** net indirect opex savings of € 34m YTD 2022 (Q3 2022: € 13m)

Solid financial performance

- **Adjusted revenues** grew 1.9% y-on-y, supported by Group service revenue growth and higher non-service revenues. Adjusted Group service revenues increased 1.1% y-on-y, mainly driven by growth in Business and Consumer Mobile
- **Adjusted EBITDA AL** increased 1.8% y-on-y, supported by higher Group service revenues and lower indirect costs, partly offset by higher direct costs. Adjusted EBITDA AL margin of 46.2% was broadly stable compared to Q3 2021 (46.3%)
- **Net profit** of € 211m increased 14% y-on-y, mainly driven by € 37m lower depreciation and amortization and € 7m higher EBITDA, partly offset by higher income taxes
- **Capex** of € 263m was broadly stable y-on-y. YTD 2022 Capex decreased € 69m y-on-y due to timing of investment projects
- **Operational Free Cash Flow** of € 355m increased 2.0%. YTD 2022 Operational Free Cash Flow increased 13% y-on-y mainly due to lower Capex and higher adjusted EBITDA AL
- **Free Cash Flow** of € 265m increased € 33m y-on-y. YTD 2022 Free Cash Flow increased by € 140m compared to the same period last year driven by lower Capex, higher adjusted EBITDA AL and lower interest paid
- **Strong liquidity** of € 1.4bn, covering debt maturities until 2024

Outlook FY 2022 reiterated

KPN reiterates its FY 2022 outlook for adjusted EBITDA AL of more than € 2,400m, Capex of € 1.2bn, and Free Cash Flow of approximately € 850m. KPN intends to pay a regular dividend per share of € 14.3 cents over 2022. An interim dividend of € 4.8 cents per share over 2022 was paid on 4 August 2022.

Assuming current inflation and energy price levels persist, KPN expects to deliver slight adjusted EBITDA AL growth for next year. KPN operates in an environment where uncertainty about the impact and duration of inflationary developments persists, in particular around energy. KPN continues to work on mitigating measures to help offset the inflationary headwinds. KPN will specify its FY 2023 outlook at the Q4 2022 results on 31 January 2023.

| | Achievements YTD 2022 | Outlook FY 2022 |
|---------------------------|----------------------------------|---------------------------|
| Adjusted EBITDA AL | € 1,807m | >€ 2,400m |
| Capex | € 815m | € 1.2bn |
| Free Cash Flow | € 673m | ~€ 850m |
| Regular DPS | € 4.8ct interim dividend 2022 | € 14.3ct, +5.1% y-on-y |
| Share buyback | € 300m | € 300m |

KPN's execution of its strategy and multi-year cash generation perspective enables the company to structurally return additional capital to its shareholders. On 11 August 2022, KPN completed its € 300m share buyback that was started on 17 February 2022. In total, KPN repurchased 92,840,654 ordinary shares at an average price of € 3.23 per share.

¹ Corrected for migrations to, and new customers of, small business propositions (6k in Q3 2022, 7k in Q2 2022, 9k in Q1 2022, 10k in Q4 2021, 7k in Q3 2021)

