

## KPN further strengthens its leading fiber position and reports encouraging developments in mass-market segments in Q1

- Encouraging base and service revenue trends in mass-market, especially in Consumer Mobile and Wholesale
- Improving revenue developments within Business segment
- Added 106k households to fiber footprint, announced JV with APG to jointly cover ~80% of NL with FttH by 2026
- Recognized as the best mobile network with fastest up and download speed and best mobile coverage<sup>1</sup>
- Adjusted EBITDA AL flat y-on-y on an underlying basis<sup>2</sup>
- Good start to new cost savings program (€ 21m); successful phase out of copper services in six pilot areas
- Free Cash Flow well on track, partly due to different intra-year phasing

### **Message from the CEO, Joost Farwerck**

*“During the first quarter of our updated strategy, we saw encouraging base developments in our mass-market segments, with growth in Fixed-Mobile households fueled by fiber, and growth in our mobile and fixed customer base in SME and Wholesale. Together with favorable underlying ARPA and ARPU trends, this gives us further confidence we will deliver on our ambition to grow mass-market service revenues by the end of this year.*

*The investments we do in our networks and services are paying off. We are now recognized as the best 5G network in the country by all leading benchmarks. The strategic partnership with APG marks an important next step in the acceleration of the fiber rollout which will lead to almost nationwide fiber coverage by 2026. Together with 5G, our state-of-the-art fiber network creates the most powerful network, supporting the Netherlands well into the 21st century.*

*This will also allow us to decommission our copper network, making super-fast internet via fiber the norm. In six pilot areas this has already been shut down and from 2023, we will gradually phase out the copper network and upgrade our customers to the best-in-class network, resulting in quality improvements and significant cost savings going forward.*

*I appreciate the dedication and resilience of our people and their commitment to always deliver our customers the best experience. I am pleased that our sustainability achievements and ambitions are recognized and appreciated by Dutch consumers and that KPN has again been chosen by the Sustainable Brand Index as the most sustainable Dutch telecom brand.”*

### **Key figures**

<b>Group financials (unaudited) (in € m, unless stated otherwise)</b>	<b>Q1 2020</b>	<b>Q1 2021</b>	<b>Δ y-on-y</b>
Adjusted revenues	1,329	1,290	-2.9%
Adjusted EBITDA AL As % of adjusted revenues	575 43.3%	568 44.0%	-1.3%
Operating profit (EBIT)	216	235	+8.8%
Net profit	120	141	+18%
Capex Capex as % of adjusted revenues	278 20.9%	321 24.9%	+15%
Operational Free Cash Flow As % of adjusted revenues	297 22.4%	247 19.1%	-17%
Free Cash Flow As % of adjusted revenues	80 6.0%	122 9.5%	+53%
Net debt	5,063	5,221	

<sup>1</sup> Source: Ookla®

<sup>2</sup> Corrected for € 8m one-off in Consumer Fixed service revenues related to timing of revenue recognition in 2020

## Improving operational performance

- **Consumer:** household trend stable, encouraging ARPA trend +2.0%<sup>3</sup> y-on-y to € 58<sup>3</sup>
  - Fixed-Mobile households: +4k net adds (Q4 2020: +6k); Fixed-Mobile ARPA at € 81 (+1.0% y-on-y)<sup>3</sup>
  - Broadband: +47k fiber net adds (Q4 2020: +20k), -1k total broadband net adds (Q4 2020: -3k)<sup>4</sup>
  - Postpaid: +4k net adds (Q4 2020: +1k); mobile service revenue trend improving to -0.7% y-on-y (Q4 2020: -2.1%)
  - NPS: +11 declined y-on-y (Q1 2020: +15), flat q-on-q (Q4 2020: +11); downward trend stopped due to successful investments in customer support, seeing underlying improvements, especially at former Telfort customers
- **Business:** seeing solid base developments
  - Broadband lines: +1k net adds (Q4 2020: +7k)
  - Mobile SIMs: +23k net adds (Q4 2020: +26k)
  - NPS improved to +2 (Q1 2020: +1); driven by customer migrations to target portfolios and reliability of products and services
- **Wholesale:** benefitting from open wholesale policy
  - Broadband lines: +22k net adds (Q4 2020: +30k)
  - Postpaid SIMs: +30k net adds (Q4 2020: +26k)
- **Network:** announced joint venture to further accelerate fiber rollout on top of KPN's existing plans
  - Added 106k FttH households to fiber footprint; activated 77k households
- **Cost savings:** new program getting off to a solid start
  - Net indirect opex savings of € 21m in the quarter, ambition >€ 250m by end 2023

