

KPN delivers on FY 2023 outlook, with strong Q4 performance

- Continued Group service revenue growth in Q4 (+4.2% y-on-y), supported by all segments
- Strong service revenue growth in Consumer Mobile (+7.9% y-on-y) and improving Fixed trend (+2.4% y-on-y)
- Continued Consumer broadband base (+5k) growth in Q4; total Consumer broadband base growth 30k in 2023
- Sustainable Business service revenue growth (+4.4% y-on-y), driven by strong growth in SME and stabilizing LCE trend
- Record year fiber HP footprint expansion (+725k HP incl. Glaspoort)
- FY 2023 adj. EBITDA AL of € 2,420m (+0.6% y-on-y) despite inflationary pressures; FCF of € 886m (+2.7% y-on-y)
- Steadily improving ROCE to 14.1% in 2023, reflecting shareholder value creation
- 2024 outlook: Service revenue growth ~3%, adj. EBITDA AL ~€ 2,480m, Capex ~€ 1.2bn and FCF raised to ~€ 880m
- € 200m share buyback and 13% DPS growth (DPS of € 17.0 cents), returning anticipated FCF to shareholders again in 2024

Message from the CEO, Joost Farwerck

"We delivered on our 2023 outlook and ambitions. Group service revenues are growing sustainably, with growth across all segments. Throughout the year, Consumer service revenues continued to improve, driven by ongoing mobile service revenue growth and solid broadband base growth. Business service revenues continued to grow with SME as the main contributor, as well as another year of growth in Wholesale. We delivered EBITDA and Free Cash Flow slightly above guidance, supported by sustainable service revenue growth and effective measures to partly offset inflationary headwinds. The commitment shown by all colleagues towards customer centricity continues to pay off, as illustrated by NPS improvements in both Consumer and Business.

We remain on track with our fiber roll out and we added a record number of households to our fiber footprint this year. As a result of this, we have seen broadband base growth over 2023 across all segments. The significant investments we make in our networks and services are bearing fruit. We are on track with the decommissioning of our copper network in fiber areas with about 3 million copper lines decommissioned by year end 2023, making super-fast internet via fiber the norm.

Employee engagement remains strong, as our colleagues continue to express their pride to work at KPN. We recently agreed on a new collective labor agreement for the coming two years, which contains several innovative and valuable employee benefit components. We remain fully committed to creating sustainable long-term value for all our stakeholders. This is clearly reflected in our ambitious ESG agenda, where we focus on creating "A Better Internet", a safer, more social and greener Internet for everyone in the Netherlands.

At our Capital Markets Day in November 2023, we announced our Connect, Activate & Grow strategy for the 2024-2027 period. We aim to maintain service revenue growth at a healthy level in the coming years, supported by enhancing our leading positions in Consumer and Business, and continued growth in Wholesale. We will take significant steps to further modernize our operating model, leveraging the power of automation and AI. We expect adjusted EBITDA to accelerate from the current run-rate and grow in line with service revenue growth as per our 3-3-7 financial ambition. We reiterate this guidance for the coming years, on the back of our solid business momentum.

Over the coming four years, we will invest more than € 4.5bn in our networks and the digitalization of the Netherlands, whilst delivering a strong return on capital employed. Capex will remain stable until 2026, after which we expect a significant step-down, resulting in a material inflection of our Free Cash Flow. Our focus on creating sustainable value enables us to continue to deliver attractive shareholder returns, and distribute Free Cash Flow to our shareholders."