Financial review KPN Group Q3

Key financial metrics

| Group financials (unaudited) <i>(in € m, unless stated otherwise)</i> | Q3 2021 | Q3 2022 | Δ y-on-y | YTD 2021 | YTD 2022 | Δ y-on-y |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Service revenues | 1,220 | 1,233 | +1.1% | 3,611 | 3,663 | +1.4% |
| Non-service revenues & other | 92 | 104 | +13% | 286 | 299 | +4.3% |
| Adjusted revenues | 1,311 | 1,337 | +1.9% | 3,897 | 3,961 | +1.6% |
| Cost of goods & services | 327 | 354 | +8.2% | 960 | 1,016 | +5.8% |
| Personnel expenses | 199 | 186 | -6.2% | 627 | 596 | -5.0% |
| IT/TI | 73 | 74 | +1.4% | 229 | 222 | -3.1% |
| Other operating expenses | 71 | 75 | +5.7% | 210 | 225 | +7.3% |
| Total adjusted opex | 670 | 690 | +2.9% | 2,026 | 2,058 | +1.6% |
| Depreciation right-of-use asset | 30 | 25 | -16% | 93 | 84 | -9.8% |
| Interest lease liabilities | 5 | 5 | -4.7% | 15 | 13 | -13% |
| Total adjusted indirect opex after leases | 378 | 366 | -3.3% | 1,174 | 1,139 | -2.9% |
| Adjusted EBITDA AL | 607 | 618 | +1.8% | 1,763 | 1,807 | +2.5% |
| <i>As % of adjusted revenues</i> | <i>46.3%</i> | <i>46.2%</i> | | <i>45.2%</i> | <i>45.6%</i> | |
| Operating profit (EBIT) | 281 | 325 | +16% | 1,610 | 923 | -43% |
| Net profit | 185 | 211 | +14% | 1,126 | 575 | -49% |

Q3 2022

Adjusted revenues increased 1.9% y-on-y, mainly driven by growth in Business (+4.4% y-on-y) and Non-service revenues & other (+13% y-on-y). Adjusted Group service revenues increased 1.1% y-on-y, with growth in Business service revenues and Consumer Mobile, partly offset by lower service revenues from Consumer Fixed. Mass-market service revenues increased 1.0% y-on-y driven by continued strong growth in SME and ongoing strong momentum in Consumer Mobile, while the growth rate in Wholesale, although still positive, was sequentially lower as Q3 2021 included several smaller revenue related incidentals.

Adjusted EBITDA AL increased 1.8% y-on-y, supported by higher Group service revenues and lower indirect costs. The adjusted opex level was higher y-on-y due to higher COGS. Adjusted EBITDA AL margin was broadly stable at 46.2% (Q3 2021: 46.3%).

Operating profit (EBIT) of € 325m increased € 44m y-on-y driven by lower depreciation and amortization, and higher EBITDA.

Net profit of € 211m increased € 26m y-on-y, mainly due to higher EBIT.

Financial position

| Group financials (unaudited) (in € m, unless stated otherwise) | Q3 2021 | Q3 2022 | Δ y-on-y | YTD 2021 | YTD 2022 | Δ y-on-y |
|---|---------|---------|----------|---------------|----------------|----------|
| Operational Free Cash Flow | 348 | 355 | +2.0% | 879 | 991 | +13% |
| As % of adjusted revenues | 26.5% | 26.6% | | 22.6% | 25.0% | |
| Free Cash Flow | 232 | 265 | +14% | 533 | 673 | +26% |
| As % of adjusted revenues | 17.7% | 19.8% | | 13.7% | 17.0% | |
| Net debt | | | | 5,293 | 5,566 | |
| Gross debt | | | | 6,017 | 5,993 | |
| Cash & short-term investments | | | | 724 | 427 | |
| Leverage ratio* | | | | 2.3x | 2.3x | |
| Interest cover ratio** | | | | 11.4x | 12.1x | |
| Credit ratings | | | | Rating | Outlook | |
| Standard & Poor's | | | | BBB | Stable | |
| Fitch Ratings | | | | BBB | Stable | |
| Moody's | | | | Baa3 | Stable | |

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

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

YTD 2022

Operational Free Cash Flow of € 991m was 13% higher y-on-y. Free Cash Flow of € 673m increased € 140m, or 26% y-on-y mainly due to lower Capex and higher adjusted EBITDA AL. Free Cash Flow margin improved more than 300 basis points to 17.0%.

At the end of Q3 2022, net debt amounted to € 5,566m, € 184m higher compared to end Q2 2022. The seasonal increase in net debt was impacted by € 219m share repurchases in July and August 2022 and the € 196m interim dividend payment over 2022 on 4 August 2022, partly offset by Free Cash Flow generation during the quarter.

