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Consolidated Statement of Profit or Loss

For the year ended 31 December

€ million	Notes	2023	2022 (Restated)
Revenues	[4.1]	5,439	5,312
Other income	[4.2]	41	50
Total revenues and other income		**5,480**	**5,362**
Cost of goods & services		1,383	1,367
Personnel expenses	[5]	822	809
Information technology/Technical infrastructure		310	298
Other operating expenses	[6]	416	328
Depreciation, amortization and impairments	[10, 11, 19]	1,206	1,346
Total operating expenses		**4,137**	**4,148**
Operating profit		**1,342**	**1,214**
Finance income		28	8
Finance costs		-266	-213
Other financial results		-7	-22
Financial income and expenses	**[7, 19]**	**-246**	**-227**
Share of the profit/loss (-) of associates and joint ventures	[12]	-9	6
Profit before income tax from continuing operations		**1,088**	**993**
Income taxes	[8]	-245	-227
Profit for the year from continuing operations		**843**	**766**
Profit/loss (-) for the year from discontinued operations		2	-5
Profit for the year		**844**	**761**
Profit attributable to non-controlling interests		-	-
Profit attributable to equity holders of the company		844	760
Earnings per ordinary share after taxes attributable to equity holders of the company for the year in EUR	[9]		
Basic (continuing operations)		0.20	0.18
Diluted (continuing operations)		0.20	0.18
Basic (discontinued operations)		-	-
Diluted (discontinued operations)		-	-
Basic (total, including discontinued operations)		0.20	0.18
Diluted (total, including discontinued operations)		0.20	0.18

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Consolidated Statement of Other Comprehensive Income

For the year ended 31 December

€ million	Notes	2023	2022
Profit for the year		**844**	**761**
Other comprehensive income, net of tax			
Other comprehensive income to be reclassified subsequently to profit or loss when specific conditions are met:			
Net gain/loss (-) on cash flow hedges	[16]	-26	39
Currency translation differences	[16]	-	2
Net other comprehensive income/loss (-) to be reclassified to profit or loss in subsequent periods		**-26**	**41**
Items of other comprehensive income not to be reclassified subsequently to profit or loss:			
Retirement benefits remeasurements		-	5
Net gain/loss (-) on equity instruments designated at fair value through other comprehensive income	[13.1]	11	10
Net other comprehensive income/loss (-) not to be reclassified to profit or loss in subsequent periods		**11**	**15**
Other comprehensive income/loss (-) for the year, net of tax		**-15**	**56**
Total comprehensive income for the year, net of tax		**829**	**817**
Total comprehensive income for the year, net of tax, attributable to:			
Equity holders of the company		828	817
Non-controlling interests		-	-
		829	**817**
Total comprehensive income/loss (-) attributable to equity holders of the company arises from:			
Continuing operations		826	822
Discontinued operations		2	-5

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Consolidated Statement of Financial Position

Assets

€ million	Notes	31 December 2023	31 December 2022
Non-current assets			
Property, plant and equipment	[10]	5,943	5,568
Intangible assets	[11]	2,809	2,884
Right-of-use assets	[19]	815	848
Equity investments accounted for using the equity method	[12]	554	496
Equity investments measured at fair value through other comprehensive income	[13.1]	90	76
Derivative financial instruments	[13.3]	65	125
Other financial asset at fair value through profit or loss	[12]	147	168
Deferred income tax assets	[8]	111	261
Trade and other receivables	[14.1]	111	95
Contract assets and contract costs	[14.2]	66	50
		10,712	**10,571**
Current assets			
Inventories		43	49
Trade and other receivables	[14.1]	553	632
Contract assets and contract costs	[14.2]	74	84
Income tax receivables	[8]	31	76
Derivative financial instruments	[13.3]	12	23
Other financial asset at fair value through profit or loss	[12]	26	28
Other current financial assets	[13.1]	193	100
Cash and cash equivalents	[15]	609	399
		1,541	**1,392**
Total assets		**12,253**	**11,963**

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Equity and liabilities

€ million	Notes	31 December 2023	31 December 2022
Equity			
Share capital		158	161
Share premium		7,674	7,960
Other reserves		-114	-106
Retained earnings		-5,150	-5,356
Equity attributable to holders of perpetual capital securities		990	990
Equity attributable to equity holders of the company		**3,558**	**3,650**
Non-controlling interests		3	2
Total equity	**[16]**	**3,561**	**3,652**
Non-current liabilities			
Borrowings	[13.2]	5,397	5,171
Lease liabilities	[19]	733	770
Derivative financial instruments	[13.3]	256	366
Deferred income tax liabilities	[8]	-	2
Provisions for retirement benefit obligations	[17]	35	49
Provisions for other liabilities and charges	[18]	103	131
Contract liabilities	[20]	119	130
Other payables	[20]	9	8
		6,651	**6,629**
Current liabilities			
Trade and other payables	[20]	1,177	1,140
Contract liabilities	[20]	169	169
Borrowings	[13.2]	497	196
Lease liabilities	[19]	162	153
Derivative financial instruments	[13.3]	5	1
Income tax payables	[8]	-	-
Provisions for other liabilities and charges	[18]	32	23
		2,042	**1,682**
Total equity and liabilities		**12,253**	**11,963**

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Consolidated Statement of Changes in Equity

€ million, except number of shares	Notes	Subscribed ordinary shares	Share capital	Share premium	Other reserves	Retained earnings	Equity attributable to holders of perpetual capital securities	Equity attributable to equity holders of the company	Non-controlling interests	Total equity
Balance at 1 January 2022		**4,202,844,404**	**168**	**8,445**	**-358**	**-5,534**	**496**	**3,217**	**2**	**3,219**
Profit for the year			-	-	-	760	-	760	-	761
Other comprehensive income for the period			-	-	41	15	-	56	-	56
Total comprehensive income for the period			**-**	**-**	**41**	**776**	**-**	**817**	**-**	**817**
Share based compensation	[5]		-	-	-	-9	-	-9	-	-9
Sold treasury shares			-	-	14	-	-	14	-	14
Treasury shares withdrawn	[16]	-165,524,811	-7	-485	492	-	-	-	-	-
Issuance of perpetual hybrid bond	[13.2]		-	-	-	-	494	494	-	494
Dividends paid			-	-	-	-571	-	-571	-	-571
Paid coupon perpetual hybrid bond	[13.2]		-	-	-	-17	-	-17	-	-17
Share repurchase	[16]		-	-	-300	-	-	-300	-	-300
Other			-	-	5	-	-	5	-	5
Total transactions with owners, recognized directly in equity		**-165,524,811**	**-7**	**-485**	**211**	**-597**	**494**	**-384**	**-**	**-384**
Balance at 31 December 2022		**4,037,319,593**	**161**	**7,960**	**-106**	**-5,356**	**990**	**3,650**	**2**	**3,652**
Balance at 1 January 2023		**4,037,319,593**	**161**	**7,960**	**-106**	**-5,356**	**990**	**3,650**	**2**	**3,652**
Profit for the year			-	-	-	844	-	844	-	844
Other comprehensive income for the period			-	-	-26	11	-	-15	-	-15
Total comprehensive income for the period			**-**	**-**	**-26**	**854**	**-**	**828**	**-**	**829**
Share based compensation	[5]		-	-	-	-17	-	-17	-	-17
Sold treasury shares			-	-	22	-	-	22	-	22
Treasury shares withdrawn	[16]	-89,901,811	-4	-286	290	-	-	-	-	-
Dividends paid			-	-	-	-587	-	-587	-	-587
Paid coupon perpetual hybrid bond	[13.2]		-	-	-	-40	-	-40	-	-40
Share repurchase	[16]		-	-	-300	-	-	-300	-	-300
Other			-	-	6	-4	-	2	-	2
Total transactions with owners, recognized directly in equity		**-89,901,811**	**-4**	**-286**	**18**	**-647**	**-**	**-919**	**-**	**-919**
Balance at 31 December 2023		**3,947,417,782**	**158**	**7,674**	**-114**	**-5,150**	**990**	**3,558**	**3**	**3,561**

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Consolidated Statement of Cash Flows

For the year ended 31 December

€ million	Notes	2023	2022
Profit before income tax from continuing operations		1,088	993
Adjustments for:			
– Net financial expense	[7]	246	227
– Share-based compensation	[5]	5	7
– Share of the profit/loss (-) of associates and joint ventures	[12]	9	-6
– Depreciation, amortization and impairments	[10, 11, 19]	1,206	1,346
– Other income and non-cash income and expense	[4.2, 21]	-28	-50
– Changes in provisions (excluding deferred taxes)		-36	-64
Changes in working capital relating to:			
– Current assets		75	-7
– Current liabilities		-1	11
Income taxes paid/received		-110	-50
Interest paid/received		-211	-220
Net cash flow from operating activities from continuing operations		**2,242**	**2,188**
Net cash flow from operating activities from discontinued operations		**-**	**-**
Net cash flow from operating activities		**2,242**	**2,188**
Acquisition of and investments in subsidiaries, associates and joint ventures (net of acquired cash)	[12, 21]	-118	-37
Disposal of subsidiaries and associates (net of cash)	[12, 21]	23	14
Tax on disposal of subsidiaries and associates	[23]	60	-34
Investments in software		-257	-245
Investments in other intangible assets		-1	-
Investments in property, plant and equipment		-991	-961
Acquisitions of subsidiaries that do not constitute a business	[21]	-96	-
Disposals of property, plant and equipment and intangible assets	[12]	68	-
Acquisitions of other financial assets	[13.1]	-110	-65
Disposals of other financial assets	[13.1]	12	249
Net cash flow from investing activities from continuing operations		**-1,410**	**-1,079**
Net cash flow from investing activities from discontinued operations		**-16**	**-4**
Net cash flow from investing activities		**-1,427**	**-1,083**
Dividends paid		-587	-571
Share repurchase	[16]	-300	-300
Paid coupon perpetual hybrid bonds		-40	-17
Issuance of perpetual hybrid bonds		-	493
Proceeds from borrowings	[13.2]	593	-
Repayments of borrowings and settlement of derivatives	[13.2, 13.3]	-150	-981
Repayments of lease liabilities	[19]	-124	-124
Other		2	2
Net cash flow from financing activities from continuing operations		**-606**	**-1,499**
Net cash flow from financing activities from discontinued operations		**-**	**-**
Net cash flow from financing activities		**-606**	**-1,499**
Total net cash flow from continuing operations		**226**	**-390**
Total net cash flow from discontinued operations		**-16**	**-4**
Changes in cash and cash equivalents		**209**	**-394**
Net cash and cash equivalents at 1 January		399	793
Net cash and cash equivalents at 31 December		**608**	**399**
Bank overdrafts		-	-
Cash and cash equivalents	**[15]**	**609**	**399**

Consolidated Financial Statements

General notes to the Consolidated Financial Statements

[1] General information

Koninklijke KPN N.V. (KPN or the company) was incorporated in 1989 and is domiciled in the Netherlands. Koninklijke KPN N.V. is registered at the Chamber of Commerce (file no. 02045200). The address of KPN's registered office is Wilhelminakade 123, 3072 AP, Rotterdam, the Netherlands. KPN's shares are listed on Euronext Amsterdam.