Key figures

Group financials (unaudited) (in € m, unless stated otherwise)	Q4 2022	Q4 2023	Δ y-on-y	FY 2022	FY 2023	Δ y-on-y
Adjusted revenues	1,363	1,421	+4.3%	5,315	5,448	+2.5%
Service revenues	1,244	1,296	+4.2%	4,897	5,045	+3.0%
Adjusted EBITDA AL	598	611	+2.2%	2,404	2,420	+0.6%
As % of adjusted revenues	43.9%	43.0%		45.2%	44.4%	
Operating profit (EBIT)	291	323	+11%	1,214	1,342	+11%
Net profit	190	206	+8.4%	766	843	+10%
Capex	391	343	-12%	1,206	1,248	+3.5%
As % of adjusted revenues	28.7%	24.1%		22.7%	22.9%	
Operational Free Cash Flow	207	268	+29%	1,199	1,172	-2.2%
As % of adjusted revenues	15.2%	18.9%		22.6%	21.5%	
Free Cash Flow	189	334	+77%	862	886	+2.7%
As % of adjusted revenues	13.9%	23.5%		16.2%	16.3%	
Net debt				5,435	5,582	
ROCE				13.1%	14.1%	

Solid operational momentum

- **Consumer:** fixed service revenues growing for second quarter in a row (+2.4% y-on-y), mainly driven by higher ARPU
 - Fixed-Mobile households: +4k (Q3 2023: +11k); Fixed-Mobile ARPA at € 87 (+4.3% y-on-y)
 - Broadband: total net adds +5k (Q3 2023: +17k)¹, ARPU fixed € 54 (+2.6% y-on-y); +38k fiber net adds (Q3 2023: +40k)
 - Postpaid: +22k net adds (Q3 2023: +33k); ARPU growing 5.7% y-on-y to € 18
 - NPS at +17, following a temporary dip in Q3 2023 (+13)
- **Business:** service revenue growth of 4.4% y-on-y, mainly driven by continued strong performance in SME
 - Broadband lines: +4k net adds (Q3 2023: +5k)
 - Mobile SIMS: +21k net adds (Q3 2023: +26k)
 - NPS at +5 (Q3 2023: +6)
- **Wholesale:** service revenue growth of 3.2% y-on-y
 - Broadband lines: +29k net adds, including 18k from Primevest (Q3 2023: +14k)
 - Postpaid SIMS: +29k net adds (Q3 2023: -3k)
- **Network:** fiber roll out at record pace, covering 57% of the Netherlands (including Glaspoort)
 - Added 118k FttH homes passed to KPN's footprint in Q4, resulting in +549k in 2023 (+725k homes passed incl. Glaspoort)
 - Approximately 3.0 million copper lines in fiber areas have been decommissioned so far

Solid financial performance

- Q4 2023 **adjusted revenues** increased 4.3% y-on-y, driven by continued Group service revenue growth (+4.2% y-on-y), with all segments contributing. FY 2023 adjusted revenues increased 2.5% y-on-y, mainly supported by Group service revenue growth (+3.0% y-on-y)
- Q4 2023 **adjusted EBITDA AL** increased 2.2% y-on-y. Higher service revenues were partly offset by higher indirect costs such as wages, energy and other inflationary effects. FY 2023 adjusted EBITDA AL increased 0.6% y-on-y, driven by higher service revenues, partly offset by higher indirect costs. Adjusted EBITDA AL margin decreased 80bps to 44.4%
- Q4 2023 **net profit** of € 206m increased € 16m y-on-y, mainly driven by higher EBIT, partly offset by higher financing costs and lower results from associates and joint ventures. FY 2023 net profit increased € 77m or 10% y-on-y
- **Capex** decreased € 48m y-on-y in Q4 2023 due to timing of investment projects. FY 2023 Capex increased by € 42m y-on-y, driven by the accelerated fiber roll out
- **Operational Free Cash Flow** of € 268m in Q4 2023, increased 29% y-on-y mainly due to lower Capex. FY 2023 Operational Free Cash Flow decreased 2.2% y-on-y, mainly due to higher Capex
- **FY 2023 Free Cash Flow** of € 886m increased 2.7% y-on-y, driven by EBITDA AL growth and higher change in cash from working capital, partly offset by higher cash taxes and Capex
- Steadily improving **ROCE** to 14.1% in 2023 (+100bps y-on-y), driven by higher NOPLAT

Outlook for 2024

KPN achieved its FY 2023 outlook. KPN intends to pay a regular dividend per share of € 15.0 cents over 2023. The final regular dividend of € 9.8 cents per share is subject to shareholder approval at the Annual General Meeting of Shareholders on 17 April 2024. The provisional ex-dividend date is 19 April 2024, and the provisional payment date is 25 April 2024.