## Financial performance impacted by one-off correction in Consumer

- **Adjusted revenues** declined 2.9% y-on-y, impacted by an € 8m one-off correction to Consumer Fixed service revenues related to the timing of revenue recognition in 2020 and by the sale of KPN Consulting (€ 15m revenues in Q1 2020). Corrected for these, adjusted revenues declined 1.2% y-on-y. Service revenue growth in Wholesale and Consumer Fixed-Mobile was offset by lower service revenues from Consumer Legacy and Business
- **Adjusted EBITDA AL** declined 1.3% y-on-y, or was flat corrected for the one-off revenue effect. The effect of lower revenues, and temporarily elevated spend to improve customer support, was offset by continued disciplined cost control. Adjusted EBITDA AL margin increased to 44.0% (Q1 2020: 43.3%)
- **Net profit** of € 141m increased € 21m y-on-y. Lower adjusted EBITDA AL was fully offset by lower depreciation and amortization, and lower finance costs
- **Capex** of € 321m increased € 43m y-on-y driven by the accelerated fiber rollout
- **Operational Free Cash Flow** of € 247m decreased 17% y-on-y explained by higher Capex and lower adjusted EBITDA AL
- **Free Cash Flow** of € 122m increased € 43m y-on-y. Different intra-year phasing of working capital and less cash interest paid were partly offset by higher Capex
- Strong **liquidity** of € 1,864m; € 614m cash & short-term investments and € 1.25bn undrawn revolving credit facility

## Outlook 2021 and ambitions 2023 reiterated

KPN maintains its FY 2021 outlook for adjusted EBITDA AL of approximately € 2,345m, Capex of € 1,200m, and Free Cash Flow of approximately € 765m. KPN intends to pay a regular dividend per share of € 13.6 cents over 2021. KPN reiterates its 2023 ambitions as provided at the Strategy Update on 24 November 2020.

	Achievements FY 2020	Outlook FY 2021	Ambitions 2023
<b>Adjusted EBITDA AL</b>	€ 2,320m	~€ 2,345m	>€ 2,450m
<b>Capex</b>	€ 1,147m	€ 1,200m	€ 1.1-1.2bn
<b>Free Cash Flow</b>	€ 765m	~€ 765m	>€ 870m
<b>Regular DPS</b>	€ 13.0ct	€ 13.6ct, +4.6% y-on-y	Progressive dividend, +3-5% annual growth

<sup>3</sup> Corrected for € 8m one-off in Consumer Fixed service revenues related to timing of revenue recognition in 2020

<sup>4</sup> Corrected for migrations to, and new customers of, small business proposition (8k in Q1 2021, 8k in Q4 2020, 5k in Q3 2020, 7k in Q2 2020, 6k in Q1 2020)

## Financial review KPN Group Q1

### Key financial metrics

Group financials (unaudited) (in € m, unless stated otherwise)	Q1 2020	Q1 2021	Δ y-on-y
Service revenues	1,235	1,195	-3.2%
Non-service revenues & other	94	95	+0.7%
<b>Adjusted revenues</b>	<b>1,329</b>	<b>1,290</b>	<b>-2.9%</b>
Cost of goods & services	315	314	-0.2%
Personnel expenses	246	222	-9.7%
IT/TI	81	79	-2.5%
Other operating expenses	73	69	-4.8%
Total adjusted opex	715	685	-4.2%
Depreciation right-of-use asset	33	33	-2.0%
Interest lease liabilities	6	5	-9.6%
Total adjusted indirect opex after leases	439	408	-7.0%
<b>Adjusted EBITDA AL</b>	<b>575</b>	<b>568</b>	<b>-1.3%</b>
As % of adjusted revenues	43.3%	44.0%	
Operating profit (EBIT)	216	235	+8.8%
Net profit	120	141	+18%

### Q1 2021

Adjusted revenues declined 2.9% y-on-y, impacted by an € 8m one-off correction in Q1 2021 to Consumer Fixed service revenues related to the timing of revenue recognition in 2020 and by the sale of KPN Consulting (€ 15m revenues in Q1 2020). Corrected for these, adjusted revenues declined 1.2% y-on-y. Service revenue growth in Wholesale and Consumer Fixed-Mobile was offset by lower service revenues from Business and Consumer Legacy. Due to travel restrictions relating to COVID-19, KPN saw lower roaming revenues compared to the same quarter last year. Non-service revenues increased 0.7% y-on-y as higher non-service revenues in Consumer, mainly driven by the success of KPN's SuperWIFI proposition, were offset by lower non-service revenues in Business. Mass-market<sup>5</sup> service revenues declined 1.7% y-on-y (-0.9% correcting for the aforementioned one-off). KPN witnessed encouraging base developments in its mass-market segments, with growth in Fixed-Mobile households fueled by fiber, and growth in the mobile and fixed customer base in SME and Wholesale.