KPN is a leading telecommunications and IT provider in the Netherlands, offering fixed and mobile telephony, fixed and mobile broadband internet and TV to retail and business consumers. KPN is market leader in infrastructure and network-related IT solutions to business customers in the Netherlands. KPN also provides wholesale network services to third parties.

The Financial Statements were authorized for issue by both the Supervisory Board and the Board of Management on 28 February 2024 and are subject to adoption by the Annual General Meeting of Shareholders on 17 April 2024.

[2] Summary of material accounting policies

Basis of preparation

The Consolidated Financial Statements of KPN have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code, under the historical cost convention, except for certain equity investments accounted for using the equity method, and certain equity investments and derivative financial instruments measured at fair value, and on a going-concern basis.

All amounts are presented in millions unless stated otherwise. Certain figures may not tally exactly due to rounding. In addition, certain percentages may have been calculated using rounded figures.

Restatement of comparative financial information

Some comparative financial information for 2022 has been restated. The restatements consisted of reclassifications of marketing expenses at Wholesale. The impact on revenues and cost of goods sold was EUR 12m (decrease). EBITDA AL and net profit were not affected. The adjustment was based on further review of the nature of the specific expenses.

Summary of material accounting policies

The general accounting policies as applied are described below. Material accounting policies are described in the Notes to the Consolidated Financial Statements.

Changes in accounting policies and disclosures

KPN applies new standards and amendments issued by the International Accounting Standards Board (IASB), when effective and endorsed by the European Union. KPN has not early adopted any standards.

KPN has concluded that the following, endorsed, amendments effective 1 January 2023 did not have a significant impact:

- Amendments to IAS 12 on deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 1 on the presentation of financial statements and disclosure of accounting policies; and
- Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: definition of accounting estimates.

KPN has assessed the amendments to IAS 12 on International Tax Reform - Pillar Two Model Rules. These amendments introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. KPN currently estimates that it is not subject to material Pillar Two "top-up" taxes in 2024. See Note 8.

Future implications of new and amended standards and interpretations

The IASB has issued several new standards and amendments to existing standards with an effective date of 1 January 2024 or later.

KPN has concluded that the following, endorsed, amendments effective 1 January 2024 (or later) will not have a significant impact:

- IAS 1 on the classification of liabilities as current or non-current; and
- IFRS 16 on the measurement of lease liabilities on sale and leaseback transactions.

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KPN is reviewing the impact of the following amendments which are effective as of 1 January 2024 (or later) but have not yet been endorsed:
- IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture; and
- IAS 7 on the cash flow and financial instruments related disclosure requirements on Supplier Finance Arrangements.

KPN currently does not expect a material impact from these amendments.

Basis of consolidation
KPN's Consolidated Financial Statements include the financial results of its subsidiaries and incorporate KPN's share of the results from associates and joint ventures.

Subsidiaries are all entities directly or indirectly controlled by KPN. 'Control' is defined as the power over an entity, i.e. the ability to govern the financial and operating policies, resulting in obtaining the variable returns from the entity's activities.

Subsidiaries are fully consolidated from the date on which control is obtained by KPN and are deconsolidated from the date on which KPN's control ceases. All intercompany transactions, balances and unrealized results on transactions with subsidiaries are eliminated.

Changes in ownership interests in subsidiaries without change of control that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Foreign currency translation
The Financial Statements are presented in euro (EUR), which is KPN's presentation currency as well as functional currency.

Transactions in foreign currencies are translated into euro using the exchange rates applicable at transaction date. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euro using the rates at reporting date. Exchange rate differences are recognized in profit or loss - except when these differences are related to qualifying cash flow hedges and qualifying net investment hedges, in which case the exchange rate differences are recorded in Other Comprehensive Income (OCI).

Exchange rate differences on non-monetary assets and liabilities are reported as part of the fair value gain or loss from that asset or liability. Exchange rate differences arising from the translation of the net investment in foreign entities, of borrowings and other currency instruments designated as hedges of such investments are recognized in OCI.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

Subsidiaries
For consolidation purposes, the results and financial position of subsidiaries are translated into euro at the closing rate of the date of the financial position (assets and liabilities) or at the average exchange rates applicable for the specific reporting period (income and expenses). All resulting exchange differences are recognized in OCI.

Statement of Cash Flows
The Statement of Cash Flows is prepared using the indirect method. Cash flows denominated in currencies other than euro are translated at average exchange rates. Cash flows relating to interest and taxes on profits and tax deductions relating to interest on perpetual hybrid bonds are included in the cash flow from operating activities. Tax payments directly related to disposal of subsidiaries are presented as part of the cash flows from investing activities when separately identifiable. The consideration paid in cash for acquired subsidiaries is included in the cash flow from investing activities, net of cash acquired. Cash flows resulting from the disposal of subsidiaries are disclosed separately, net of cash sold.

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Significant accounting estimates, judgments and assumptions made by management

Significant accounting estimates, judgments and assumptions made by management are evaluated continuously and are based on historic experience and other factors, including expectations of future events thought to be reasonable under the circumstances. Actual results may deviate from the estimates applied. Estimates are revised when material changes to the underlying assumption occur.

The accounting estimates, judgments and assumptions deemed significant to KPN's Financial Statements relate to:

Subjects	Notes
Determination of deferred tax assets for losses carry forward and provisions for tax contingencies	Notes 8 and 22
Determination of value in use of cash-generating units for goodwill impairment testing	Note 11
Assessments of exposure to credit risk and financial markets risk	Note 13.4
The 'more likely than not' assessment required to determine whether or not to recognize a provision for idle cables, which are part of a public electronic communications network	Notes 18 and 22
The assessment of the lease terms deemed reasonably certain of KPN's lease contracts and the incremental borrowing rate used to measure the lease liabilities	Note 19
Assessments whether revenue for variable consideration is probable or highly probable. This concerns revenue related to disputes and revenue related to VAT regarding unused multipurpose bundles	Note 4
Several assessments related to KPN's 50% interest in Glaspoort B.V. (classified as a joint venture): - The assessment whether KPN has joint control over Glaspoort; - The assessment whether operational contracts between Glaspoort and KPN are at arm's length; - The valuation of KPN's interest in the joint venture (initially set at fair value, subsequently accounted for using the equity method subject to periodic impairment testing); and - The valuation of the contingent cash consideration (financial asset at fair value through profit or loss).	Notes 12 and 13.1

In preparing the Financial Statements, KPN has applied the concept of materiality to the presentation and level of disclosures. Only essential and mandatory information is disclosed that is relevant to a reader's understanding of these Financial Statements.

Sustainability and climate change

KPN is continuously enhancing, improving and modernizing its network to realize its sustainability goals, which include: providing secure internet access for everyone and everything and stimulate digital inclusion, while building the most efficient network using technology to reduce energy consumption despite higher data usage. Through its sustainability efforts, KPN not only reduces its own energy consumption but also enables its customers to do the same. KPN's increasing fiber footprint and the migration from copper to fiber network contributes to the realization of KPN's sustainability goals. Through participation in its joint venture Glaspoort B.V., KPN is accelerating its nationwide ambitions. In mobile, initiatives include the modernization of broadcasting and customer premises equipment. Other initiatives include the reduction of KPN's leased fleet and replacement of expired vehicle leases with electric vehicles only. The Board of Management has committed to the sustainability goals by adding non-financial sustainability linked targets to the LTI plans, such as the reduction of supply chain emissions (scope 3) and gender ratio targets.

KPN has analyzed whether the above has had any impact on the valuation of KPN's assets, liabilities and financial results and concluded the impact is limited. The migration to new generation network equipment has resulted in an acceleration of depreciation charges for the assets to be replaced. KPN is also investing in its employees by facilitating suitable solutions to continue working from home.

[3] Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to KPN's CEO, who is the Chief Operating Decision-Maker according to IFRS 8 Operating Segments.

Comparative financial information for 2022 has been restated due to adjustment of some smaller expense allocations between various segments, elimination of specific intercompany transfers and at Wholesale, mobile service revenues and COGS have been restated due to reclassification of marketing expenses. The impact on mobile service revenues and COGS was EUR 12m (decrease). EBITDA AL and net profit were not affected.

Almost all of KPN's operating activities are in the Netherlands.

Operating segments

KPN's operating segments comprise of Consumer, Business, Wholesale and Network, Operations & IT (NOI). For general information on these segments, read more in sections Shareholder value and Customer value.

Other

'Other' comprises KPN Holding, Corporate Center and eliminations. KPN accounts for its interest in Glaspoort within this segment.

Segment performance

As part of the simplification process, KPN has limited the intercompany charges to charges that are considered relevant for tax purposes.

The EBITDA AL of Consumer, Business and Wholesale represents the contribution margin of these segments and the EBITDA AL of NOI mostly consists of operating expenses. Due to the fact that KPN neither allocates interest expenses to segments nor accounts for taxes in the segments, the disclosure is limited to operating profit for the year.

Investments in property, plant and equipment, and intangible assets (Capex) are centrally managed and reported to KPN's Chief Operating Decision-Maker at the KPN Group level, not at a segment level.

For an explanation of EBITDA, EBITDA AL and incidental transactions included in Revenues, Other income and EBITDA AL, see Appendix 2.

Consolidated Financial Statements

Segmentation 2023

€ million	Notes	Consumer	Business	Wholesale	NOI	Other[1]	Total KPN Group
Statement of Profit or Loss							
External revenues[2]		2,900	1,828	671	25	14	5,439
Other income	[4.2]	-	1	-	39	1	41
Inter-division revenues		6	5	27	1	-39	-
Total	**[4]**	**2,906**	**1,833**	**699**	**64**	**-23**	**5,480**
Operating expenses		-975	-971	-170	-616	-199	-2,931
EBITDA		**1,931**	**862**	**528**	**-552**	**-222**	**2,548**
DA&I		-145	-47	-9	-954	-51	-1,206
Operating result		**1,786**	**815**	**520**	**-1,506**	**-273**	**1,342**
Share of profit or loss of associates and joint ventures	[12]	-	-	-	-	-9	-9
EBITDA		1,931	862	528	-552	-222	2,548
DA&I right-of-use assets	[19]	-14	-2	-1	-68	-39	-124
Interest lease liabilities	[19]	-2	-	-	-14	-5	-21
EBITDA after lease		**1,916**	**860**	**527**	**-634**	**-266**	**2,403**
Total assets[3]		2,289	1,644	627	7,583	110	12,253
Total liabilities		456	362	92	7,520	263	8,693

1 Including eliminations

2 External revenues mainly consist of rendering of services

3 Total assets of Segment Other includes the carrying value of Glaspoort (EUR 536m, see Note 12) and the deferred consideration related to Glaspoort (EUR 173m, see Note 13.1)

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Segmentation 2022 (restated)

€ million	Notes	Consumer	Business	Wholesale	NOI	Other[1]	Total KPN Group
Statement of Profit or Loss							
External revenues[2]		2,849	1,793	646	22	2	5,312
Other income	[4.2]	-	1	-	49	-	50
Inter-division revenues		8	5	32	1	-45	-
Total	**[4]**	**2,857**	**1,798**	**677**	**72**	**-43**	**5,362**
Operating expenses		-949	-931	-175	-566	-181	-2,802
EBITDA		**1,907**	**867**	**502**	**-494**	**-223**	**2,560**
DA&I		-153	-58	-8	-1,060	-67	-1,346
Operating result		**1,755**	**809**	**494**	**-1,554**	**-290**	**1,214**
Share of profit or loss of associates and joint ventures	[12]	-	-	-	-	6	6
EBITDA		1,907	867	502	-494	-223	2,560
DA&I right-of-use assets	[19]	-12	-1	-1	-60	-56	-131
Interest lease liabilities	[19]	-1	-	-	-13	-4	-18
EBITDA after lease		**1,894**	**866**	**501**	**-567**	**-283**	**2,411**
Total assets[3]		4,451	2,818	623	9,282	-5,211	11,963
Total liabilities		4,366	2,747	624	9,264	-8,690	8,311

1 Including eliminations

2 External revenues mainly consist of rendering of services

3 Total assets of Segment Other includes the carrying value of Glaspoort (EUR 489m, see Note 12) and the deferred consideration related to Glaspoort (EUR 197m, see Note 13.1)

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Notes to the Consolidated Statement of Profit or Loss

[4] Revenues and Other income

[4.1] Revenues

€ million	2023	2022 (Restated)
Service revenues	5,045	4,897
Non-service revenues	351	385
Revenues from contracts with customers	**5,396**	**5,282**
Rentals and other revenues	43	29
Revenues	**5,439**	**5,312**

Service revenues are all revenues recognized over time and includes fees for usage of KPN's network and facilities, e.g. monthly subscription fees and revenues from customer-specific IT solutions.