KPN reiterates the 2027 ambitions presented at its Capital Markets Day. For FY 2024, the Free Cash Flow outlook is raised to approximately € 880m despite headwinds from higher cash taxes and increased interest payments. The other outlook items have been reiterated with Group service revenue growth of approximately 3%, adjusted EBITDA AL of approximately € 2,480m and Capex of approximately € 1.2bn. The expected dividend payout over 2024 is € 17.0 cents per share (+13% y-on-y). KPN's execution of its strategy and multi-year cash generation perspective enables the company to structurally return additional capital to its shareholders. In this respect, KPN reiterates its intention to execute a new share buyback program of € 200m in 2024; effectively distributing all Free Cash Flow to its shareholders.

	Outlook FY 2023	Achievements FY 2023	Outlook FY 2024
Service Revenues		+3.0%	~3%
Adjusted EBITDA AL	~€ 2,410m	€ 2,420m	~€ 2,480m
Capex	€ 1.2bn	€ 1,248m	~€ 1.2bn
Free Cash Flow	~€ 870m	€ 886m	~€ 880m
Regular DPS	€ 15.0ct	€ 15.0ct	€ 17.0ct
Share buyback	€ 300m	€ 300m	€ 200m

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

Financial review KPN Group Q4 and FY 2023

Key financial metrics

Group financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q4 2022	Q4 2023	Δ y-on-y	FY 2022	FY 2023	Δ y-on-y
Service revenues	1,244	1,296	+4.2%	4,897	5,045	+3.0%
Non-service revenues & other	119	125	+4.9%	418	403	-3.4%
Adjusted revenues	1,363	1,421	+4.3%	5,315	5,448	+2.5%
Cost of goods & services	360	372	+3.2%	1,367	1,383	+1.2%
Personnel expenses	213	223	+4.5%	809	822	+1.6%
IT/TI	77	85	+10%	298	310	+4.0%
Other operating expenses	79	98	+24%	303	368	+21%
Total adjusted opex	729	777	+6.6%	2,778	2,884	+3.8%
Depreciation right-of-use asset	31	28	-11%	115	124	+8.3%
Interest lease liabilities	5	5	+14%	18	21	+15%
Total adjusted indirect opex after leases	405	438	+8.3%	1,544	1,646	+6.6%
Adjusted EBITDA AL	598	611	+2.2%	2,404	2,420	+0.6%
<i>As % of adjusted revenues</i>	<i>43.9%</i>	<i>43.0%</i>		<i>45.2%</i>	<i>44.4%</i>	
Operating profit (EBIT)	291	323	+11%	1,214	1,342	+11%
Net profit	190	206	+8.4%	766	843	+10%
ROCE*				13.1%	14.1%	
FTE own personnel (#)				9,452	9,724	+2.9%

* ROCE is calculated on a 4-quarter average rolling basis

Q4 2023

Adjusted revenues increased 4.3% y-on-y, driven by growth in all segments (Consumer +4.5% y-on-y, Wholesale +3.2% y-on-y and Business +1.2% y-on-y) and an one-off € 8m IPR benefit. Group service revenues increased 4.2% y-on-y, mainly driven by continued strong growth in SME and Consumer Mobile.

Cost of goods and services increased 3.2% y-on-y, mainly due to costs related to higher non-service revenues such as handsets and hardware sales, and higher third-party access costs (mainly Glaspoort). Personnel expenses increased 4.5% y-on-y, mainly driven by wage indexation. IT/TI expenses increased 10% y-on-y and other opex increased 24% mainly due to inflationary effects.

