

KPN delivers accelerating Group service revenue growth

- Group service revenue growth (+3.8% y-on-y) in Q3 2023, driven by all segments
- Continued Business service revenue growth (+4.2% y-on-y), fueled by ongoing strong SME performance
- Consumer service revenues sustainably inflected (+2.7% y-on-y); Fixed back to growth at +1.8% y-on-y
- Ongoing positive net adds development in Consumer broadband (+17k) and postpaid (+33k)
- Expanded fiber footprint with +221k HP in Q3 2023 (including Glaspoort +261k HP)
- Adjusted EBITDA AL grew 1.8% y-on-y in Q3 2023. Free Cash Flow YTD -18% y-on-y, impacted by intra-year phasing
- On-track to reach full year 2023 outlook for adjusted EBITDA AL and Free Cash Flow

Message from the CEO, Joost Farwerck

“We continue to deliver positive results with our current ‘Accelerate to Grow’ strategy with all segments contributing to sustainable service revenue growth. Our focus on customer centricity and commitment to delivering the best connectivity remains part of our DNA, as evidenced by the recent introduction of our 4 Gbps broadband offering. This is reflected in our strong brand positioning and further recognition as the best internet and mobile provider in the Netherlands, this time, by Tweakers. We remain on track with our fiber roll out and make good progress decommissioning the copper network in fiber areas.

In the third quarter, Consumer fixed service revenues inflected and mobile service revenues continued to grow, supported by another quarter of solid base inflow in both broadband and mobile and July’s broadband price increase implementation. Business service revenues have durably and sustainably inflected, with SME making a strong contribution again. In the quarter, Consumer NPS declined mainly due to consumer sentiment around inflation-driven price increases. Within B2B, the LCE turnaround remains a priority and its slight decline in the quarter was mainly due to reduced roaming traffic.

We remain active on our ambitious ESG agenda. During this quarter, KPN achieved Aspirant status on the Social Entrepreneurship Performance Ladder (PSO) certification, recognizing KPN as being a more inclusive employer. Furthermore, we launched our innovative mobility policy, which rewards employees for choosing sustainable commuting.

We are on track to deliver on our full year outlook. The sustainable service revenue growth run rate, continued robust performance and the measures we have put in place have contributed to mitigate the increasing cost levels from wage indexation and higher energy prices.

With a strong foundation built over the past years, we are ready to share an update of our Group strategy for the coming years at our upcoming Capital Markets Day on November 7th.”

Key figures

Group financials (unaudited) (in € m, unless stated otherwise)	Q3 2022	Q3 2023	Δ y-on-y	YTD 2022	YTD 2023	Δ y-on-y
Adjusted revenues	1,334	1,363	+2.2%	3,952	4,028	+1.9%
Service revenues	1,230	1,277	+3.8%	3,654	3,749	+2.6%
Adjusted EBITDA AL	618	629	+1.8%	1,807	1,809	+0.1%
As % of adjusted revenues	46.3%	46.1%		45.7%	44.9%	
Operating profit (EBIT)	325	366	+13%	923	1,020	+10%
Net profit	211	224	+6.5%	575	636	+11%
Capex	263	303	+16%	815	905	+11%
As % of adjusted revenues	19.7%	22.3%		20.6%	22.5%	
Operational Free Cash Flow	355	326	-8.3%	991	904	-8.8%
As % of adjusted revenues	26.6%	23.9%		25.1%	22.4%	
Free Cash Flow	265	198	-25%	673	552	-18%
As % of adjusted revenues	19.9%	14.5%		17.0%	13.7%	
Net debt				5,566	5,820	

Continued strong commercial performance

- **Consumer:** fixed service revenues back to growth (+1.8% y-on-y), driven by broadband base growth and higher ARPU
 - Fixed-Mobile households: +11k net adds (Q2 2023: +10k); Fixed-Mobile ARPA at € 86 (+3.5% y-on-y)
 - Broadband: +40k fiber net adds (Q2 2023: +42k), total broadband base +17k (Q2 2023: +14k)¹
 - Postpaid: +33k net adds (Q2 2023: +31k); ARPU growing 2.8% y-on-y to € 17
 - NPS at +13 (Q2 2023: +19) affected mainly by consumer sentiment around inflation-driven price increases
- **Business:** service revenue growth of 4.2% y-on-y, mainly driven by strong growth in SME
 - Broadband lines: +5k net adds (Q2 2023: +2k)
 - Mobile SIMs: +26k net adds (Q2 2023: +10k)
 - NPS remains positive at +6 (Q2 2023: +5)
- **Wholesale:** service revenue growth of 5.4% y-on-y
 - Broadband lines: +14k net adds (Q2 2023: +10k)
 - Postpaid SIMs: -3k net adds (Q2 2023: +17k), driven by a 32k decline in 2G M2M SIMs at a single customer
- **Network:** fiber roll out at steady pace, covering 55% of the Netherlands (including Glaspoort)
 - Added 221k FttH households to KPN's fiber footprint, which includes 127k from the Primevest acquisition. Including Glaspoort, the fiber footprint grew by 261k in Q3 2023
 - KPN continues to decommission its copper network in fiber areas; approximately 2.9 million connections have been decommissioned so far