Non-service revenues are revenues recognized at a point in time and includes, for example, sale of handsets, peripheral equipment as well as software licenses sold separately without significant installation or integration with other services.

The application of KPN's accounting policies on revenue recognition, including relevant judgments, and information about KPN's performance obligations is summarized below:

Service revenues

- Network access is considered a separate performance obligation. Revenue is recognized over time during the subscription period. Content, e.g. TV content, is generally bundled with network access and revenue is recognized on a gross basis.
- Revenues for streaming services which are contracted with customers separately, are recognized on a net basis if KPN acts as an agent.
- One-off connection fees are not considerations for separate performance obligations as they are considered to be necessary to get network access. The fees charged to the customer are recognized as a contract liability and bundled with the performance obligation for network access.
- Transaction-related dealer fees paid to acquire or retain subscribers are capitalized as contract costs and expensed on a straight-line basis over the contract term of the underlying customer contract.
- Installation services offered to consumers are generally considered a separate performance obligation, as customers can choose to call in an engineer for installation or to install the equipment themselves. Installation services that are treated as a separate performance obligation include installation of customer premises equipment (CPE), e.g. set-top boxes, setting up in-home WiFi, and installation of customers' own devices. Revenue from installation services is recognized as revenue at a point in time (at completion of the installation).
  A contract asset is recognized if the amount of revenue recognized is higher than the amount charged to the customer and the right to payment of the consideration by the customer is conditional. CPE that is considered part of KPN's network is capitalized as part of property, plant and equipment as KPN retains ownership and control over the economic benefits, and is therefore not considered a separate performance obligation nor an identified asset in terms of IFRS 16 (leases).
- Transition and transformation projects for establishing new services to large business customers (for example workspace management services) are considered separate performance obligations if the customer can benefit from the project deliverables on their own and the project deliverables are separately identifiable from other goods or services promised in the contract. An example is the set-up of a new ICT environment with improved functionality for the customer that is separable from the recurring ICT services (no significant integration with KPN systems and transferable to another service provider). If the project deliverables are not sold stand-alone, the transaction price is allocated to both the project deliverables and the recurring services on the basis of costs plus the overall contract margin. This allocation method results in a contract asset or liability if the revenue allocated to the project is higher respectively lower than the one-off project fee invoiced to and paid by the customer. Project revenue is recognized over time during the project phase, using the percentage of completion method. After completion of the project, the contract asset or liability is amortized over the remaining minimum contract period of the recurring services, in principle on a linear basis.
  The project is not considered a separate performance obligation if it has no independent value for the customer and is not separable from the recurring services.
- Sale of peripheral equipment and/or software licenses with significant installation or integration with other services delivered by KPN, is not considered a separate performance obligation and recognized as service revenue in the project phase.

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- Revenue for licenses combined with ongoing support and/or integrated with recurring workspace services is recognized over time.
- The Wholesale segment bills customers at (regulated) tariffs that may be disputed by other operators and regulators. KPN only recognizes revenue to the extent it is highly probable that a subsequent significant reversal will not occur. A liability is recognized in case the invoiced revenue is not considered highly probable.

Non-service revenues

- New subscriptions for telco services may be bundled with the sale and delivery of peripheral equipment. The peripheral equipment is considered a separate performance obligation and is recognized as revenue at a point in time (upon delivery of the equipment). The total transaction price of the bundled contract is allocated to the peripheral equipment and the subscription based on their relative standalone selling prices. A contract asset is recognized if the amount of revenue allocated to the peripheral equipment is higher than the amount charged to the customer upfront if the payment to be received for the peripheral equipment is conditional on the delivery of telco services, whereas a financial receivable is recognized if the payment to be received is unconditional.
- The handsets sold and delivered by third parties, related to KPN subscription contracts, do not qualify as performance obligations for KPN. Handset-related dealer fees result in an unbilled receivable on the Statement of Financial Position, which is decreased when handset instalments are billed to the end-customer.

Time value and other information

In 2022 and 2023, the financing component was not significant and therefore not recorded.

Generally, the payment term is between 5 days and 30 days.

In 2023, EUR 2m revenue was recognized from variable considerations related to performance obligations satisfied (or partially satisfied) in previous years (in 2022: EUR 4m).

KPN applies the practical expedients provided in IFRS 15 under which disclosure of amounts of consideration allocated to the remaining performance obligations (unsatisfied or partially satisfied) do not need to be disclosed. This applies to contracts with an original expected duration of less than one year or when KPN bills a fixed amount for network services provided. KPN recognizes revenue from network services in the amount to which KPN has a right to invoice the customer and this amount corresponds directly with the value of KPN's performance completed to date.

Revenues, disaggregated per segment, including interdivision revenues

The disaggregation of the revenues per segment has been restated. Within the Wholesale segment, EUR 12m marketing expenses were restated from cost of goods & services to (negative) mobile service revenues (see Note 2).

€ million	2023	2022 (Restated)
Fixed-Mobile service revenues	1,560	1,494
Fixed-only service revenues	750	758
Postpaid-only service revenues	256	246
Legacy/other service revenues	72	90
Consumer service revenues	**2,638**	**2,588**
Non-service revenues[1]	268	269
Total Consumer revenues	**2,906**	**2,857**
Access & connectivity[2]	591	555
IT services[3]	62	41
SME service revenues	**653**	**596**
Access & connectivity[2]	520	520
IT services & Other[3]	256	255
LCE service revenues	**775**	**775**
Access & connectivity[2]	57	74
IT services[3]	49	48
Service management	197	171
Tailored Solutions service revenues	**303**	**292**
Business service revenues	**1,732**	**1,664**
Non-service & other revenues[1]	101	133
Total Business revenues	**1,833**	**1,797**
Mobile service revenues	175	166
Broadband service revenues	319	296
Other service revenues[4]	203	214
Wholesale service revenues	**697**	**676**
Non-service revenues	2	1
Total Wholesale revenues	**699**	**677**
NOI and Other (incl. eliminations)	**1**	**-19**
Total	**5,439**	**5,312**

1 Non-service revenues includes the sale of handsets and peripheral equipment and in the business segment also the sale of software licenses.
2 Service revenues for among others mobile, broadband & networking, fixed voice and internet of things.
3 IT services includes cloud & workspace and cybersecurity.
4 Service revenues for among others interconnect traffic, visitor roaming, digital products (messaging, content delivery) and NL-ix (interconnect exchange).

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Accounting policy: Revenues

The core principle is that revenue is recognized to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which KPN expects to be entitled in exchange for those goods or services. Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to KPN and the amount of revenue and associated costs can be measured reliably.

KPN follows the five-step process of IFRS 15 to recognize revenue. After a contract with a customer has been entered into, the separate performance obligations are identified, which are the distinct goods and services promised to the customer (the customer can benefit from the goods or services either on their own or together with other resources that are readily available to the customer, and the transfer of goods or services to the customer are separately identifiable from other promises in the contract). Next, the transaction price is determined and allocated to the separate performance obligations, based on relative standalone selling prices (based on our price lists if the goods or services are sold separately). The final step is to recognize revenue when a performance obligation is satisfied. Revenue is recognized either at a point in time or over time. In general, telco and IT services are delivered over time, whereas handsets and peripheral and network equipment, if considered as separate performance obligations, are delivered at a point in time.

Revenue for variable considerations, including revenue under dispute, is recognized only when the revenue is considered highly probable, which in some cases requires significant judgment.

An adjustment for the time value of money is made to a transaction price for the effects of financing if time between recognition of revenue and cash receipt is expected to exceed 12 months and it provides the customer or KPN with a significant benefit.

If KPN transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized in case the earned consideration is conditional. A financial receivable is recognized if KPN's right to an amount of consideration is unconditional (only the passage of time is required before payment of the consideration is due).

KPN recognizes contract liabilities in the Statement of Financial Position for considerations received in respect of unsatisfied performance obligations. Contract liabilities are recognized as revenue when KPN performs under the contract.

In case services or goods are delivered by sub-contractors, KPN determines whether its performance obligation is to provide the specified goods or services itself (KPN acts as a principal) or to arrange for another party to provide those goods or services (KPN acts as an agent), based on the agreed terms and conditions with the customer and the sub-contractor as well as the nature of the goods and services promised to the customer. When KPN acts as an agent, the revenue recognized is not the gross amount but the net amount that KPN is entitled to retain for its services as the agent.

Accounting policy: Costs to obtain and/or fulfill a contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if KPN expects to recover those costs. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer, regardless of whether the contract is obtained or not. Costs to fulfill a contract are recognized as an asset if:
- The costs relate directly to a contract; and
- The costs generate or enhance resources that will be used in satisfying performance obligations in the future; and
- The costs are expected to be recovered.

Capitalized contract costs are amortized on a linear basis over the period in which KPN transfers the related goods or services to the customer. KPN applies the practical expedient to immediately expense contract costs when the asset that would have resulted from capitalizing such costs would have been amortized within one year or less.

Assets recognized for costs to obtain a contract and costs to fulfill a contract are subject to impairment testing.

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[4.2] Other income

€ million	2023	2022
Other income	41	50

Other income in 2023 relates to the book gains realized on the sale of assets to Glaspoort B.V. (EUR 31m), the sale of an associated company (EUR 1m) and the sale of various (in)tangible assets (EUR 8m).

Other income in 2022 relates to the book gains realized on the sale of assets to Glaspoort B.V. (EUR 47m) and the sale of various (in)tangible assets (EUR 3m).

Accounting policy: Other income
Other income includes net gains on the sale of tangible or intangible assets, net gains on the sale of subsidiaries as well as other gains not related to KPN's ordinary operating activities.