Adjusted EBITDA AL increased 2.2% y-on-y, driven by higher service revenues. The adjusted EBITDA AL margin decreased 90bps to 43.0%. Operating profit (EBIT) of € 323m increased € 32m y-on-y driven by lower depreciation and higher EBITDA.

Net profit of € 206m increased € 16m or 8.4% y-on-y, mainly due to higher EBIT.

FY 2023

Adjusted revenues increased 2.5% y-on-y, driven by higher Group service revenues (+3.0% y-on-y), mainly driven by continued growth in SME, Consumer Mobile and Wholesale.

Cost of goods and services increased 1.2% y-on-y, mainly due to costs related to mix effects in Business service revenues and higher third-party access costs. Personnel expenses increased 1.6% y-on-y due to wage indexation and a step-up of more than 600 FTE in insourced personnel. IT/TI expenses increased 4.0% y-on-y, and adjusted other opex increased 21% y-on-y due to inflationary effects.

Adjusted EBITDA AL increased 0.6% y-on-y driven by service revenue growth, partly offset by higher costs. Adjusted EBITDA AL margin decreased 80bps to 44.4%. Operating profit (EBIT) of € 1,342m increased € 129m or 11% y-on-y, despite € 16m lower book gains on sale of assets to Glaspoort, driven by higher EBITDA and lower depreciation and amortization.

Net profit of € 843m increased € 77m or 10% y-on-y, driven by a higher operating profit.

ROCE was 14.1% in FY 2023, an increase of 100 basis points compared to FY 2022 (13.1%). This increase was mainly driven by higher NOPLAT as operational efficiency increased, driven by lower depreciation and amortization.

Financial position

Group financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q4 2022	Q4 2023	Δ y-on-y	FY 2022	FY 2023	Δ y-on-y
Operational Free Cash Flow	207	268	+29%	1,199	1,172	-2.2%
As % of adjusted revenues	15.2%	18.9%		22.6%	21.5%	
Free Cash Flow	189	334	+77%	862	886	+2.7%
As % of adjusted revenues	13.9%	23.5%		16.2%	16.3%	
Net debt				5,435	5,582	
Gross debt				5,935	6,384	
Cash & short-term investments				499	802	
Leverage ratio*				2.3x	2.3x	
Interest cover ratio**				11.0x	10.5x	
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)

FY 2023

Operational Free Cash Flow of € 1,172m was 2.2% lower y-on-y, as the growth in EBITDA AL was offset by higher Capex. Free Cash Flow of € 886m increased € 24m, or 2.7% y-on-y, mainly driven by higher EBITDA AL and working capital improvements, which more than offset the higher cash taxes and Capex in 2023. Free Cash Flow margin was slightly above the prior year at 16.3%.

At the end of Q4 2023, net debt amounted to € 5,582m, € 147m higher compared to end Q4 2022. The movement in net debt is mainly related to acquisitions (€ 118m) and other investments made over the year, as the Free Cash Flow generation during the year covered the € 587m dividend payments and the € 300m share buyback program in 2023. Compared to Q3 2023, net debt decreased € 238m driven by Free Cash Flow generation during the quarter.

KPN had a strong balance sheet and liquidity position at the end of the year. Nominal debt outstanding was € 6,893m including € 60m short term commercial paper and the 3.875% € 600m senior bond with an eight year maturity that was issued in July 2023. KPN's committed liquidity consisted of € 802m cash & short-term investments and a € 1.0bn undrawn revolving credit facility. Therefore, available liquidity covers debt maturities until the end of 2025. At 31 December 2023, the net debt to EBITDA ratio was 2.3x (Q3 2023: 2.4x) and KPN's interest cover ratio was 10.5x (Q3 2023: 12.3x). At 31 December 2023, the weighted average cost of senior debt was 4.11%, 60 basis points higher y-on-y; broadly stable compared with previous quarter. At the end of Q4 2023, Group equity amounted to € 3,561m, € 91m lower compared to end of Q4 2022.