Cost of goods and services were 0.2% lower y-on-y. Personnel expenses declined 9.7% y-on-y, driven by the sale of KPN Consulting, less personnel expenses due to COVID-19, and the ongoing digital transformation of KPN. IT/TI expenses decreased 2.5% y-on-y and adjusted other opex declined 4.8% y-on-y, mainly due to lower costs for housing & facilities. In the first quarter, further simplification and digitalization of the company resulted in a decline of 7.0% of total adjusted indirect opex after leases (-4.8% corrected for the sale of KPN Consulting), translating into € 21m net indirect opex savings, while KPN also invested in additional capacity to improve customer support.

Adjusted EBITDA AL decreased 1.3% y-on-y and was flat corrected for the € 8m one-off revenue effect. The effect of lower revenues and elevated spend to improve customer support were offset by continued disciplined cost control. Adjusted EBITDA AL margin increased to 44.0% from 43.3% in Q1 2020.

Operating profit (EBIT) of € 235m increased € 19m y-on-y, as lower adjusted EBITDA AL was more than offset by lower depreciation and amortization charges, and lower P&L restructuring costs.

Net profit of € 141m increased € 21m y-on-y. Higher operating profit was mainly supported by lower finance costs and higher other financial result. Lower finance costs were driven by refinancing benefits, while other financial result was driven by FX and hedge movements. This was partly offset by lower share of profit from associates and higher taxes. The effective tax rate was 22.3% compared to 21.1% in the first quarter last year.

<sup>5</sup> Mass market consists of Consumer, SME and Wholesale segments

## Financial position

<b>Group financials (unaudited) (in € m, unless stated otherwise)</b>	<b>Q1 2020</b>	<b>Q1 2021</b>	<b>Δ y-on-y</b>
Operational Free Cash Flow	297	247	-17%
As % of adjusted revenues	22.4%	19.1%	
Free Cash Flow	80	122	+53%
As % of adjusted revenues	6.0 %	9.5%	
Net debt	5,063	5,221	
Gross debt	5,759	5,835	
Cash & short-term investments	696	614	
Leverage ratio*	2.2x	2.3x	
Interest cover ratio**	8.7x	11.0x	
<b>Credit ratings</b>	<b>Rating</b>	<b>Outlook</b>	
Standard & Poor's	BBB	Stable	
Fitch Ratings	BBB	Stable	
Moody's	Baa3	Stable	

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

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

### Q1 2021

Operational Free Cash Flow of € 247m was 17% lower y-on-y due to higher Capex driven by the accelerated fiber rollout and lower adjusted EBITDA AL.

Free Cash Flow of € 122m increased € 43m, or 53% y-on-y. This strong increase was the result of different phasing of working capital, less cash interest paid, and lower cash restructuring, which were partly offset by higher Capex and higher cash taxes paid. FCF margin improved 350 basis points to 9.5%.

At the end of Q1 2021, net debt amounted to € 5,221m, € 111m lower compared to end Q4 2020. The decrease in net debt was mainly driven by Free Cash Flow generation during the quarter.

KPN had a strong balance sheet and liquidity position at the end of Q1 2021. Nominal debt outstanding was € 6,420m including € 60m short-term commercial paper. KPN's committed liquidity consisted of € 614m cash & short-term investments and a € 1.25bn undrawn revolving credit facility which covers debt maturities through 2023. In Q1 2021, KPN redeemed a € 361m 3.25% bond and the next maturity will be a € 253m 4.5% bond in October (which has been swapped to a fixed rate of 0.867%). At 31 March 2021, the net debt to EBITDA ratio was 2.3x (Q1 2020: 2.2x). KPN's interest cover ratio was 11.0x at the end of the first quarter (Q1 2020: 8.7x). At 31 March 2021, the weighted average cost of senior debt was 2.85%, 32 basis points lower y-on-y.

At the end of Q1 2021, Group equity amounted to € 2,731m, € 110m higher compared to the end of Q4 2020. This was mainly driven by net profit generated during the quarter.