[5] Personnel expenses

€ million	2023	2022 Restated[1]
Salaries and wages	752	715
Retirement benefits	83	79
Social security contributions	96	92
Share-based payments[2]	14	11
Additional labor capacity	46	47
Own work capitalized	-211	-174
Other (including e.g. training, travel)	42	39
Total personnel expenses	**822**	**809**

1 Several charges related to Capex were restated to Own work capitalized (from Other)

2 Refer to the Share Plans paragraph below for details.

Employee redundancy costs of EUR 38m (2022: EUR 23m) are not included in personnel expenses but in other operating expenses (see Note 18).

Number of own personnel (FTE) per segment[1]	31 December 2023	31 December 2022 Restated[2]
Consumer	2,909[3]	2,538
Business	2,777	2,769
Wholesale	218	222
NOI	2,871	2,960
Other	949	963
Total FTE	**9,724**	**9,452**
> Of which discontinued operations	0	0

1 All employees were employed in the Netherlands.

2 Comparative financial information for 2022 has been restated as several smaller units were transferred between segments.

3 The increase was mainly related to insourced personnel.

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Share plans

KPN has granted shares (equity-settled) and share-based awards (cash-settled) on its shares to members of the Board of Management and senior management. The conditionally granted awards will vest after three years if the employee is still employed by KPN. Vesting of non-financial targets is subject to achieving a cumulative net profit during the vesting period of three years (i.e. a qualifier for vesting). The peer group and the vesting schedule can be found under 'Long-term incentives' in the Remuneration Report.

The targets for the LTI plan are set as follows: 70% financial targets, of which 45% on cumulative free cash flow over the plan period and 25% on relative TSR measured against the STOXX Europe 600 Telecommunications index and 30% non-financial targets, determined at the start of a new plan from the following categories: (i) Sustainability; (ii) Reputation; (iii) Social; (iv) Key business projects; and (v) Market share.

The main features of the awards granted to KPN management are summarized in the following table.

	Board of Management	Senior management	Maximum term	Settlement type[1]	Vesting period	Holding period after vesting of/ until
2019	X	X	6 years	Equity[2]	3 years	3 years
		X	3 years	Cash	3 years	–
2020	X		6 years	Equity[2]	3 years	3 years
		X	3 years	Cash	3 years	–
2021	X		6 years	Equity[2]	3 years	3 years
		X	3 years	Cash	3 years	–
2022	X		6 years	Equity[2]	3 years	3 years
		X	3 years	Cash	3 years	–
2023	X		6 years	Equity[2]	3 years	3 years
		X	3 years	Cash	3 years	–

1 The cash-settled share awards will be settled in cash and no holding restrictions apply. An exception to the holding period for equity-settled plans is made with respect to shares that were sold upon vesting to cover the tax obligation on the vested shares. After vesting, the holder is able to sell a number of unconditional granted shares only up to the amount necessary to settle the wage taxes liability relating to the profit made on the stock compensation plan. Wage tax in the Netherlands is generally around 50% of the total vested amount.

2 Including deferred dividend.

The related liability (for cash-settled shares) on 31 December 2023 was EUR 10m (31 December 2022: EUR 10m). This liability is included under Other payables. For the 2020 Share Plan and share-based awards, the service conditions were met in 2023. The intrinsic value at vesting was EUR 13m (2022: EUR 8m).

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The following table presents the number of shares and share-based awards in thousands under the share plans.

	Total 31 Dec 2021	Granted/ additional vesting[1]	Exercised/ Vested	Forfeited	Total 31 Dec 2022	Granted/ additional vesting[2]	Exercised/ Vested	Forfeited[3]	Total 31 Dec 2023[4]	-of which: Non-vested
2019 Share-based awards Sr. man.	1,757	-	-1,619	-139	-	-	-	-	-	-
2019 Shares BoM/Sr. man.	1,107	-	-1,020	-87	-	-	-	-	-	-
2020 Share-based awards Sr. man.	2,758	-	-	-657	2,101	441	-2,542	-	-	-
2020 Shares BoM	1,809	-	-	-	1,809	380	-2,189	-	-	-
2021 Share-based awards Sr. man.	2,033	-	-	-354	1,679	16	-	-	1,695	1,695
2021 Shares BoM	1,409	-	-	-	1,409	-	-	-52	1,357	1,357
2022 Share-based awards Sr. man.	-	1,740	-	-88	1,652		-	-19	1,633	1,633
2022 Shares BoM	-	1,157	-	-	1,157		-	-155	1,002	1,002
2023 Share-based awards Sr. man.	-	-	-	-	-	1,790	-	-	1,790	1,790
2023 Shares BoM	-	-	-	-	-	1,187	-	-	1,187	1,187

1 On the basis of a 100% grant. The equity-settled share numbers do not include any deferred dividend during the vesting period. The deferred dividend during the vesting period will be granted in additional shares.

2 At grant date, the fair value is calculated using a Monte Carlo Simulation model. In April 2023 the fair value was EUR 2.79 (2022 grant: EUR 3.26) for the 2023 share-based award (cash-settled) and EUR 3.07 (2022 grant: EUR 3.55) for the 2023 equity-settled share grant for the Board of Management (excluding deferred dividend).

3 At the end of 2023, KPN held the 3rd position with respect to the 2021 share grant and at the end of 2022, KPN held the 4th position with respect to the 2020 share grant. This position and the outcomes of the other targets will lead to 150% vesting in April 2024 of the 2021 share grant. Final TSR measurement for the 2020 share grant was conducted in February 2023 which resulted in 121% vesting in April 2023

4 The fair value of each cash-settled share-based award was measured on 31 December 2023 using recent strategic plans, forecasts and a Monte Carlo Simulation model, based on the most recent available share price of KPN and its performance compared with peer companies at the moment of valuation (i.e. closing share prices as at 31 December 2023). The TSR related fair value on 31 December 2023 was EUR 5.28 (2022: EUR 3.74) for the 2021 share-based award, EUR 4.77 (2022: EUR 3.68) for the 2022 share-based award and EUR 2.45 for the 2023 share-based award.

The fair value of each award at the grant date is determined using the following assumptions:

Assumptions	2023 LTI	2022 LTI
Risk-free interest rate based on euro government bonds for remaining time to maturity of 2.7 years	3.3%	0.7%
Expected dividend for KPN (based on one year's historical daily data preceding the date of award)	4.1%	4.7%
Expected volatility (PSP grant based on 2.7 years' historical daily data) used for TSR	20.2%	26.3%
Share price at date of award (closing at grant date)	€ 3.31	€ 3.47

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The following paragraphs detail the actual remuneration of the Board of Management. Please refer to the Remuneration Report for the executive pay policy. At KPN, key management consists of the members of the Board of Management and the Supervisory Board.

Details of actual remuneration Board of Management

The remuneration of the Board of Management, representing the costs incurred by the company measured under IFRS principles, is as follows:

Name current member	Year	Short-term benefits: Salary	Short-term benefits: STI[1]	Share-based: LTI[2]	Post-employment: Pension Cost[3]	Social security and other compensation[4]	Total
J.F.E. Farwerck	2023	892,500	740,597	1,153,237	218,211	32,140	3,036,684
	2022	879,375	716,568	1,108,118	219,036	30,022	2,953,119
H.C. Figee	2023	688,500	380,878	593,095	131,996	39,278	1,833,747
	2022	678,375	368,493	528,456	116,895	37,160	1,729,379
M.W.M. Snoep	2023	663,000	366,772	571,127	128,979	31,932	1,761,810
	2022	653,250	354,872	550,466	126,138	29,814	1,714,540
C. Vergouw[5]	2023	386,750	213,950	94,203	61,447	16,957	773,307
W. Stammeijer[5]	2023	386,750	213,950	140,466	51,420	9,264	801,851
H. Garssen	2023	510,000	282,132	439,329	91,329	16,690	1,339,480
	2022	502,500	272,978	408,082	82,638	14,572	1,280,770
Total current members	**2023**	**3,527,500**	**2,198,279**	**2,991,457**	**683,382**	**146,261**	**9,546,878**
	2022	**2,713,500**	**1,712,911**	**2,595,122**	**544,707**	**111,568**	**7,677,808**

1 Actual STI relates to performance in the current year but paid out in the following financial year. Please see the 'Short-term incentives' section in the Rem Report for the actual pay-out levels per target.

2 The amounts in the table represent the cost recognized for shares in 2022 and 2021 based on their fair values at grant date. The fair value of the share-based award is recorded as cost over the vesting period. Please see the 'Long-term incentives' section in the Remuneration Report for a further explanation.

3 The pension costs include the costs for survivor's pension, disability coverage, administration as well as the gross allowances. The fixed gross allowance (for the base pay part above EUR 128,810) in 2023 was, EUR 162,240 for Mr. Farwerck (2022: EUR 159,047), EUR 92,258 for Mr. Figee (2022: EUR 80,273), EUR 90,094 for Ms. Snoep (2022: EUR 88,578), EUR 41,058 for Ms. Vergouw, EUR 32,719 for Mr. Stammeijer and EUR 60,611 for Ms. Garssen (2022: EUR 53,706).

4 In addition to social security, the stated amounts include allowances that can be considered as indirect remuneration and relates to the value for the private use of the company car.

5 Since appointment to the Board of Management with an effective date of 1 May 2023.

Name former member	Year	Short-term benefits: Salary	Short-term benefits: STI[1]	Share-based: LTI[2]	Post-employment: Pension Cost[3]	Social security and other compensation[4]	Total
J.P.E. Van Overbeke[5]	2023	221,000	122,257	181,421	54,903	8,979	588,559
	2022	653,250	354,872	561,278	154,304	14,558	1,738,262
B. Fouladi[5]	2023	221,000	122,257	181,421	42,320	4,921	571,919
	2022	653,250	354,872	561,278	126,214	12,645	1,708,259
Total former members	**2023**	**442,000**	**244,514**	**362,842**	**97,223**	**13,899**	**1,160,478**
	2022	**1,306,500**	**709,744**	**1,122,556**	**280,518**	**27,203**	**3,446,521**

1 Actual STI relates to performance in the current year but paid out in the following financial year. Please see the 'Short-term incentives' section in the Remuneration Report for the actual pay-out levels per target.

2 The amounts in the table represent the cost recognized for shares in 2022 and 2021 based on their fair values at grant date. The fair value of the share-based award is recorded as cost over the vesting period. Please see the 'Long-term incentives' section in the Remuneration Report for a further explanation.

3 The pension costs include the costs for survivor's pension, disability coverage, administration as well as the gross allowances. The fixed gross allowance (for the base pay part above EUR 128,810) in 2023 was, EUR 40,310 for Mr. Van Overbeke (2022: EUR 112,117) and EUR 29,338 for Mr. Fouladi (2022: EUR 88,495).

4 In addition to social security, the stated amounts include allowances that can be considered as indirect remuneration and relates to the value for the private use of the company car.

5 Board of Management member until May 2023. No severance was paid out.

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See the Remuneration Report for the number of shares under the share plans per individual board member.

See the Insider Transactions section (p. 84) for stock ownership of members of the Board of Management and Supervisory Board.

Supervisory Board and key management totals

Please see the Remuneration Report for the actual fee received by each member of the Supervisory Board. The total fee for 2023 is EUR 679,792 (2022: EUR 648,215).

Total key management remuneration amounted to EUR 11,387,148 (2022: EUR 11,772,544), of which EUR 7,252,245 (2022: EUR 7,229,641) for short-term employee benefits, EUR 780,604 (2022: EUR 825,225) for post-employment benefits and EUR 3,354,299 (2022: EUR 3,717,678) for share-based payments.