KPN had a strong balance sheet and liquidity position at the end of Q3 2022. Nominal debt outstanding was € 6,406m, including € 60m short-term commercial paper. KPN's committed liquidity consisted of € 427m cash & short-term investments and a € 1.0bn undrawn revolving credit facility which covers debt maturities through 2024. In the third quarter, KPN successfully issued a € 500m perpetual Green Hybrid Bond with a coupon of 6.00% per annum to replace the equity content of the outstanding 7.0% \$ 600m hybrid bond with a first call date on 28 March 2023. This green hybrid bond further reinforces KPN's commitment to sustainability by aligning its ambitions into a core financing instrument. KPN also announced a tender offer for the \$ 600m hybrid bond with a first call date on 28 March 2023. KPN was offered and has accepted a principal amount of \$ 454m for purchase and cancellation.

At 30 September 2022, the Group's net debt to EBITDA ratio was 2.3x (Q2 2022: 2.3x). KPN's interest cover ratio was 12.1x at the end of the third quarter (Q2 2022: 12.1x). At 30 September 2022, the weighted average cost of senior debt was 3.27% (Q2 2022: 2.50%).

At the end of Q3 2022, Group equity amounted to € 3,409m, € 229m higher compared to the end of Q2 2022. This was mainly driven by the issuance of a € 500m perpetual hybrid bond in September 2022 and net profit generated during the quarter, partly offset by shareholder distributions.

Financial and operating review per segment Q3

Consumer

| Segment financials (unaudited) (in € m, unless stated otherwise) | Q3 2021 | Q3 2022 | Δ q-on-q | Δ y-on-y | YTD 2021 | YTD 2022 | Δ y-on-y |
|---|--------------|--------------|----------|--------------|--------------|--------------|--------------|
| Fixed-Mobile service revenues | 369 | 378 | | +2.2% | 1,087 | 1,112 | +2.3% |
| Fixed-only service revenues | 197 | 189 | | -4.2% | 586 | 570 | -2.7% |
| Postpaid-only service revenues | 61 | 61 | | +1.0% | 180 | 183 | +1.4% |
| Legacy/other service revenues | 28 | 22 | | -20% | 84 | 70 | -17% |
| Adjusted Consumer service revenues | 655 | 650 | | -0.8% | 1,937 | 1,935 | -0.1% |
| Non-service & Other revenues | 64 | 69 | | +8.3% | 189 | 198 | +4.6% |
| Adjusted Consumer revenues | 719 | 719 | | +0.1% | 2,127 | 2,133 | +0.3% |
| Households (k) | | | | | | | |
| Fixed-Mobile households | 1,485 | 1,524 | +11 | +39 | | | |
| Fixed-only households | 1,284 | 1,229 | -11 | -55 | | | |
| Postpaid-only households | 772 | 770 | +1 | -3 | | | |
| Total Consumer households | 3,542 | 3,523 | - | -19 | | | |
| ARPA (€) | | | | | | | |
| ARPA Fixed-Mobile households | 83 | 83 | | -0.3% | | | |
| ARPA total Consumer households | 59 | 59 | | +0.8% | | | |
| NPS Consumer | 15 | 18 | +1 | +2 | | | |

Q3 2022

Adjusted Consumer service revenues decreased 0.8% y-on-y. Service revenue growth in KPN's Fixed-Mobile portfolio of 2.2% y-on-y and postpaid-only of 1.0% y-on-y was offset by declining service revenues from KPN's Legacy portfolio (-20% y-on-y) and Fixed-only service revenues (-4.2% y-on-y). Consumer non-service revenues increased 8.3% y-on-y, mainly driven by higher handset sales.

KPN's Fixed-Mobile household base grew by 11k in the quarter (Q2 2022: +8k) and represents 55% of total Fixed households (Q3 2021: 54%). Fixed-Mobile ARPA remained broadly stable at € 83.