## Financial and operating review per segment Q1

### Consumer

Segment financials (unaudited) (in € m, unless stated otherwise)	Q1 2020	Q1 2021	Δ q-on-q	Δ y-on-y	Δ y-on-y excl. one off
Fixed-Mobile service revenues	351	354		+0.8%	+2.0%
Fixed-only service revenues	204	192		-5.6%	-3.9%
Postpaid-only service revenues	61	60		-1.9%	
Legacy/other service revenues	37	29		-21%	
<b>Adjusted Consumer service revenues</b>	<b>653</b>	<b>635</b>		<b>-2.7%</b>	<b>-1.5%</b>
Non-service & Other revenues	59	67		+13%	
<b>Adjusted Consumer revenues</b>	<b>712</b>	<b>702</b>		<b>-1.4%</b>	<b>-0.3%</b>
<b>Households (k)</b>					
Fixed-Mobile households	1,462	1,478	+4	+16	
Fixed-only households	1,336	1,286	-10	-50	
Postpaid-only households	808	775	-5	-33	
<b>Total Consumer households</b>	<b>3,606</b>	<b>3,539</b>	<b>-12</b>	<b>-67</b>	
<b>ARPA (€)</b>					
ARPA Fixed-Mobile households	80	80		-0.2%	+1.0%
ARPA total Consumer households	57	57		+0.7%	+2.0%
NPS Consumer	+15	+11	-	-4	

### Q1 2021

Adjusted Consumer revenues declined 1.4% y-on-y, impacted by an € 8m one-off correction on Consumer Fixed service revenues related to timing of revenue recognition in 2020. Corrected for this one-off, adjusted Consumer revenues declined 0.3% y-on-y. Service revenue growth in KPN's Fixed-Mobile portfolio of +2.0% y-on-y<sup>6</sup> was offset by declining service revenues from KPN's Legacy portfolio (-21% y-on-y). Fixed-only service revenues and Postpaid-only service revenues declined 3.9%<sup>6</sup> and 1.9% y-on-y respectively.

KPN's Fixed-Mobile household base increased 4k to 1,478k in Q1 2021, and represents 53% of total Fixed households. This was mainly driven by successful cross-sell of postpaid subscriptions to Fixed-only households. Fixed-Mobile ARPA increased 1.0% y-on-y to € 81<sup>6</sup>.

KPN activated 47k fiber households in the quarter (Q4 2020: +21k) supported by a further improved commercial strategy accompanying the fiber rollout and copper to fiber upgrades. The growth in KPN's fiber base is fueling stabilization of the broadband base with total net adds of -1k<sup>7</sup> in Q1 2021 (Q4 2020: -3k<sup>7</sup>). Fixed ARPU increased 2.2% y-on-y to € 49<sup>6</sup> and Fixed-only ARPA increased 0.8% y-on-y to € 51<sup>6</sup> in Q1 2021. Both were mainly driven by price adjustments effective from 1 July 2020.

KPN's postpaid base increased by 4k customers in Q1 2021 (Q4 2020: +1). Postpaid ARPU was stable at € 17 (-0.2% y-on-y), as increased demand for Unlimited bundles and increased national out-of-bundle usage almost entirely offset the effect of lower roaming revenues as a result of COVID-19 related travel restrictions. Postpaid-only ARPA increased 2.7% y-on-y, driven by more SIMs per Postpaid-only household. The Consumer mobile service revenue trend improved markedly to -0.7% y-on-y (Q4 2020: -2.1%), where the decline was fully driven by continued pressure on prepaid.

In Q1 2021, Consumer NPS was +11 (Q1 2020: +15, Q4 2020: +11). KPN successfully invested in increased capacity over the last months to improve customer satisfaction, resulting in a flat NPS compared to Q4 2020. KPN remains highly valued for its best-in-class network and sees underlying improvements, especially at former Telfort customers .