Solid financial performance

- **Adjusted revenues** grew 2.2% y-on-y, driven by continued Group service revenue growth (3.8% y-on-y), with all segments contributing. YTD 2023 adjusted revenues increased 1.9% y-on-y
- **Adjusted EBITDA AL** was 1.8% higher y-on-y. Higher service revenues were partly offset by higher indirect costs such as energy, wage indexation and other inflationary effects. Adjusted EBITDA AL margin of 46.1% was ~20bps lower y-on-y (46.3%)
- **Net profit** of € 224m increased 6.5% y-on-y, due to higher EBIT, being partially offset by higher tax expenses
- **Capex** of € 303m was € 41m higher than previous year. YTD 2023 Capex increased € 90m y-on-y mainly due to timing of investment projects
- **Operational Free Cash Flow** of € 326m decreased 8.3% and YTD 2023 Operational Free Cash Flow decreased 8.8% y-on-y due to higher Capex
- **Free Cash Flow** of € 198m decreased € 67m y-on-y. YTD 2023 Free Cash Flow decreased by € 121m compared to the same period last year driven by higher Capex and higher cash taxes
- Strong **liquidity** position of € 1,579m, covering debt maturities until 2025

Outlook FY 2023 reiterated

KPN reiterates its FY 2023 outlook for adjusted EBITDA AL of approximately € 2,410m, Capex of € 1.2bn, and Free Cash Flow of approximately € 870m. KPN intends to pay a regular dividend per share of € 15.0 cents over 2023. An interim dividend of € 5.2 cents per share over 2023 was paid on 1 August 2023.

	Achievements YTD 2023	Outlook FY 2023
Adjusted EBITDA AL	€ 1,809m	~€ 2,410m
Capex	€ 905m	€ 1.2bn
Free Cash Flow	€ 552m	~€ 870m
Regular DPS	€ 5.2ct interim dividend 2023	€ 15.0ct, +4.9% y-on-y
Share buyback	€ 300m	€ 300m

¹ Corrected for migrations to, and new customers of, small business propositions (6k in Q3 2023, 4k in Q2 2023, 4k in Q1 2023, 5k in Q4 2022 and 6k in Q3 2022)

Financial review KPN Group Q3

Key financial metrics

Group financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q3 2022	Q3 2023	Δ y-on-y	YTD 2022	YTD 2023	Δ y-on-y
Service revenues	1,230	1,277	+3.8%	3,654	3,749	+2.6%
Non-service revenues & other	104	86	-17%	299	278	-6.8%
Adjusted revenues	1,334	1,363	+2.2%	3,952	4,028	+1.9%
Cost of goods & services	351	343	-2.3%	1,007	1,011	+0.5%
Personnel expenses	186	188	+0.9%	596	599	+0.6%
IT/TI	74	78	+5.2%	222	226	+1.8%
Other operating expenses	75	88	+17%	225	270	+20%
Total adjusted opex	687	697	+1.5%	2,049	2,107	+2.8%
Depreciation right-of-use asset	25	32	+29%	84	96	+15%
Interest lease liabilities	5	5	+16%	13	15	+15%
Total adjusted indirect opex after leases	366	392	+7.1%	1,139	1,207	+6.0%
Adjusted EBITDA AL	618	629	+1.8%	1,807	1,809	+0.1%
<i>As % of adjusted revenues</i>	46.3%	46.1%		45.7%	44.9%	
Operating profit (EBIT)	325	366	+13%	923	1,020	+10%
Net profit	211	224	+6.5%	575	636	+11%

Q3 2023

Adjusted revenues increased 2.2% y-on-y, with all segments contributing. Adjusted Group service revenues increased 3.8% y-on-y, driven by Business (+4.2% y-on-y), Consumer (+2.7% y-on-y), and Wholesale (+5.4% y-on-y). Lower non-service revenues & other (-17% y-on-y) partly offset the service revenues growth.