In June 2023, KPN completed a € 300m share buyback program, repurchasing 92,401,811 ordinary shares at an average price of € 3.25 per share. The share buyback is part of KPN's commitment to structurally return additional capital to its shareholders. KPN cancelled 89,901,811 of the repurchased shares in September 2023. As per 31 December 2023, the total shares outstanding amounted to 3,947,417,782 of which 3,510,888 Treasury shares.

Capex

Group financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q4 2022	Q4 2023	Δ y-on-y	FY 2022	FY 2023	Δ y-on-y
Fiber roll out	126	126	-0.1%	377	457	+21%
Customer driven	65	54	-16%	178	188	+5.4%
Other	200	163	-19%	650	604	-7.2%
Capex	391	343	-12%	1,206	1,248	+3.5%
<i>As % of adjusted revenues</i>	28.7%	24.1%		22.7%	22.9%	

FY 2023 Capex was slightly higher y-on-y at 22.9% of adjusted revenues (FY 2022: 22.7%). This was mainly driven by higher investments in the fiber rollout, which increased by € 79m. Customer driven Capex increased to € 188m in order to support Group service revenue growth by investments in e.g. CPE and mechanics. Other Capex was 7.2% lower y-on-y.

Personnel

# FTE own personnel by segment at the end of the period <i>(unaudited)</i>	FY 2022	FY 2023	Δ y-on-y	Δ y-on-y
Consumer	2,538	2,909	+371	+15%
Business	2,769	2,777	+8	+0.3%
Wholesale	222	218	-4	-2.0%
Network, Operations & IT	2,960	2,871	-89	-3.0%
Other	963	949	-14	-1.5%
KPN Group	9,452	9,724	+272	+2.9%

At the end of 2023, KPN employed 9,724 own personnel (in FTEs), which was higher y-on-y due to increased insourced personnel (~600 FTE), offsetting natural attrition and the effects from the ongoing digital transformation of KPN.

Financial and operating review per segment Q4 and FY 2023

Consumer

Segment financials (unaudited) (in € m, unless stated otherwise)	Q4 2022	Q4 2023	Δ q-on-q	Δ y-on-y	FY 2022	FY 2023	Δ y-on-y
Fixed service revenue	455	465		+2.4%	1,817	1,826	+0.5%
Broadband service revenues	438	451		+2.9%	1,744	1,768	+1.3%
o/w Fiber broadband service revenues	240	270		+12%	920	1,026	+12%
o/w Copper broadband service revenues	199	181		-8.7%	824	741	-10%
Other Fixed service revenues	16	14		-14%	73	58	-20%
Mobile service revenues	198	214		+7.9%	771	813	+5.4%
Adjusted Consumer service revenues	653	679		+4.0%	2,588	2,638	+2.0%
Non-service & Other revenues	71	77		+8.4%	269	268	-0.3%
Adjusted Consumer revenues	724	756		+4.5%	2,857	2,906	+1.7%
Households (k)							
Fiber households	1,487	1,642	+38	+154			
Copper households	1,259	1,118	-37	-142			
Postpaid-only households	774	783	+4	+10			
Total Consumer households	3,520	3,543	+4	+23			
o/w Fixed-Mobile households	1,525	1,548	+4	+23			
ARPA (€)							
ARPA Fixed-Mobile households	84	87		+4.3%			
ARPA total Consumer households	60	62		+4.0%			
NPS Consumer	+15	+17	+4	+2			

In Consumer, KPN aims to become the market leader in terms of service revenue market share. This will be supported by the extensive fiber roll out and KPN's increased focus on customer loyalty and base management. Through its Household 3.0 approach, customers will be able to access an unrivalled range of services, such as OTT packages, security and gaming, on top of the highest quality fiber and 5G connectivity. As part of KPN's Household 3.0 strategy, Amazon Prime and ESET (KPN Veilig) were added as partners to its offering in Q4 2023.