<sup>6</sup> Corrected for € 8m one-off in Consumer Fixed service revenues related to timing of revenue recognition in 2020

<sup>7</sup> Corrected for migrations to, and new customers of, small business proposition (Q1 2021: 8k, Q4 2020: 8k, Q3 2020: 5k, Q2 2020: 7k, Q1 2020: 6k)

## Business

Segment financials (unaudited) (in € m, unless stated otherwise)	Q1 2020	Q1 2021	Δ q-on-q	Δ y-on-y	Δ y-on-y excl. divestment
SME service revenues	141	133		-6.1%	
LCE service revenues	194	170		-12%	-4.7%
Tailored Solutions service revenues	108	108		-0.1%	
<b>Adjusted Business service revenues</b>	<b>443</b>	<b>411</b>		<b>-7.2%</b>	<b>-3.8%</b>
Non-service & Other revenues	36	29		-18%	-14%
<b>Adjusted Business revenues</b>	<b>478</b>	<b>440</b>		<b>-8.0%</b>	<b>-4.6%</b>
<b>KPIs (k)</b>					
Broadband lines	319	343	+1	+24	
Mobile SIMs	1,861	1,929	+23	+68	
NPS Business	+1	+2	+3	+1	

### Q1 2021

Adjusted Business revenues decreased 8.0% y-on-y. Corrected for the divestment of KPN Consulting (€ 17m revenues Q1 2020), the adjusted revenue trend improved to -4.6% y-on-y, compared to -5.3% in Q4 2020.

SME service revenues decreased 6.1% y-on-y. Growth in Broadband & Network Services and IT Services was offset by lower revenues from Mobile and Fixed Voice. Broadband & Network Services increased 9.4% y-on-y driven by encouraging base developments. IT Services increased 16% y-on-y, mainly driven by increased Workspace Services. Mobile service revenues declined 11% y-on-y. Mobile ARPU was impacted by lower roaming revenues as a result of less international travel due to COVID-19 and by ongoing competition in the Dutch market. This was partly offset by increased take-up of unlimited data bundles. SME Mobile base developments were favorable. Fixed Voice revenues declined 17% y-on-y due to customer migrations and line rationalization. At the end of Q1 2021, 89% of SME customers (Q1 2020: 82%)<sup>8</sup> have now migrated to a future proof integrated portfolio providing KPN with up and cross-sell opportunities, such as KPN EEN. 25% of KPN EEN customers now take at least three services (Q1 2020: 19%).

LCE service revenues decreased 4.7%<sup>9</sup> y-on-y. Access & Connectivity revenues declined 4.6% y-on-y, driven by lower roaming revenues as a result of less international travel, strong competition in the mobile market putting pressure on mobile ARPU, and customer migrations to a future-proof portfolio. Revenues from IT Services declined 3.0% y-on-y, mainly driven by COVID-19 related project delays, while last year revenues from IT Services were still strong in the first quarter. At the end of Q1 2021, 78% of LCE customers (Q1 2020: 62%)<sup>8</sup> migrated to a future proof integrated portfolio.

Tailored Solutions service revenues were broadly flat (-0.1% y-on-y).

Business NPS improved to +2 (Q1 2020: +1, Q4 2020: -2) driven by customer migrations to target portfolios which have higher customer satisfaction levels. KPN is mainly recognized for the stability and quality of its network and the reliability of its products and services.

## Wholesale

Segment financials (unaudited) (in € m, unless stated otherwise)	Q1 2020	Q1 2021	Δ q-on-q	Δ y-on-y
Mobile	35	36		+4.3%
Broadband	55	66		+21%
Other	62	58		-5.3%
<b>Adjusted Wholesale service revenues</b>	<b>151</b>	<b>160</b>		<b>+6.4%</b>
Non-service & Other revenues	2	-		-68%
<b>Adjusted Wholesale revenues</b>	<b>153</b>	<b>161</b>		<b>+5.4%</b>
<b># Customers (k)</b>				
Postpaid SIMs	462	573	+30	+111
Broadband lines	978	1,067	+22	+89

<sup>8</sup> Eligible customers migrated from traditional fixed voice or legacy broadband services

<sup>9</sup> Corrected for the divestment of KPN Consulting

**Q1 2021**

Adjusted Wholesale revenues increased 5.4% y-on-y, mainly driven by growing broadband service revenues.

Broadband service revenues increased 21% y-on-y driven by continued growth of KPN's ODF and WBA installed base, as KPN witnessed solid demand for its fiber wholesale portfolio. Wholesale added +22k broadband lines in Q1 2021. The sum of total broadband net adds between Consumer and Wholesale was +21k<sup>10</sup> in Q1 2021.

Mobile service revenues increased 4.3% y-on-y, driven by a growing mobile base. Wholesale added +30k postpaid SIMs during the quarter.

KPN continues its open wholesale policy, built on reasonable and non-discriminatory terms. As such, KPN offers an economically viable alternative for current and future wholesale partners, and therefore believes it operates in line with potential new legislation.