Adjusted EBITDA AL increased by 1.8% y-on-y. The service revenues growth was partly offset by higher indirect costs such as energy, wage indexation and other inflationary effects. Adjusted EBITDA AL margin was slightly down y-on-y at 46.1% (Q3 2022: 46.3%).

Operating profit (EBIT) of € 366m increased € 41m y-on-y driven by lower depreciation and amortization.

Net profit of € 224m increased € 13m y-on-y, driven by higher EBIT, being partially offset by higher tax expenses.

Financial position

Group financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q3 2022	Q3 2023	Δ y-on-y	YTD 2022	YTD 2023	Δ y-on-y
Operational Free Cash Flow	355	326	-8.3%	991	904	-8.8%
As % of adjusted revenues	26.6%	23.9%		25.1%	22.4%	
Free Cash Flow	265	198	-25%	673	552	-18%
As % of adjusted revenues	19.9%	14.5%		17.0%	13.7%	
Net debt				5,566	5,820	
Gross debt				5,993	6,400	
Cash & short-term investments				427	579	
Leverage ratio*				2.3x	2.4x	
Interest cover ratio**				12.1x	12.3x	
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 2023

Operational Free Cash Flow of € 904m was 8.8% lower y-on-y. Free Cash Flow of € 552m decreased € 121m, or 18% y-on-y mainly driven by intra-year Capex phasing and higher cash taxes. Free Cash Flow margin declined ~330bps to 13.7%.

At the end of Q3 2023, net debt amounted to € 5,820m, € 82m higher compared to end Q2 2023. The seasonal increase in net debt was impacted by the € 205m interim dividend payment over 2023 on 1 August 2023, partly offset by Free Cash Flow generation during the quarter.

KPN had a strong balance sheet and liquidity position at the end of Q3 2023. Nominal debt outstanding was € 6,893m, including € 60m short-term commercial paper. KPN's committed liquidity consisted of € 579m cash & short-term investments and a € 1.0bn undrawn revolving credit facility. On 3 July, KPN issued a 3.875% € 600m senior bond with an eight-year maturity which further strengthened KPN's liquidity position and increased the average maturity of KPN's outstanding debt. Therefore, available liquidity covers debt maturities until 2025.

At 30 September 2023, the Group's net debt to EBITDA ratio was 2.4x (Q2 2023: 2.4x). KPN's interest cover ratio was 12.3x at the end of the third quarter (Q2 2023: 11.2x). At 30 September 2023, the weighted average cost of senior debt was 4.14% (Q2 2023: 4.09%).

At the end of Q3 2023, Group equity amounted to € 3,404m, € 6m lower compared to the end of Q3 2022. This was mainly driven by increased Net Profit, being partially offset by the interim dividend payment over 2023.

Financial and operating review per segment Q3

Consumer

Segment financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q3 2022	Q3 2023	Δ q-on-q	Δ y-on-y	YTD 2022	YTD 2023	Δ y-on-y
Fixed service revenue	456	464		+1.8%	1,362	1,360	-0.1%
Broadband service revenues	439	450		+2.6%	1,306	1,317	+0.8%
o/w Fiber broadband service revenues	235	264		+12%	681	756	+11%
o/w Copper broadband service revenues	204	186		-8.8%	625	560	-10%
Other Fixed service revenues	17	14		-19%	57	44	-21%
Mobile service revenues	194	203		+5.0%	573	599	+4.6%
Adjusted Consumer service revenues	650	668		+2.7%	1,935	1,959	+1.3%
Non-service & Other revenues	69	62		-10%	198	191	-3.4%
Adjusted Consumer revenues	719	730		+1.5%	2,133	2,150	+0.8%
Households (k)							
Fiber households	1,437	1,604	+40	+167			
Copper households	1,315	1,155	-28	-160			
Postpaid-only households	770	779	flat	+10			
Total Consumer households	3,523	3,539	+11	+16			
o/w Fixed-Mobile households	1,524	1,543	+11	+19			
ARPA (€)							
ARPA Fixed-Mobile households	83	86		+3.5%			
ARPA total Consumer households	59	61		+3.1%			
NPS Consumer	18	13	-6	-5			

Q3 2023

Adjusted Consumer service revenues increased for the second quarter in a row (+2.7% y-on-y) with both mobile and fixed contributing. Fixed service revenues inflected (+1.8% y-on-y), supported by continued strong commercial momentum and an increased focus on base management and customer loyalty. The implemented price increase of 6.4% was effective per 1 July 2023. Fiber broadband service revenues continued to grow strongly (+12% y-on-y), offsetting the decline in copper broadband (-8.8% y-on-y). Operational performance on fiber remains solid as KPN activated 40k fiber households in the quarter (Q2 2023: +42k). Broadband net adds remained at a strong level (+17k² net adds Q3 2023). Fixed ARPU grew with 2.6% y-on-y to € 54.