Consumer fixed service revenues declined 2.0% y-on-y and the trend appears to be bottoming out. The decline was mainly driven by a shift in accounting for content packages and a decline in voice traffic. Operational momentum on fiber remained strong, KPN activated 37k fiber households in the quarter (Q2 2022: +36k). The growth in KPN's fiber base is contributing to a slight increase in the broadband base (+4k) during the third quarter (Q2 2022: -3k)². Fixed ARPU slightly increased by 0.4% y-on-y to € 53, supported by price adjustments implemented in July 2022.

Consumer mobile service revenues showed ongoing momentum and increased 2.2% y-on-y (Q2 2022: +1.4%). KPN's postpaid base improved markedly with +38k net adds (Q2 2022: +33k). Postpaid ARPU was broadly stable at € 17, driven by the commercial success of KPN and Simyo's mobile propositions, including KPN's Unlimited bundles.

In Q3 2022, Consumer NPS improved to +18 (Q3 2021: +15), following successful investments in quality improvements for customer journeys and service delivery. Furthermore, in Q3 2022, KPN expanded its content offering by announcing its partnership with HBO Max.

² Corrected for migrations to, and new customers of, small business propositions (6k in Q3 2022, 7k in Q2 2022, 9k in Q1 2022, 10k in Q4 2021, 7k in Q3 2021)

Business

| Segment financials (unaudited) <i>(in € m, unless stated otherwise)</i> | Q3 2021 | Q3 2022 | Δ q-on-q | Δ y-on-y | YTD 2021 | YTD 2022 | Δ y-on-y |
|--|------------|------------|----------|--------------|--------------|--------------|--------------|
| SME service revenues | 138 | 151 | | +9.3% | 406 | 442 | +8.8% |
| LCE service revenues | 195 | 194 | | -0.4% | 598 | 579 | -3.2% |
| Tailored Solutions service revenues | 70 | 71 | | +2.1% | 210 | 213 | +1.4% |
| Adjusted Business service revenues | 403 | 416 | | +3.4% | 1,215 | 1,234 | +1.6% |
| Non-service & Other revenues | 26 | 31 | | +20% | 82 | 92 | +12% |
| Adjusted Business revenues | 428 | 447 | | +4.4% | 1,298 | 1,326 | +2.2% |
| KPIs (k) | | | | | | | |
| Broadband lines | 345 | 370 | +4 | +25 | | | |
| Mobile SIMs | 2,000 | 2,101 | +29 | +101 | | | |
| NPS Business | +3 | +4 | +3 | +1 | | | |

Q3 2022

Adjusted Business revenues increased 4.4% y-on-y, mainly driven by strong growth in SME. Operational performance remained steady, with +29k net adds in Mobile and +4k broadband net adds.

SME service revenues grew 9.3% y-on-y (Q2 2022: +7.7%), supported by continued solid commercial momentum in both Broadband and Mobile. Alongside a growing customer base, revenues from Access & Connectivity also benefitted from higher Mobile ARPU due to the uptake of unlimited data bundles and increased roaming levels.

LCE service revenues declined 0.4% y-on-y (Q2 2022: -3.1%). The y-on-y growth rate trend continued to improve, partly supported by a small one-off. Revenues from Access & Connectivity were broadly stable at +0.1% y-on-y, as growth at IoT and the Mobile base was partly offset by rationalization and ongoing competition in the mobile market, which pressurized mobile ARPU levels.

Tailored Solutions continues to build on strong business relationships and sees growing customer demand in Security and Cloud transition support. Tailored Solutions service revenues increased 2.1% y-on-y (Q3 2022: +5.2%), and remain subject to timing in projects and related hardware sales.