Accounting policy: Share-based compensation

For equity-settled plans, the fair value of shares granted to employees is measured at grant date. For cash-settled plans, the fair value of the liability for the awards granted is remeasured at each reporting date and at settlement date.

The costs of share-based compensation plans are determined based on the fair value of the shares and the number of shares expected to vest. On each balance date, KPN determines whether it is necessary to revise the expectation of the number of shares that will vest. The fair value is recognized as personnel expense in profit or loss over the vesting period of the shares against an increase in equity in the case of equity-settled share-based compensation plans and against the recognition of a liability in the case of cash-settled share-based compensation plans.

[6] Other operating expenses

Other operating expenses increased by EUR 88m to EUR 416m, mainly due to higher energy costs and other inflationary effects. Other operating expenses comprise, among others, a net addition to the restructuring provision (see Note 18).

Auditor's fees

The fees listed below relate to the services provided to KPN and its consolidated group entities by Ernst & Young Accountants LLP, as well as by other Dutch and foreign-based EY individual partnerships and legal entities, recognized as expenses in the financial year:

€ million	2023	2022
Financial statements audit fees	4.5	4.0
Other assurance fees	1.0	0.8
Total audit fees	**5.5**	**4.8**

The financial statements audit fees include the fees for professional services rendered for the audit of KPN's annual financial statements and the annual statutory financial statements of subsidiaries or services that are normally provided by the auditor in connection with the audits.

The other assurance fees include the fees incurred for assurance and related services that are reasonably related to the performance of the audit or review of KPN's Financial Statements, such as revenue and IT-related assurance services and regulatory-related assurance services.

Accounting policy: Operating expenses

Operating expenses are divided into direct cost (cost of goods and services) and indirect cost (IT/TI, personnel expenses, other operating expenses and depreciation, amortization and impairments).

Cost of goods and services are costs incurred in the context of a sales transaction and include subscriber acquisition and retention costs and traffic expenses. These costs are expensed as incurred, except handset fees paid to dealers and transaction-related dealer commissions that are capitalized and amortized over the contract term. The cost of a handset is expensed when the handset is sold (as incurred), both as an individual sale or as a component of a transaction in combination with a subscription.

Information technology (IT) expenses relate to KPN's IT environment and include licenses and maintenance expenses for software and/or IT hardware when not directly related to a sales transaction. Technical infrastructure (TI) expenses are expenses related to KPN's fixed and mobile networks.

Personnel expenses are all expenses related to KPN's workforce, both related to own employees and external personnel from employment agencies.

Other operating expenses mainly include expenses related to marketing and communication, billing and collection, housing and facilities.

See Note 10, 11 and 19 for the accounting policy regarding depreciation, amortization and impairments.

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[7] Financial income and expenses

€ million	Notes	2023	2022
Finance income		**28**	**8**
Interest on borrowings		-236	-192
Interest expense lease liability	[19]	-21	-18
Interest on other provisions		-2	-1
Other interest expenses		-7	-3
Finance costs		**-266**	**-213**
Hedge ineffectiveness		4	10
Amortizable part of hedge reserve		-15	-15
Amortization discontinued fair value hedges		16	18
Derivative financial instruments not qualified for hedge accounting	[13.3]	-9	-11
Exchange rate differences		1	3
Fair value loss on contingent cash receivable Glaspoort	[13.1]	-6	-16
Other		1	-12
Other financial results		**-7**	**-22**
Total		**-246**	**-227**

Finance income increased by EUR 20m to EUR 28m, mainly due to higher yields on cash and higher interest income on the contingent cash receivable related to Glaspoort.

Finance costs increased by EUR 53m to EUR 266m, which was mainly related to higher interest on floating rate debt instruments, higher utilization of commercial paper throughout the year and interest accrued on the EUR 600m senior bond issued in July 2023. Interest on borrowings included a non-cash amount of EUR 4m (2022: EUR 6m) relating to debt issuance costs including premiums and/or discounts, which are amortized over the remaining life of the respective bonds using the effective interest rate method.

Other financial results increased by EUR 15m to a net cost of EUR 7m (2022: EUR 22m net cost), which is mainly the result of lower fair value loss on the contingent cash receivable related to Glaspoort, bond tender costs incurred in 2022 (EUR 9m included in Other), partly offset by lower gains from hedge ineffectiveness.

[8] Taxation

The Netherlands

The book loss, which is recognized as a result of the sale of E-Plus in 2014 (see schedule net DTA book loss sale of E-Plus), was used to offset KPN's taxable income in the Netherlands in 2014 up to and including 2022, and is used to offset a significant part of KPN's taxable income in the Netherlands and the years thereafter. KPN's unrealized losses as per 2021 are realized in 2022. Due to the realization in 2022, the current tax expense in 2022 is significantly lower compared to 2023.

KPN will apply a temporary mandatory relief from deferred tax accounting for the impacts of the new legislation to implement the global minimum tax (Pillar Two) and will account for it as a current tax (if any). Furthermore, KPN has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in its various jurisdictions. Based on the transitional safe harbor rules, and most recent information available regarding the financial performance of the entities in scope, KPN's effective tax rate is above 15% in the Netherlands and has limited substance in all other jurisdictions (de minimis test or an immaterial exposure) in which it operates. KPN currently estimates that it is not subject to material Pillar Two "top-up" taxes in 2024. Management is not aware of any circumstances under which this estimate might change.

KPN has an agreement with the Dutch tax authorities with respect to the application of the Dutch innovation box tax regime. This is a facility under Dutch corporate income tax law where profits attributable to innovation are taxed at an effective rate of 9.0% (2022: 9.0%). The application of the innovation box resulted in a benefit of EUR 32m over 2023 (2022: EUR 29m).

See Note 21 for the impact of the acquisitions, which are separately liable for income taxes, and disposals of subsidiaries and business units.

Germany

As all relevant tax years have been audited, KPN is in the process of dissolving the remaining legal entity.

Income tax expense

€ million	2023	2022
Current tax	-93	9
Deferred taxes	-152	-236
Income tax (charge)/benefit from continuing operations	**-245**	**-227**

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The reconciliation from the Dutch statutory tax of 25.8% (2022: 25.8%) to the effective tax rate (ETR) of 22.3% (2022: 23.0%) is explained in the following table:

	2023		2022	
	€ million	ETR	€ million	ETR
Profit before income tax from continuing operations excluding associates and joint ventures	**1,097**		**987**	
Taxes at Dutch statutory tax rates	-283	25.8%	-255	25.8%
Non taxable income, non deductible expenses	-6	0.5%	-2	0.2%
Participation exemption on the sale of subsidiaries	-2	0.2%	-	0.0%
Innovation tax facilities current year	32	-2.9%	29	-2.9%
Deferred tax related to current year	2	-0.2%	-3	0.3%
Tax benefit perpetual hybrid bonds	10	-0.9%	6	-0.6%
Other	1	-0.1%	-1	0.1%
Income tax benefit/(charge) from continuing operations	**-245**	**22.3%**	**-227**	**23.0%**

Deferred tax positions

Deferred tax assets

€ million	Tax loss & other carry forwards[1]	Unrealized liquidation losses[2]	Bonds & hedges[3]	Property, plant and equipment (PP&E)[4]	Lease Liabilities[5]	Other	Offset against deferred tax liabilities	Total[6]
Balance at 31 December 2021	**-**	**517**	**52**	**81**	**201**	**89**	**-435**	**506**
Income statement benefit/(charge)	-	-	-	-13	11	-18	6	-14
Transfer to current tax	-225	-	-	-	-	3	-	-222
Tax charged to OCI	-	-	-13	-	-	-	3	-10
Other and restate[7]	517	-517	-8	33	7	-41	9	-
Balance at 31 December 2022 (restated)	**293**	**-**	**31**	**101**	**219**	**35**	**-417**	**261**
Income statement benefit/(charge)	-	-	-	-13	-5	-2	-101	-122
Transfer to current tax	-36	-	-	-	5	-1	-	-32
Tax charged to OCI	-	-	9	-	-	-	-	9
Other	2	-	-	-3	-	-2	-2	-5
Balance at 31 December 2023	**259**	**-**	**40**	**84**	**218**	**29**	**-520**	**111**

1 Net offsettable losses expected to be recovered within the foreseeable future. KPN has a history of recent profits.

2 Unrealized losses became available for offset against taxable profits as from 2022. The offset is unlimited in time.

3 Amounts relate to capitalized costs for tax purposes, derivative positions adjusted for tax purposes and unrealized FX results included in the hedge reserve.

4 Amounts relate to assets depreciated in 5 years for tax purposes and less than 5 years for book purposes and arbitrary depreciation. No DTA is recorded for a taxable amount of EUR 80m (deferred EUR 21m) related to restricted deprecation on real estate.

5 For leases, KPN separately recognizes both deferred tax assets and deferred tax liabilities, based on the underlying temporary difference.

6 Of which EUR 94m to be recovered within 12 months. Recoverability depending on future taxable results. Based on current projections, KPN expects to fully utilize its losses within the foreseeable future.

7 Restate of presentation due to alignment with balance sheet categories.

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Net DTA book loss on the sale of E-Plus

€ million	Net DTA	Realized	Unrealized	Offset by DTL	Net Loss
Balance at 31 December 2021	**517**	**-**	**517**	**-**	**2,004**
Movement 2022	-224	293	-517	-	-870
Balance at 31 December 2022	**293**	**293**	**-**	**-**	**1,134**
Movement 2023	-36	-36	-	-	-137
Balance at 31 December 2023	**257**	**257**	**-**	**-**	**997**

Deferred tax liabilities

Deferred tax liabilities

€ million	Software development[1]	Goodwill depreciation[2]	PPA[3]	PP&E: Arbitrary depreciation	Right of use assets[4]	Other	Offset against deferred tax assets	Total
Balance at 31 December 2021	**83**	**116**	**38**	**-**	**185**	**13**	**-435**	**-**
Income statement benefit/(charge)	-10	1	-8	-	10	1	6	-
Tax charged to OCI	-	-	-	-	-	-3	3	-
Other and restate[5]	-	-	3	-	-	-10	9	2
Balance at 31 December 2022 (restated)	**73**	**117**	**33**	**-**	**195**	**1**	**-417**	**2**
Income statement benefit/(charge)	4	-	-7	111	-7	1	-101	-1
Tax charged to OCI	-	-	-	-	-	-	-	-
Other	-	-	1	-	-	-	-2	-1
Balance at 31 December 2023	**77**	**117**	**27**	**111**	**187**	**1**	**-520**	**-**

1 Amounts relate to capitalized software costs which are taken as expenses for tax books.

2 Amounts relate to acquired goodwill depreciated for tax purposes (not for book purposes).

3 See Note 21 for the impact of the acquisitions.

4 For leases, KPN separately recognizes both deferred tax assets and deferred tax liabilities, based on the underlying temporary difference.