KPN's Fixed-Mobile household base grew 11k to 1,543k and represents 56% of total Fixed households. Fixed-Mobile ARPA increased 3.5% y-on-y to € 86.

Consumer mobile service revenues increased by 5.0% y-on-y, driven by a continued solid performance. KPN's postpaid base grew by 33k (Q2 2023: +31k). Postpaid ARPU increased 2.8% y-on-y to € 17, driven by the commercial success of KPN's and Simyo's mobile propositions, including KPN's Unlimited bundles. In September, KPN announced a price adjustment of 8.4% on its mobile portfolio, which was effective as of 1 October 2023.

In Q3 2023, Consumer NPS was +13 (Q3 2022: +18), down substantially compared to last year and last quarter. The NPS level was mainly affected by consumer sentiment around inflation-driven price increases.

KPN introduced the KPN For You (*KPN Voor Jou*) platform focusing on improving customer loyalty and closed a collaboration with 1Password to strengthen KPN's positioning in the internet security space. In September 2023, KPN was ranked, for the second consecutive year, as the best internet and mobile provider in the Netherlands by Tweakers, an important local tech community. In October, KPN introduced a 4 Gbps broadband offering for Dutch households on KPN's fiber network.

On 22 June 2023, KPN announced the intended acquisition of Youfone for an amount of ~€ 200m. In the regulatory approval process, the competition authority (ACM) decided that an in-depth investigation is required, which is currently ongoing.

² Corrected for migrations to, and new customers of, small business propositions (6k in Q3 2023, 4k in Q2 2023, 4k in Q1 2023, 5k in Q4 2022 and 6k in Q3 2022)

Business

Segment financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q3 2022	Q3 2023	Δ q-on-q	Δ y-on-y	YTD 2022	YTD 2023	Δ y-on-y
SME service revenues	151	169		+11.7%	442	484	+9.5%
LCE service revenues	194	190		-1.8%	579	577	-0.3%
Tailored Solutions service revenues	71	75		+4.8%	214	222	+3.9%
Adjusted Business service revenues	416	434		+4.2%	1,234	1,283	+4.0%
Non-service & Other revenues	31	20		-35%	92	72	-21%
Adjusted Business revenues	447	454		+1.5%	1,326	1,356	+2.2%
KPIs (k)							
Broadband lines	370	380	+5	+10			
Mobile SIMs	2,101	2,160	+26	+59			
NPS Business	+4	+6	+1	+2			

Q3 2023

Adjusted Business service revenues grew 4.2% y-on-y, mainly driven by strong growth in SME. Operational performance remained steady, with growth of 26k Mobile SIMs and 5k broadband lines.

SME service revenues increased 11.7% y-on-y (Q2 2023: +9.3%), supported by continued solid commercial momentum in both Broadband and Mobile. Alongside a growing customer base and the number of products per customer, revenues from Access & Connectivity also benefitted from higher Mobile ARPU due to the uptake of unlimited data bundles. Cloud & Workspace showed the strongest growth. Roughly two-thirds of the recent SME service revenue growth is driven by high-margin Access & Connectivity services. The remainder is driven by lower-margin ICT services which increase share of wallet and customer stickiness.

LCE service revenues declined 1.8% y-on-y (Q2 2023: +0.5%) due to lower roaming related revenues and reduced mobile and fixed traffic, which more than offset the strong performance of IoT.

Tailored Solutions service revenues increased 4.8% y-on-y (Q2 2023: +5.5%), and remains subject to timing in projects and related hardware sales.

Business NPS remained positive at +6 (Q3 2022: +4) as customers appreciate the stability, reliability and quality of KPN's products and services.

Wholesale

Segment financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q3 2022	Q3 2023	Δ q-on-q	Δ y-on-y	YTD 2022	YTD 2023	Δ y-on-y
Mobile	43	49		+15%	125	132	+6.1%
Broadband	74	79		+6.3%	223	238	+7.0%
Other	55	53		-2.9%	161	154	-4.5%
Adjusted Wholesale service revenues	171	181		+5.4%	508	524	+3.1%
Non-service & Other revenues	0	0		<i>n.m.</i>	1	1	+21%
Adjusted Wholesale revenues	172	181		+5.4%	510	526	+3.2%
# Customers (k)							
Postpaid SIMs	720	782	-3	+62			
Broadband lines	1,128	1,152	+14	+23			

Q3 2023

Adjusted Wholesale revenues increased 5.4% y-on-y, driven by higher Broadband and Mobile service revenues. Continued demand for KPN's broadband wholesale portfolio (+14k net adds) led to solid growth in broadband service revenues of 6.3% y-on-y.