Business NPS improved y-on-y and q-on-q to +4 (Q3 2021: +3) despite the difficult economic environment, driven by strong customer intimacy and product leadership on target portfolios which have higher customer satisfaction levels. Customers appreciate the stability, reliability and quality of KPN's products and services.

Wholesale

| Segment financials (unaudited) (in € m, unless stated otherwise) | Q3 2021 | Q3 2022 | Δ q-on-q | Δ y-on-y | YTD 2021 | YTD 2022 | Δ y-on-y |
|---|------------|------------|----------|--------------|------------|------------|--------------|
| Mobile | 41 | 46 | | +11% | 115 | 134 | +17% |
| Broadband | 70 | 74 | | +6.2% | 202 | 223 | +10% |
| Other | 61 | 55 | | -11% | 178 | 161 | -9.5% |
| Adjusted Wholesale service revenues | 172 | 174 | | +1.1% | 495 | 518 | +4.6% |
| Non-service & Other revenues | 0 | 0 | | n.m. | 2 | 1 | -29% |
| Adjusted Wholesale revenues | 173 | 175 | | +1.1% | 496 | 519 | +4.5% |
| # Customers (k) | | | | | | | |
| Postpaid SIMs | 629 | 720 | +18 | +91 | | | |
| Broadband lines | 1,080 | 1,128 | +10 | +49 | | | |

Q3 2022

Adjusted Wholesale revenues increased 1.1% y-on-y, driven by higher Broadband and Mobile service revenues. The y-on-y growth rate was sequentially lower as Q3 2021 included several smaller revenue related incidentals (driving ~3% growth in Q3 2021).

Continued demand for KPN's broadband wholesale portfolio (+10k net adds) led to solid growth in broadband service revenues of 6.2% y-on-y.

Mobile service revenues increased 11% y-on-y driven by a growing mobile base. Wholesale added +18k postpaid customers during the quarter.

Other service revenues declined by 11% y-on-y, mainly due to lower regulated tariffs leading to a decrease in low-margin interconnect revenues (lower tariffs and less traffic).

Network, Operations & IT

| Segment KPIs (in thousands) | YTD 2021 | YTD 2022 | Δ q-on-q | Δ y-on-y |
|---|--------------|--------------|-------------|-------------|
| FttH households own roll out | 3,096 | 3,470 | +76 | +373 |
| FttH households 3rd party access | 138 | 343 | +59 | +205 |
| <i>Of which Glaspoort</i> | 34 | 206 | +47 | +172 |
| FttH households total | 3,234 | 3,813 | +135 | +578 |
| FttH households activated on own roll out | 1,586 | 1,795 | +69 | +209 |
| Legacy lines to be migrated | 16 | 2 | | |

Q3 2022

In Q3 2022, KPN added 76k households to its own fiber footprint. During the quarter, KPN activated 69k households on its own infrastructure. Together with Glaspoort, KPN added 123k households to its fiber footprint in Q3 2022, with KPN and Glaspoort now jointly covering 46% of Dutch households. Labor shortages in the sector have increased in the recent months, evidenced by partners and their subcontractors finding it difficult to attract Dutch-speaking personnel to work on KPN's fiber connections inside the home, slowing down KPN's roll out speed in terms of homes passed.

KPN has the best mobile network and fastest 5G in the Netherlands and continues to focus on completing its mobile network modernization. The 3.5GHz spectrum auction which was scheduled for Q2 2023 is likely to be postponed by the Dutch government for several months. KPN's 5G strategy is focused on differentiated services for B2B customers in specific industries.

Supply chain scarcities and labor shortages are impacting the timing of investments throughout KPN's network. KPN has mitigated the financial impact using substitutionary products, optimizing inventory levels and budget prioritization.