5 Restate of presentation due to alignment with balance sheet categories.

Tax loss carry forward

	31 December 2023			31 December 2022		
€ million	Tax loss carry forward	Maximum deferred tax asset	Recognized deferred tax asset	Tax loss carry forward	Maximum deferred tax asset	Recognized deferred tax asset
Koninklijke KPN – corporate tax[1]	1,003	259	259	1,134	293	293
Other	104[2]	22	-	104[2]	22	-
Total KPN Group	**1,107**	**281**	**259**	**1,238**	**315**	**293**

1 Available losses for the fiscal unity (including pre-acquisition losses). The offset of realized losses with future profits is unlimited as from 2021. Furthermore, we refer to "Tax and regulations" in this integrated report on changes regarding the use of losses as from 2022.

Note: the losses (loss E-Plus) are available as from 2022.

2 Losses relating to foreign jurisdictions that are not expected to materialize in foreseeable future.

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Expiration of the available tax loss carry forward and recognized tax assets

	31 December 2023			31 December 2022		
€ million	Tax loss carry forward	Maximum deferred tax asset	Recognized deferred tax asset	Tax loss carry forward	Maximum deferred tax asset	Recognized deferred tax asset
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	4	1	-	4	1	-
2027	-	-	-	-	-	-
Later	55	12	-	57	12	-
Unlimited	1,048	268	259	1,177	302	293
Total	**1,107**	**281**	**259**	**1,238**	**315**	**293**

Accounting policy: Taxation

Current income tax

The current income tax expense is calculated in accordance with the prevailing tax regulations and rates, taking into account non-taxable income and non-deductible expenses. The current income tax expense reflects the amount for the current reporting period that KPN expects to recover from or pay to the tax authorities. Income tax related to items recognized directly in equity/OCI is recorded in equity/OCI and not in profit or loss, with an exception for perpetual hybrid bonds classified as equity.

KPN's management periodically evaluates positions taken in the tax returns regarding situations in which uncertainty on a tax position exists over whether the relevant taxation authority will accept the tax treatment under law. These uncertain tax positions ('UTP') will be recognized if the amount can be reliably estimated and when the chance of a cash outflow is estimated as probable. When these criteria are not met, these positions are classified as contingent liabilities, unless the cash outflow is considered remote.

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Deferred income tax

Deferred income tax positions are recognized for temporary differences between the tax basis of assets and liabilities and their carrying values. DTAs are recognized for deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. DTAs are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Both the recognized and unrecognized DTAs are reassessed on each reporting date based on available projections. If future taxable profits are insufficiently available, derecognition may become inevitable unless certain exceptions can be applied. DTAs are recorded for deductible temporary differences associated with investments in subsidiaries and associates. They are recorded only to the extent that it is probable that the temporary differences will reverse in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilized.

DTLs are recognized for all taxable temporary differences except when they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the profit or loss reported in the Statement of Profit or Loss nor the taxable profit or loss. Also, no DTLs are recorded for taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax positions are stated at nominal value and are measured at the corporate income tax rates KPN expects to be applicable in the year when the asset is realized or liability is settled based on enacted or substantially enacted tax laws.

If a tax provision is recognized for a UTP that relates to deferred taxes, the UTP will be netted against these deferred taxes. DTAs and DTLs are netted if there is a legally enforceable right to offset current tax assets against current tax liabilities and the DTAs/DTLs relate to income taxes levied by the same taxation authority on the same taxable entity or if, in the case of different taxable entities, there is an intention either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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[9] Earnings per share

The following table shows the income and share data used in the calculations of the basic and diluted EPS.

€ million	2023	2022
Profit for the year from continuing operations	843	766
Profit for the year from discontinued operations	2	-5
Profit for the year	**844**	**761**
Profit attributable to non-controlling interests	-	-
Deduction for perpetual capital securities	-40	-18
Adjusted profit (loss) attributable to ordinary shareholders of the company	**804**	**743**
Weighted average number of subscribed ordinary shares	**3,971,627,920**	**4,080,828,686**
Dilution effects: non-vested shares	4,454,676	5,615,541
Weighted average number of subscribed ordinary shares including dilution effects	**3,976,082,596**	**4,086,444,227**

Earnings per ordinary share after taxes attributable to equity holders of the company for the year:

€	2023	2022
Basic (continuing operations)	0.20	0.18
Diluted (continuing operations)	0.20	0.18
Basic (discontinued operations)	-	-
Diluted (discontinued operations)	-	-
Basic (total, including discontinued operations)	0.20	0.18
Diluted (total, including discontinued operations)	0.20	0.18

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Non-vested shares are regarded to have potential dilutive effects on the ordinary shares.

Coupons and carrying amount adjustments on the perpetual hybrid bonds were deducted from the profit attributable to equity holders, since the perpetual hybrid bonds represent equity but do not constitute profit attributable to ordinary shareholders.

The total basic earnings per share include EUR 0.06 (2022: EUR 0.06) tax expenses.

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Notes to the Consolidated Statement of Financial Position

[10] Property, plant and equipment

Statement of changes in property, plant and equipment

€ million	Land and buildings	Plant and equipment	Other tangible non-current assets	Assets under construction	Total
Balance at 1 January 2022	**401**	**4,912**	**34**	**118**	**5,463**
Investments	25	881	3	32[1]	942
Depreciation	-44	-767	-12	-	-823
Impairments and retirements	-2	-8	-	-2	-12
Other	-2	-	-	-	-2
Closing net book value	**377**	**5,018**	**24**	**148**	**5,568**
Cost	1,580	9,280	56	148	11,064
Accumulated depreciation/impairments	-1,202	-4,262	-32	-	-5,496
Balance at 31 December 2022	**377**	**5,018**	**24**	**148**	**5,568**
Investments	30	858	10	99[1]	998
Depreciation	-41	-672	-10	-	-723
Impairments and retirements	-2	-9	-	-	-11
Changes in consolidation[2]	-	117	-	-	116
Other	-4	-	-	-	-4
Closing net book value	**361**	**5,312**	**24**	**247**	**5,943**
Cost	1,570	9,075	51	247	10,943
Accumulated depreciation/impairments	-1,210	-3,763	-27	-	-5,000
Balance at 31 December 2023	**361**	**5,312**	**24**	**247**	**5,943**

1 Includes both investments and transfers to other PPE.

2 Changes in consolidation in 2023 mainly relate to the acquisitions of Primevest (EUR 91m) and Kabeltex (EUR 26m), see also Note 21.

Estimated useful lives of the principal PPE categories

PPE category	Depreciation period
Land	No depreciation
Buildings	14-33 years
Network equipment	3-7 years
Fiber network infrastructure	30 years
Copper network infrastructure	5-10 years
Office equipment	4-10 years

The assets' residual values and useful lives are reviewed at least annually and adjusted if appropriate.

KPN's strategy includes, among others, accelerating the roll-out of fiber, which affects the depreciation period of all new investments in copper infrastructure. As of 1 January 2019, depreciations of these investments were capped at 10 years.

In early 2020, KPN announced its plans to phase out its copper network after three years starting in early 2023 for existing addresses where fiber service delivery is available as per early 2020, and for the addresses in every then already announced fiber roll-out project under construction. Together with the current fiber roll-out these overlay addresses receive an announcement that copper will be phased out after three years. The depreciation of this part of the copper network was accelerated for an additional amount of EUR 6m in 2023 (2022: EUR 18m).

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Accounting policy: PPE

PPE are valued at cost less depreciation and impairment. The cost include direct costs (materials, direct labor and work contracted out) and directly attributable overhead costs.

Asset retirement obligations are capitalized as part of the cost of tangible fixed assets and expensed as either depreciation over the assets' estimated useful life or as impairment charges.

PPE are depreciated using the straight-line method, based on estimated useful life, taking into account residual value. Land is not depreciated. PPE are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the assets concerned may not be recoverable. An impairment loss is recognized for the amount by which the assets' book value exceeds its recoverable amount.

Impairments are reversed if and to the extent that the impairment no longer exists. The recoverable amount is defined as the higher of an assets' fair value less costs of disposal and its value in use.

Interest is capitalized as an increase in PPE if the construction of assets takes a substantial period of time and the amount is material.

[11] Intangible assets

Statement of changes in intangible assets with finite lives and goodwill

€ million	Goodwill	Customer relationships	Software acquired from third parties	Software internally generated	Software in development	Licenses	Other	Total
Balance at 1 January 2022	**1,432**	**148**	**69**	**283**	**35**	**1,032**	**7**	**3,006**
Investments	7	-	20	192	29[1]	-	-	247
Changes in consolidation[2]	-	9	-	-	-	-	-	9
Amortization	-	-25	-45	-189	-	-100	-1	-361
Impairments	-	-4	-1	-7	-8	-	-	-19
Reclassifications	-	-	2	-1	1	-	-	2
Closing net book value	**1,439**	**127**	**45**	**278**	**57**	**932**	**5**	**2,884**
Cost	2,096	335	136	604	57	1,779	17	5,025
Accumulated amortization/impairments	-657	-207	-92	-326	-	-847	-12	-2,141
Balance at 31 December 2022	**1,439**	**127**	**45**	**278**	**57**	**932**	**5**	**2,884**
Investments	11	-	27	229	2[1]	-	-	269
Changes in consolidation	-	3	-5	5	-1	-	-	2
Amortization	-	-26	-21	-193	-	-100	-1	-341
Impairments	-	-2	-1	-3	-	-	-	-6
Reclassifications	-	-	16	-16	1	-	-	2
Closing net book value	**1,451**	**103**	**61**	**300**	**59**	**832**	**4**	**2,809**
Cost	2,108	326	104	601	59	1,779	11	4,989
Accumulated amortization/impairments	-657	-223	-44	-301	-	-947	-7	-2,179
Balance at 31 December 2023	**1,451**	**103**	**61**	**300**	**59**	**832**	**4**	**2,809**

1 Includes both investments and transfers to software internally generated.

2 The change in consolidation of EUR 9m relates to the new customer base of Itzos B.V.

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Goodwill per CGU

€ million	31 December 2023	31 December 2022
Consumer[1]	753	743
Business	663	661
Wholesale	35	35
Total	**1,451**	**1,439**

1 Increase of EUR 10m mainly relates to the acquisition of Kabeltex (EUR 10m).

Goodwill impairment tests

In accordance with IAS 36, KPN assesses goodwill for impairment at the end of each year and when a triggering event occurs. The annual impairment tests as at 31 December 2023 did not indicate that the book value of KPN's goodwill is not recoverable. KPN's market capitalization on 31 December 2023 was higher than the book value of its equity. A test was performed of the recoverable amount of the book value of each cash-generating unit (CGU), based on their value-in-use, which was determined by using the discounted cash flow method.

Key assumptions used in the cash flow projections are estimated EBITDA, Capex, change in working capital and pre-tax weighted average cost of capital (WACC). The cash flow projections are management's best estimate based on the updated strategic plan and extrapolation to terminal values for the years after 2033. Personnel expenses are expected to increase (net, after reduction of FTE's) by around 5% in 2024 and 2025 and to stabilise thereafter. Energy costs are expected to increase by around 2% in 2024 and decline thereafter mainly due to an approximately 8% reduction of energy consumption by 2027. The WACC is calculated using a capital asset pricing model. The terminal growth rate for the period after 10 years is updated consistently in line with the changes in the WACC. In 2023, the WACC was higher compared to 2022 due to an increase in the risk free rate and beta, offset by a lower cost of debt. The higher terminal growth rate is due to the higher WACC.