Q4 2023

Adjusted Consumer service revenues increased 4.0% y-on-y. Fixed service revenues increased 2.4% y-on-y, supported by broadband service revenue growth (+2.9%) as fiber broadband service revenues continued to grow strongly (+12% y-on-y), offsetting the decline in copper (-8.7% y-on-y). This was only partly offset by the structural decline in legacy services (-14% y-on-y). Operational performance on fiber remained strong, as KPN activated 38k fiber households in the quarter (Q3 2023: +40k). Broadband net adds were 5k² in Q4 2023, supported by a strong execution and attractive household offering. Broadband base growth was slightly lower in Q4 compared to the previous quarters driven by seasonal promotions in the market. Fixed ARPU grew 2.6% y-on-y to € 54. KPN's Fixed-Mobile household base grew 4k to 1,548k and represents 56% of total Fixed households. Fixed-Mobile ARPA increased by 4.3% y-on-y to € 87. On 30 November 2023, KPN acquired Kabeltex which owns a fiber network (18k HP) and service provider (8k broadband base) in Texel, the Netherlands. The financials related to the broadband base have been included in the Q4 2023 results, but accompanying KPIs will be included in KPN's reporting as of Q1 2024.

Consumer mobile service revenues increased 7.9% y-on-y, driven by both postpaid base growth and a higher ARPU. KPN's postpaid base increased by 22k (Q3 2023: +33k). Postpaid ARPU was 5.7% higher y-on-y, supported by an effective CPI increase of ~8% per 1 October 2023.

Non-service revenues grew strongly at 8.4% y-on-y, driven by higher handset sales supported by the new iPhone launch.

Consumer NPS at +17 was higher y-on-y (Q4 2022: +15), recovering from a temporary dip in Q3 2023, driven by a series of initiatives aimed at rewarding loyal customers. KPN's customer satisfaction remains leading in the Dutch market.

FY 2023

Adjusted Consumer service revenues increased 2.0% y-on-y as higher service revenues from fiber and mobile were partly offset by declining service revenues from KPN's copper and legacy portfolio.

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

Business

Segment financials (unaudited) <i>(in € m, unless stated otherwise)</i>	Q4 2022	Q4 2023	Δ q-on-q	Δ y-on-y	FY 2022	FY 2023	Δ y-on-y
SME service revenues	154	169		+9.9%	596	653	+9.6%
LCE service revenues	197	198		+0.7%	775	775	0.0%
Tailored Solutions service revenues	79	81		+2.7%	292	303	+3.6%
Adjusted Business service revenues	430	449		+4.4%	1,664	1,732	+4.1%
Non-service & Other revenues	42	29		-31%	134	102	-24%
Adjusted Business revenues	472	478		+1.2%	1,798	1,833	+1.9%
KPIs (k)							
Broadband lines	375	384	+4	+9			
Mobile SIMs	2,105	2,182	+21	+77			
NPS Business	+2	+5	-1	+3			

Adjusted Business service revenues delivered healthy growth during the year. B2B service revenue growth is mainly driven by the strong and sustainable performance in SME. In Business, KPN is the clear market leader and will further develop its digital ecosystem. The converged portfolios in SME and LCE will be leveraged to increase share of wallet and drive further growth. Tailored Solutions is positioned as a strategic IT and integration partner, delivering value adding ICT solutions on top of the connectivity portfolio to the largest customers.

Q4 2023

Adjusted Business revenues grew 1.2% y-on-y as services revenue growth (+4.4% y-on-y) was partly offset by lower non-service revenues (-31% y-on-y). The service revenue growth was driven by continued strong growth in SME, a stabilizing trend in LCE and steady performance in Tailored Solutions. Operational performance was solid, with 21k net adds in Mobile and 4k broadband net adds.