Analysis of adjusted results Q3

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

| Revenues (in € m) | Q3 2021 | Q3 2022 | Δ y-on-y | YTD 2021 | YTD 2022 | Δ y-on-y |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Consumer | 719 | 719 | +0.1% | 2,127 | 2,133 | +0.3% |
| Business | 428 | 447 | +4.4% | 1,298 | 1,326 | +2.2% |
| Wholesale | 186 | 175 | -6.0% | 509 | 519 | +1.8% |
| Network, Operations & IT | 4 | 14 | >100% | 9 | 50 | >100% |
| Other (incl. eliminations) | -12 | -10 | -15% | 808 | -32 | n.m. |
| Total revenues | 1,324 | 1,344 | +1.5% | 4,750 | 3,996 | -16% |
| Revenue incidentals | | | | | | |
| Consumer | - | - | n.m. | - | - | n.m. |
| Business | - | - | n.m. | - | - | n.m. |
| Wholesale | 13 | - | -100% | 13 | - | -100% |
| Network, Operations & IT | - | 7 | n.m. | - | 34 | n.m. |
| Other (incl. eliminations) | - | - | n.m. | 840 | - | -100% |
| Total revenue incidentals | 13 | 7 | -43% | 853 | 34 | -96% |
| Consumer | 719 | 719 | +0.1% | 2,127 | 2,133 | +0.3% |
| Business | 428 | 447 | +4.4% | 1,298 | 1,326 | +2.2% |
| Wholesale | 173 | 175 | +1.1% | 496 | 519 | +4.5% |
| Network, Operations & IT | 4 | 6 | +76% | 9 | 16 | +72% |
| Other (incl. eliminations) | -12 | -10 | -15% | -33 | -32 | -0.2% |
| Total adjusted revenues | 1,311 | 1,337 | +1.9% | 3,897 | 3,961 | +1.6% |

The following table specifies the revenue incidentals in more detail:

| Revenue incidentals (in € m) | Segment | Q3 2021 | Q3 2022 | YTD 2021 | YTD 2022 |
|---|-----------|-----------|----------|------------|-----------|
| Release of revenue related provision | Wholesale | 13 | - | 13 | - |
| Book gain on Glaspoort | Other | - | - | 840 | - |
| Book gain on sale of assets to JV (Glaspoort) | NOI | - | 7 | - | 34 |
| Total revenue incidentals | | 13 | 7 | 853 | 34 |

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

| (in € m) | Q3 2021 | Q3 2022 | Δ y-on-y | YTD 2021 | YTD 2022 | Δ y-on-y |
|---------------------------------|------------|------------|--------------|--------------|--------------|--------------|
| EBITDA | 640 | 647 | +1.1% | 2,697 | 1,919 | -29% |
| Incidentals | -13 | -7 | -43% | -857 | -34 | -96% |
| Restructuring | 15 | 8 | -45% | 31 | 19 | -40% |
| Lease-related expenses | | | | | | |
| Depreciation right-of-use asset | -30 | -25 | -16% | -93 | -84 | -9.8% |
| Interest lease liabilities | -5 | -5 | -4.7% | -15 | -13 | -13% |
| Adjusted EBITDA AL | 607 | 618 | +1.8% | 1,763 | 1,807 | +2.5% |

The following table specifies the EBITDA incidentals in more detail:

| EBITDA incidentals (in € m) | Category | Q3 2021 | Q3 2022 | YTD 2021 | YTD 2022 |
|---|------------|-----------|----------|------------|-----------|
| Release of revenue related provision | Revenues | 13 | - | 13 | - |
| Book gain on Glaspoort | Revenues | - | - | 840 | - |
| Book gain on sale of assets to JV (Glaspoort) | Revenues | - | 7 | - | 34 |
| Release of provisions | Other opex | - | - | 4 | - |
| Total EBITDA incidentals | | 13 | 7 | 857 | 34 |

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

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ir.kpn.com**Formal disclosures:****Royal KPN N.V.**

Head of IR: Reinout van Ierschoot

Inside information: No

Topic: Q3 2022 Results

26/10/2022; 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 2021. 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 2021 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. 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 2021. 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 2021, unless stated otherwise.