For all three CGUs, the annual impairment tests in 2023 and 2022 resulted in significant positive headroom as at 31 December 2023 and 31 December 2022.

Key assumptions in goodwill impairment tests

CGU	EBITDA margin	Capex intensity	Discount rate	Terminal sales growth[1]
Consumer 2023	51% – 54%	18% – 26%	8% – 9%	1.5%
Consumer 2022	49% – 51%	24% – 28%	7% – 8%	0.5%
Business 2023	31% – 37%	13% – 18%	8% – 9%	1.5%
Business 2022	31% – 32%	14% – 16%	7% – 8%	0.5%
Wholesale 2023	69% – 74%	27% – 43%	8% – 9%	1.5%
Wholesale 2022	67% – 73%	34% – 37%	7% – 8%	0.5%

1 Estimates after 10 years.

The EBITDA margins and Capex intensity shown in the table above are the highest and lowest percentages in the period up to 2033 and to determine the terminal value for the period thereafter. The wide variation in Capex intensity is due to high levels of Capex in the coming years related to the fiber roll-out which will be significantly lower as of 2027. The discount rate shown in the table above is the WACC used to determine the value-in-use as at 31 December 2023. The sensitivity analyses on the impairment test, resulting from a change in the key assumptions, showed that the headroom of the CGUs is more than sufficient. The analyses were performed for each key assumption separately. For example, a 1% higher discount rate, a 20% higher Capex, a 1% lower terminal growth rate or a 20% lower EBITDA in each of the CGUs would not lead to a goodwill impairment.

Accounting policy: Goodwill and intangibles with finite lives

The excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination is recorded as goodwill. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill is carried at cost less accumulated impairment losses and tested for impairment annually or whenever there is an indication that goodwill may be impaired. Goodwill is impaired if the recoverable amount is lower than the book value. The recoverable amount is defined as the higher of the fair value less costs of disposal and the value in use of the CGU concerned. Impairment losses on goodwill are not reversed in the event that circumstances that triggered the impairment have changed.

Licenses and software are valued at cost less amortization and impairment. Amortization is calculated using the straight-line method over the economic useful life and commences at the date that services can be offered (available for use). Internally developed and acquired software which is not an integral part of PPE, is capitalized on the basis of the costs incurred, which includes direct costs and directly attributable overhead costs incurred.

Other intangible assets, such as customer relationships and trade names acquired in business combinations, are capitalized at their fair values at acquisition date and are amortized using the straight-line method over the economic useful life.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. An impairment loss is recognized for the amount by which the book value of the intangible assets exceeds its recoverable amount. Impairments are reversed if and to the extent that the impairment no longer exists. Intangible assets not yet available for use are tested annually for impairment or whenever KPN has an indication that the intangible fixed assets may be impaired. For example, licenses are tested as part of a CGU as licenses do not generate independent cash flows.

The amortization periods of the intangible assets with finite lives are 5-20 years for licenses, 3-5 years for software and 4-20 years for other intangible assets, such as customer relationships.

[12] Equity investments accounted for using the equity method

KPN holds several equity investments accounted for using the equity method of which Glaspoort (see below) is the most significant. Other equity investments are not material, individually nor in aggregate. Their combined carrying value at 31 December 2023 is EUR 17m (31 December 2022: EUR 7m) and KPN's share in their net result amounted to nil in 2023 (2022: loss of -1m).

Joint venture Glaspoort
Glaspoort is a network company, pursuing an open-access wholesale strategy based on non-discriminatory terms, fostering competition and innovation in the Netherlands.

Glaspoort is classified as a joint venture based on the assessment of ownership and voting power (50/50 with the joint venture partner) and the joint control established through the joint venture agreement between the shareholders. The assessment includes, among others, the following:
- KPN's option to purchase one additional share in Glaspoort. This option is exercisable between the 5th and the 8th anniversary of the transaction (9 June 2021) provided certain criteria are met, and in any case after the 8th anniversary.
- KPN's influence on Glaspoort's relevant activities through KPN's presence in the governance structure.
- KPN is anchor tenant on Glaspoort's network and will also be one of its suppliers through a number of operational contracts between KPN and Glaspoort.

The assessment whether joint control remains in place is reviewed annually.

KPN accounts for its interest in Glaspoort using the equity method in the Consolidated Financial Statements with initial recognition at fair value. The initial fair value has been allocated to equity of Glaspoort, determined under application of KPN's accounting policies, and goodwill. In determining equity, intangible assets of EUR 878m have been recognized in the initial balance sheet of Glaspoort, which mostly relate to contractual relationships held by Glaspoort, with - among others - KPN. These intangible assets are amortized over a period of 30 years. At 31 December 2023 these intangibles have a carrying value of EUR 833m (31 December 2022: EUR 870m).

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In December 2021, KPN, Drepana and Glaspoort signed an agreement on the sale of additional fiber roll-out projects by KPN to Glaspoort for the amount of EUR 170m (pre-tax). KPN recognizes this consideration after start of a project; 50% of the allocated consideration is recognized as other income, the remaining 50% is deferred and recognized over time as part of the result from joint ventures following the requirements of IAS 28 on downstream transactions. At 31 December 2023, all projects have started and so the full transaction value of EUR 170m has been recognized (31 December 2022: EUR 124m). During 2023, KPN recognized EUR 23m in other income related to these additional scope projects (2022: EUR 47m). The deferred gain included in the net book value of the joint venture for these projects is EUR 78m at 31 December 2023 (31 December 2022: EUR 59m).

Payment of the agreed consideration of EUR 170m consisted of an initial prepayment at transaction date of EUR 59m, recognized as contract liability until the related projects start, and a deferred consideration which will be settled in annual installments based on the progress of the roll-out. At 31 December 2023, the deferred consideration to be received by KPN is EUR 59m, of which EUR 31m is considered current (31 December 2022: EUR 80m, of which EUR 51m current). As all projects have started, the contract liability regarding the initial prepayment is nil at 31 December 2023 (31 December 2022: EUR 16m).

The payments received for the sale of additional fiber roll-out projects to Glaspoort (2023: EUR 51m, 2022: nil) are included in the net cash flow from disposals of property, plant and equipment and intangible assets in the consolidated statement of cash flows.

During 2023, Glaspoort received additional share premium contributions from its shareholders. KPN contributed EUR 85m, of which EUR 16m through contribution in kind. Drepana contributed EUR 85m in additional share premiums, of which EUR 4m is to be received by Glaspoort. During 2022, both shareholders contributed cash share premiums of EUR 24m. KPN added the share premium payments to the carrying value of KPN's interest in the joint venture. Glaspoort used part of these funds to finance its fiber roll-out activities and the acquisition of its 50% share in Glasdraad. The contribution in kind resulted in recognition of a gain of EUR 8m through Other income, a EUR 4m (pre-tax) gain included in the result from joint ventures and a EUR 4m deferred gain following the requirements of IAS 28 on downstream transactions.

Summarized financial information of the joint venture, based on IFRS as applied by KPN, and reconciliation with the carrying amount of the investment in the consolidated financial statements, is set out below:

Summarized statement of financial position of Glaspoort B.V.

€ million	31 December 2023	31 December 2022
Tangible fixed assets	401	217
Intangible assets	990	989
Equity investments	86	-
Other non-current assets	28	43
Current assets	14	24
Net cash and cash equivalents	14	19
Non-current liabilities	-268	-158
Current liabilities	-60	-67
Equity	**1,206**	**1,067**
KPN's share in equity	603	533
Goodwill from initial valuation at fair value	15	15
Carrying amount of the investment Equity Method	**618**	**548**
Less: Deferred gain on downstream transactions	-82	-59
Carrying amount of the investment	**536**	**489**

Summarized statement of profit or loss of Glaspoort B.V.

€ million	2023	2022
Revenue	30	16
Operating expenses	-17	-7
Depreciation, amortization & impairment expenses	-34	-16
Net finance result	-20	27
Result from joint ventures	-1	-
Profit before tax	**-40**	**19**
Income tax expense	9	-5
Profit for the year	**-31**	**14**
Total comprehensive income for the year	**-31**	**14**
KPN's share of profit for the year	**-16**	**7**
Adjustment PY	-	-1
Release deferred gain on downstream transactions (net of tax)	7	2
KPN's total reported result from JV GP	**-9**	**8**

Both shareholders have committed to additional share premium contributions. On 31 December 2023, the remaining maximum commitment of each shareholder is EUR 202m, payable to Glaspoort based on funding requirements following its annual budget (31 December 2022: EUR 163m). Neither shareholder has additional funding obligations regarding Glaspoort. Glaspoort has entered into funding agreements with financial institutions to cover its financial commitments, which include its fiber roll-out activities. These funding agreements have been entered into on a non-recourse basis without any guarantees from the shareholders.

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For information on transactions between Glaspoort and KPN and unsettled positions between Glaspoort and KPN, see Note 23. Glaspoort cannot distribute its profits without the consent from the two joint venture partners and not before 2026. After 2026, Glaspoort can distribute dividends only if specific criteria are met.

Impairment assessment Glaspoort

KPN performed an impairment test and concluded that the fair value less costs of disposal of KPN's investment in Glaspoort is higher than its carrying amount of EUR 536m at 31 December 2023, so no impairment was recognized. The impairment test was based on input obtained from management of Glaspoort, including the long-term business plan and management's estimate of roll-out scope and progress. The fair value also depends on assumptions of the WACC (6.5%) and the terminal growth rate (1.5%). A reasonably possible change in these assumptions would cause Glaspoort's carrying amount to exceed its recoverable amount. For example, with all other assumptions unchanged, a 0.5% higher WACC would lead to an estimated impairment of EUR 50m, a 0.5% higher WACC in combination with a 0.5% lower terminal growth rate would lead to an estimated impairment of EUR 75m. On the other hand, a 0.5% lower WACC would increase the headroom by approximately EUR 110m, with all other assumptions unchanged.

Accounting policy: Equity investments accounted for using the equity method

Equity investments accounted for using the equity method include associates and joint ventures.

Associates are entities over which KPN has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in KPN's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects KPN's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of KPN's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, KPN recognizes its share of any change, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between KPN and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture through KPN's share of the profit (or loss) of associates and joint ventures.

The aggregate of KPN's share of profit or loss of an associate and a joint venture is shown in the statement of profit or loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as KPN. When necessary, adjustments are made to bring the accounting policies in line with those of KPN.

After application of the equity method, KPN determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, KPN determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, KPN calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'share of profit/loss (-) of associates and joint ventures' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control, and the fair value of the retained investment and proceeds from disposal, is recognized in profit or loss.