SME service revenues grew strongly again at 9.9% y-on-y (Q3 2023: +11.7%), 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 SME service revenue growth is driven by high-margin Access & Connectivity services. The remainder is driven by ICT services which increase share of wallet and customer stickiness.

LCE service revenue growth has been hovering around the inflection level for a number of quarters and is showing a stabilizing development at +0.7% y-on-y in the fourth quarter (Q3 2023: -1.8%). This was mainly supported by the strong performance in IoT, while traffic and roaming related revenues continued to decrease compared to the prior year.

Tailored Solutions service revenues grew 2.7% y-on-y (Q3 2023: +4.8%).

Business NPS remained solid at +5 (Q4 2022: +2). Customers continue to value KPN for the stability, reliability and quality of its network and services. KPN's customer satisfaction remains leading in the Dutch market.

FY 2023

Adjusted Business revenues grew 1.9% y-on-y, driven by a continued strong performance in the SME segment (+9.6% y-on-y) and solid growth at Tailored Solutions (+3.6% y-on-y), a flat performance in LCE and lower Non-service & Other revenues (-24% y-on-y).

Wholesale

Segment financials (unaudited) (in € m, unless stated otherwise)	Q4 2022	Q4 2023	Δ q-on-q	Δ y-on-y	FY 2022	FY 2023	Δ y-on-y
Broadband	73	81		+11%	296	319	+8.0%
Mobile	41	43		+3.4%	166	175	+5.4%
Other	53	49		-7.7%	214	203	-5.3%
Adjusted Wholesale service revenues	167	173		+3.2%	676	697	+3.2%
Non-service & Other revenues	0	0		<i>n.m.</i>	1	2	+17%
Adjusted Wholesale revenues	168	173		+3.2%	677	699	+3.2%
# Customers (k)							
Postpaid SIMs	742	811	+29	+69			
Broadband lines	1,128	1,180	+29	+52			

In Wholesale, KPN continues its open access policy to offer access to third-party operators. KPN aims to remain the preferred connectivity partner for broadband and mobile services, and will deliver innovative services through new building blocks.

Q4 2023

Adjusted Wholesale service revenues increased 3.2% y-on-y, driven by higher Broadband and Mobile service revenues.

KPN's broadband wholesale base increased by 29k, including 18k broadband customers on the Primevest network. The KPIs related to Primevest were added in Q4 2023 following closing of the acquisition in Q3 2023. Broadband service revenues increased 11% y-on-y driven by the good performance of fiber.

Mobile service revenues increased 3.4% y-on-y, driven by a growing mobile base and increased data volumes. Wholesale added 29k postpaid SIMs during the quarter. KPN recently extended the contract term of some of its mobile wholesale partners, securing service revenues for the longer term.

Other service revenues declined by 7.7%, mainly due to lower regulated termination tariffs leading to a decrease in low-margin interconnect revenues.

FY 2023

Adjusted Wholesale service revenues increased 3.2% y-on-y, largely driven by growing Broadband and Mobile service revenues.

Network, Operations & IT

Segment KPIs (in thousands)	Q4 2022	Q4 2023	Δ y-on-y	FY 2022	FY 2023	Δ y-on-y
FttH households own footprint	90	118	+31%	3,710	4,260	+15%
FttH households 3rd party access o/w Glaspoort	50	64	+30%	454	659	+45%
	45	50	+11%	313	489	+56%
FttH households total	139	182	+31%	4,165	4,918	+18%

KPN will continue to build the best secure networks and digital infrastructure of the Netherlands. In fixed, KPN will complete its large scale fiber roll out and continue the decommissioning of the copper network in fiber areas. KPN and Glaspoort expanded their fiber footprint with a record number of 725k homes passed in 2023, of which 145k related to Primevest and Kabeltex acquisitions. In mobile, KPN has been recognized as the best network in the world and it intends to keep a leading position. KPN's 5G strategy is focused on differentiated services for B2B customers in specific industries. KPN's field labs are continuously exploring the added value of 5G benefits such as higher speeds, lower latency and network slicing together with its business customers.