## Network, Operations & IT

<b>Segment KPIs (in thousands)</b>	<b>Q1 2020</b>	<b>Q1 2021</b>	<b>Δ q-on-q</b>	<b>Δ y-on-y</b>
FttH households own rollout	2,523	2,890	+106	+367
FttH households 3rd party access	51	82	+4	+30
<b>FttH households total</b>	<b>2,574</b>	<b>2,972</b>	<b>+111</b>	<b>+397</b>
FttH households activated	1,287	1,484	+77	+197
Legacy lines to be migrated	~130	~30	~-15	~-100

**Q1 2021**

In Q1 2021, KPN continued its accelerated fiber rollout, adding 106k households to its fiber footprint, of which 8k were added through the acquisition of three fiber networks of Digitale Stad (Delta Rijssen Glasvezel Investeringen). The fiber production was somewhat lower than in Q4 2020 as a result of several weeks of severe frost in the first quarter, but the underlying rollout pace is on track. During the quarter, KPN activated 77k households on own infrastructure, resulting in an improved activation rate, with 54% homes activated of the homes past in the last twelve months.

On 23 March 2021, KPN announced it has signed an agreement with APG to participate in a joint venture to further accelerate the rollout of fiber and lead the digitalization of the Netherlands. KPN will continue to pursue its existing fiber rollout plans of ~2.5m additional fiber households in the coming 5 years. On top of this, the JV will roll out ~910k additional fiber connections in underserved areas in the coming years. This consists of ~685k households in medium-dense areas and ~225k businesses. As a result, the FttH networks owned by KPN and the JV will jointly cover ~80% of Dutch households by 2026.

Fiber offers the highest possible symmetric upload and download speed and provides a more stable and reliable network that uses less energy than copper. KPN has successfully switched off its copper network in six pilot areas. These areas together cover 40k connections and energy savings will amount to more than 400,000 kWh per year, equal to the annual electricity consumption of ~150 households. From 2023 onwards, KPN will be gradually switching off its copper network in areas where fiber is available. Over time this results in significant savings related to the closure of technical buildings, reduced service tickets and maintenance cost, and lower energy consumption.

KPN's mobile network has been recognized by Ookla as the best mobile network in the Netherlands, having the fastest download and upload speeds and best mobile coverage of all Dutch operators. KPN is now recognized by all leading benchmarks as the best 5G network in the country. As a result of the mobile network modernization, KPN is enabling 5G services throughout the country. KPN's 5G network reaches approximately 72%<sup>11</sup> of the Dutch population using 700MHz spectrum.

<sup>10</sup> Corrected for Consumer migrations to, and new customers of, small business proposition (8k in Q1 2021)  
<sup>11</sup> Based on management estimates

## Analysis of adjusted results Q1 2021

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

Revenues (in € m)	Q1 2020	Q1 2021	Δ y-on-y
Consumer	712	702	-1.4%
Business	478	440	-8.0%
Wholesale	153	161	+5.4%
Network, Operations & IT	1	1	-6.6%
Other (incl. eliminations)	-15	-13	-8.9%
<b>Total revenues</b>	<b>1,329</b>	<b>1,290</b>	<b>-2.9%</b>
<b>Revenue incidentals</b>			
Consumer	-	-	
Business	-	-	
Wholesale	-	-	
Network, Operations & IT	-	-	
Other (incl. eliminations)	-	-	
<b>Total revenue incidentals</b>	<b>-</b>	<b>-</b>	
Consumer	712	702	-1.4%
Business	478	440	-8.0%
Wholesale	153	161	+5.4%
Network, Operations & IT	1	1	-6.6%
Other (incl. eliminations)	-15	-13	-8.9%
<b>Total adjusted revenues</b>	<b>1,329</b>	<b>1,290</b>	<b>-2.9%</b>

There were no revenue related incidentals in Q1 2020 and Q1 2021.

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

(in € m)	Q1 2020	Q1 2021	Δ y-on-y
<b>EBITDA</b>	<b>604</b>	<b>599</b>	<b>-0.9%</b>
Incidentals	-	-	
Restructuring	10	7	-34%
<b>Lease-related expenses</b>			
Depreciation right-of-use asset	-33	-33	-2.0%
Interest lease liabilities	-6	-5	-9.6%
<b>Adjusted EBITDA AL</b>	<b>575</b>	<b>568</b>	<b>-1.3%</b>

There were no EBITDA related incidentals in Q1 2020 and Q1 2021.

All related documents can be found on KPN's website: [ir.kpn.com](http://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 2020. 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 2020 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 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 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](http://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 2020. 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 2020, unless stated otherwise.