Mobile service revenues increased 15% y-on-y driven by a growing mobile base compared to the same period last year and an easier comparable quarter. The postpaid base declined by 3k SIMs during the quarter due to a 32k decrease in 2G M2M SIMs at a single customer.

Other service revenues declined by 2.9% y-on-y, mainly due to lower regulated tariffs leading to a decrease in low-margin interconnect revenues.

Network, Operations & IT

Segment KPIs <i>(in thousands)</i>	YTD 2022	YTD 2023	Δ q-on-q	Δ y-on-y
FttH households own roll out	3,620	4,142	+221	+521
FttH households 3rd party access	405	594	+46	+190
<i>Of which Glaspoort</i>	268	439	+40	+171
FttH households total	4,025	4,736	+267	+711
FttH households activated on own roll out	1,795	2,020	+53	+225

Q3 2023

In Q3 2023, KPN added 221k households to its own fiber footprint, including the 127k homes passed from the Primevest acquisition, closed on 3 July 2023. Together with Glaspoort, KPN added 261k households to its fiber footprint to jointly cover 55% of Dutch households. During this quarter, KPN activated 53k fiber households on its own infrastructure.

KPN has successfully continued to decommission its copper network in fiber areas this year. Approximately 2.9 million connections have been decommissioned so far. Going forward, KPN will be gradually switching off its copper network in areas where fiber is available. Over time this results in significant quality improvements and spend savings related to the closure of technical buildings, reduced service tickets and maintenance costs, and lower energy consumption.

The 3.5GHz spectrum auction has been delayed by the Dutch Ministry of Economic Affairs to 2024.

Analysis of adjusted results Q3

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

Revenues (in € m)	Q3 2022	Q3 2023	Δ y-on-y	YTD 2022	YTD 2023	Δ y-on-y
Consumer	719	730	+1.5%	2,133	2,150	+0.8%
Business	447	454	+1.5%	1,326	1,356	+2.2%
Wholesale	172	181	+5.4%	510	526	+3.2%
Network, Operations & IT	14	13	-9.8%	50	37	-26%
Other (incl. eliminations)	-10	-9	-11%	-32	-23	-29%
Total revenues	1,341	1,368	+2.0%	3,987	4,046	+1.5%
Revenue incidentals						
Consumer	-	-	n.m.	-	-	n.m.
Business	-	-	n.m.	-	-	n.m.
Wholesale	-	-	n.m.	-	-	n.m.
Network, Operations & IT	7	5	-36%	34	18	-47%
Other (incl. eliminations)	-	-	n.m.	-	-	n.m.
Total revenue incidentals	7	5	-36%	34	18	-47%
Consumer	719	730	+1.5%	2,133	2,150	+0.8%
Business	447	454	+1.5%	1,326	1,356	+2.2%
Wholesale	172	181	+5.4%	510	526	+3.2%
Network, Operations & IT	6	8	+21%	16	19	+18%
Other (incl. eliminations)	-10	-9	-11%	-32	-23	-29%
Total adjusted revenues	1,334	1,363	+2.2%	3,952	4,028	+1.9%

The following table specifies the revenue incidentals in more detail:

Revenue incidentals (in € m)	Segment	Q3 2022	Q3 2023	YTD 2022	YTD 2023
Book gain on sale of assets to JV (Glaspoort)	NOI	7	5	34	18
Total revenue incidentals		7	5	34	18

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

(in € m)	Q3 2022	Q3 2023	Δ y-on-y	YTD 2022	YTD 2023	Δ y-on-y
EBITDA	647	658	+1.8%	1,919	1,918	-0.1%
Incidentals	-7	-5	-36%	-34	-21	-38%
Restructuring	8	13	+60%	19	24	+30%
Lease-related expenses						
Depreciation right-of-use asset	-25	-32	+29%	-84	-96	+15%
Interest lease liabilities	-5	-5	+16%	-13	-15	+15%
Adjusted EBITDA AL	618	629	+1.8%	1,807	1,809	+0.1%

The following table specifies the EBITDA incidentals in more detail:

EBITDA incidentals (in € m)	Category	Q3 2022	Q3 2023	YTD 2022	YTD 2023
Book gain on sale of assets to JV (Glaspoort)	Revenues	7	5	34	18
Release of provisions	Other opex	-	-	-	3
Total EBITDA incidentals		7	5	34	21

All related documents can be found 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 2022. 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 2022 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 2022. 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 2022, unless stated otherwise.