Q4 2023

In Q4 2023, KPN added 118k households to its own fiber footprint, including 18k homes passed from the Kabeltex acquisition closed on 30 November 2023. Together with Glaspoort, KPN added 168k households to its fiber footprint to jointly cover 57% of Dutch households.

KPN has successfully continued to decommission its copper network in fiber areas in 2023. Approximately 3.0 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

will result in significant quality improvements and spend savings related to the closure of technical buildings, reduced service tickets and maintenance costs, and lower energy consumption.

According to the Dutch Ministry of Economic Affairs, the 3.5GHz spectrum auction is expected to take place before the summer of 2024.

Analysis of adjusted results Q4 and FY 2023

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

Revenues (in € m)	Q4 2022	Q4 2023	Δ y-on-y	FY 2022	FY 2023	Δ y-on-y
Consumer	724	756	+4.5%	2,857	2,906	+1.7%
Business	472	478	+1.2%	1,798	1,833	+1.9%
Wholesale	168	173	+3.2%	677	699	+3.2%
Network, Operations & IT	22	27	+25%	72	64	-11%
Other (incl. eliminations)	-10	0	-100%	-43	-23	-46%
Total revenues	1,375	1,434	+4.3%	5,362	5,480	+2.2%
Revenue incidentals						
Consumer	-	-	n.m.	-	-	n.m.
Business	-	-	n.m.	-	-	n.m.
Wholesale	-	-	n.m.	-	-	n.m.
Network, Operations & IT	12	13	+5.6%	47	31	-33%
Other (incl. eliminations)	-	-	n.m.	-	-	n.m.
Total revenue incidentals	12	13	+5.6%	47	31	-33%
Consumer	724	756	+4.5%	2,857	2,906	+1.7%
Business	472	478	+1.2%	1,798	1,833	+1.9%
Wholesale	168	173	+3.2%	677	699	+3.2%
Network, Operations & IT	9	14	+51%	25	33	+30%
Other (incl. eliminations)	-10	0	-100%	-43	-23	-46%
Total adjusted revenues	1,363	1,421	+4.3%	5,315	5,448	+2.5%

The following table specifies the revenue incidentals in more detail:

Revenue incidentals (in € m)	Segment	Q4 2022	Q4 2023	FY 2022	FY 2023
Book gain on sale of assets to JV (Glaspoort)	NOI	12	13	47	31
Total revenue incidentals		12	13	47	31

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

(in € m)	Q4 2022	Q4 2023	Δ y-on-y	FY 2022	FY 2023	Δ y-on-y
EBITDA	641	630	-1.6%	2,560	2,548	-0.5%
Incidentals	-12	-	-98%	-47	-22	-54%
Restructuring	6	14	>100%	24	38	+58%
Lease-related expenses						
Depreciation right-of-use asset ³	-31	-28	-11%	-115	-124	+8.3%
Interest lease liabilities	-5	-5	+14%	-18	-21	+15%
Adjusted EBITDA AL	598	611	+2.2%	2,404	2,420	+0.6%

The following table specifies the EBITDA incidentals in more detail:

EBITDA incidentals (in € m)	Category	Q4 2022	Q4 2023	FY 2022	FY 2023
Book gain on sale of assets to JV (Glaspoort)	Revenues	12	13	47	31
Book loss on sale of a subsidiary	Other opex	-	-13	-	-13
Release of provisions	Other opex	-	-	-	3
Total EBITDA incidentals		12	-	47	22

³ Excludes a € 16m right-of-use asset impairment in Q4 2022, related to KPN's Office building in The Hague which was closed permanently

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 2023 as included in this report, unless stated otherwise.