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[13] Financial assets and financial liabilities

Summary of the financial assets and liabilities at carrying amount and fair value, classified per category

		31 December 2023		31 December 2022	
€ million	**Notes**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets at FVPL					
Contingent cash receivable regarding sale Glaspoort	[13.1]	173	173	197	197
Other current financial assets	[13.1]	193	193	100	100
Derivatives	[13.3]	77	77	148	148
Cash and cash equivalents, including classified as held for sale	[15]	609	609	399	399
Financial assets at amortized cost					
Trade and other receivables[1]	[14.1]	459	459	455	455
Financial assets at FVOCI					
Financial receivables handsets	[14.1]	106	106	158	158
Equity investments	[13.1]	90	90	76	76
Total financial assets		**1,708**	**1,708**	**1,534**	**1,534**
Financial liabilities FVPL					
Borrowings[2]	[13.2]	1,750	1,740	1,643	1,624
Derivatives	[13.3]	261	261	366	366
Financial liabilities at amortized cost					
Borrowings[2]	[13.2]	4,144	4,182	3,725	3,578
Trade and other payables[3]	[20]	981	981	955	955
Total financial liabilities[4]		**7,136**	**7,164**	**6,689**	**6,524**

1 Excluding prepayments and the financial receivables handsets measured at FVOCI.

2 Borrowings are measured at amortized cost except when the borrowings are included in a fair value hedge (see Note 13.3). The fair value estimation of borrowings uses valuation techniques based on maximum use of observable market data for all significant inputs (level 2). The fair value of borrowings included in a fair value hedge is based on market prices (level 1).

3 Excluding social security and other taxes payable.

4 Excluding lease liabilities.

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Fair value measurement hierarchy at 31 December 2023

€ million	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Contingent cash receivable regarding sale Glaspoort	-	-	173	173
Other current financial assets	193	-	-	193
Derivatives (cross-currency interest rate swap)	-	62	-	62
Derivatives (interest rate swap) and other	-	16	-	16
Cash and cash equivalents, including classified as held for sale	609	-	-	609
Financial assets at FVOCI				
Financial receivables handsets	-	106	-	106
Equity investments:				
Unlisted securities	-	-	90	90
Total assets	**802**	**184**	**263**	**1,248**
Financial liabilities at FVPL				
Borrowings	1,740	-	-	1,740
Derivatives (cross-currency interest rate swap)	-	71	-	71
Derivatives (interest rate swap)	-	190	-	190
Total liabilities	**1,740**	**261**	**-**	**2,001**

Fair value measurement hierarchy at 31 December 2022

€ million	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Contingent cash receivable regarding sale Glaspoort	-	-	197	197
Other current financial assets	100	-	-	100
Derivatives (cross-currency interest rate swap)	-	123	-	123
Derivatives (interest rate swap) and other	-	25	-	25
Cash and cash equivalents, including classified as held for sale	399	-	-	399
Financial assets at FVOCI				
Financial receivables handsets	-	158	-	158
Equity investments:				
Unlisted securities	-	-	76	76
Total assets	**499**	**306**	**273**	**1,078**
Financial liabilities at FVPL				
Borrowings	1,624	-	-	1,624
Derivatives (cross-currency interest rate swap)	-	100	-	100
Derivatives (interest rate swap)	-	266	-	266
Total liabilities	**1,624**	**366**	**-**	**1,990**

Fair value estimation

Level 1: Fair value of instruments traded in active markets and based on quoted market prices.
Level 2: Instrument is not traded in an active market and fair value is determined by using valuation techniques based on maximum use of observable market data for all significant inputs.
Level 3: One or more of the significant inputs is not based on observable market data; the fair value is estimated using models and other valuation methods.

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Accounting policy: Financial assets

Financial assets are classified at initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and KPN's business model for managing them.

KPN initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For the purposes of subsequent measurement, financial assets are classified into four categories:
- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through other comprehensive income (OCI) with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

[13.1] Financial assets

Other financial asset at fair value through profit or loss

Upon sale in 2021 of the 50% interest in Glaspoort B.V. to Drepana Investments Holding B.V., KPN received a cash consideration upon deal close of EUR 233m and a contingent cash receivable of EUR 234m. The contingent cash receivable, to be received in annual installments based on the roll-out progress of Glaspoort, is classified as a financial asset measured at fair value through profit or loss. The contingent cash receivable was initially valued at EUR 218m. As at 31 December 2023, the carrying value is EUR 173m (2022: EUR 197m), of which EUR 26m is current (2022: EUR 28m). In 2023, the book value increased with interest income of EUR 10m (2022: EUR 8m) and decreased with EUR 6m (2022: EUR 16m) due to a fair value adjustment and EUR 29m (2022: EUR 14m) due to received deferred payment. The fair value adjustment was recognized as a loss in other financial results.

Based on Glaspoort's current roll-out plan, KPN expects the final payment in 2027. The fair value of this contingent receivable is deemed equal to the net present value of the full amount of the installments to be received using the expected roll-out schedule as included in Glaspoort's initial business plan. A weighted average discount rate of 5.9% has been used based on the following elements:
- A base-rate using mid-swap rates to account for the time value of money, plus
- A credit spread mark-up to account for the risk of non-payment based on AA-rated credit curves resulting in a weighted average spread of ~0.3% over a 5-year tenor, plus
- A mark-up to reflect the roll-out risk (mostly the risk of delay).

Equity investments measured at fair value through OCI

This includes several minority stakes, mainly of KPN Ventures. In 2023, additional investments for an amount of EUR 28m were acquired (2022: EUR 26m) and EUR 24m investments were sold (2022: EUR 9m). Additional investments and investments sold both include a non-cash amount of EUR 11m of shares received which was part of the consideration for a sales transaction,

These investments were irrevocably designated at fair value through OCI because KPN believes that the fluctuations in the fair value of these investments do not give a fair view of KPN's performance. In 2023, a fair value net gain of EUR 11m was recognized (2022: EUR 10m net gain).

The fair value of the equity investments of KPN Ventures is based, where applicable, on the price of the last fundraising round of the equity investment, investment valuations or the bid made in mergers and acquisitions transactions. The investment valuations take into account forward-looking estimates and judgments about the underlying business, market conditions and other factors.

Other current financial assets

Other current financial assets include investments in short-term money market funds of EUR 193m (2022: EUR 100m), which are held at fair value through profit or loss (FVPL). These funds have a low volatility, with an investment objective of preservation of principal. Fair value is based on quoted market prices.

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[13.2] Financial liabilities

	31 December 2023		31 December 2022	
€ million	Carrying amount	Fair value	Carrying amount	Fair value
Senior eurobonds EUR	3,371	3,290	2,678	2,509
Senior eurobonds GBP	1,431	1,497	1,401	1,408
Senior global bonds USD	610	638	641	628
Subordinated hybrid bonds classified as liability	-	-	136	136
Other borrowings	483	497	511	521
Total borrowings	**5,894**	**5,922**	**5,368**	**5,203**
> of which: current	**497**	**497**	**196**	**196**
> of which: non-current	**5,397**	**5,426**	**5,171**	**5,007**

The fair value for eurobonds, global bonds and hybrid bonds is based on the listed price of the bonds. Other borrowings include commercial paper, cash collateral received on derivatives, bank overdrafts and other loans.

KPN's weighted average interest rate on total outstanding borrowings on 31 December 2023 was 4.1% after swaps (2022: 3.6%). KPN's weighted average interest rate on senior debt on 31 December 2023 was 4.1% after swaps (2022: 3.5%).

Senior bonds

million	Nominal	Carrying amount €	Nominal after swap €	Number of bonds
Senior eurobonds EUR	3,581	3,371	3,581	6
Senior eurobonds GBP	1,250	1,431	1,452	2
Senior global bonds USD	595	610	450	1

KPN has a Global Medium-Term Notes program that is unlimited in size and is used to meet medium- to long-term funding requirements. As at 31 December 2023, the total amounts outstanding under this program were EUR 3,581m across six bonds (carrying value EUR 3,371m) and GBP 1,250m across two bonds (carrying value EUR 1,431m, swapped to EUR 1,452m nominal). In addition, KPN has a senior global bond with USD 595m outstanding (carrying value EUR 610m, swapped to EUR 450m nominal) which was issued under standalone documentation.

On 3 July 2023, KPN issued a EUR 600m 3.875% eurobond under the GMTN program. No senior bonds have been redeemed during 2023.

Hybrid bonds

€ million	Nominal	Coupon	Classification	Final maturity	First reset date	Credit rating[1]
EUR perpetual hybrid bond	500	2,000%	Equity	Perpetual	8 Feb 2025	BB+/BB+/Ba2
EUR perpetual green hybrid bond	500	6,000%	Equity	Perpetual	21 Dec 2027[2]	BB+/BB+/N.a.

1 Credit rating by S&P/Fitch resp. Moody's.

2 These hybrid bonds are first callable in the three months period before their respective first reset dates.

As at 31 December 2023, two hybrid bonds are outstanding with an aggregate nominal amount of EUR 1,000m. The hybrid bonds are subordinated debt instruments and are treated for 50% as equity and 50% as debt in KPN's gross and net debt definitions. Both hybrid bonds are classified as equity under IFRS.

On 28 March 2023 KPN redeemed the remaining principal outstanding of the USD hybrid bond on its first call date (USD 146m, swapped to EUR 113m nominal). This bond was classified as a liability under IFRS and included in borrowings.

KPN may, at its discretion and subject to certain conditions, elect to defer payments of interest on the hybrid bonds. Arrears of interest must be paid if dividends are paid on ordinary shares, if payments are made on other hybrid bonds or in the event of early redemption. KPN does not recognize accruals for coupon payments on the perpetual hybrid bonds of EUR 40m per annum.

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If an accrual had been recognized, the amount would have been EUR 10m on 31 December 2023.

Other borrowings

KPN has a Euro-Commercial Paper Program under which KPN can issue short-term debt instruments for up to EUR 1 billion. As at 31 December 2023, the outstanding balance of commercial paper amounted to EUR 60m (2022: EUR 60m), issued at an average interest rate of 4.03% (2022: 2.01%).

KPN has a EUR 300m credit facility from the European Investment Bank, which was fully drawn at year-end 2023 and 2022. This loan has a floating interest rate referenced to 3-month Euribor and a single repayment on 2 August 2027. The interest for the current interest period was set at 4.35% per annum.

As at 31 December 2023, other borrowings furthermore included EUR 74m of collateral received as security under derivative financial instruments and EUR 50m borrowings under private placements.

Accounting policy: Hybrid bonds and borrowings

A critical feature in differentiating a financial liability from an equity instrument is the existence of a contractual obligation of KPN to either deliver cash or another financial asset to the holder or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable.

Hybrid bonds are classified as equity if there is no fixed redemption date and coupon payments are discretionary, i.e. KPN has the option to defer interest payments. Measurement of hybrid bonds is based on the net proceeds obtained through the issuance of these instruments. Coupon payments are recognized directly in equity.

After initial recognition, loans and borrowings that are not part of a fair value hedge, are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the P&L over the period of the borrowings using the effective interest method. The amortized cost is calculated by taking into account any discounts or premiums on acquisition or issuance and transaction costs. The effective interest rate amortization is recognized in the P&L as finance costs.

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Changes in liabilities arising from financing activities

€ million	Borrowings	Derivative financial instruments	Net liability	Lease liabilities	Net liability, including lease liabilities
Balance at 1 January 2022	**6,744**	**-148**	**6,596**	**873**	**7,469**
Exchange differences	20	-23	-2	-	-2
Movements recorded as net cash flows arising from/used in financing activities:					
Repayments of borrowings and settlement of derivatives and repayments of lease liabilities[1]	-1,075	80	-995	-124	-1,119
Issued bonds & loans	-	-	-	-	-
Fair value adjustments	-359	309	-50	-	-50
Other movements[2]	37	-	37	174	211
Balance at 31 December 2022	**5,368**	**218**	**5,586**	**923**	**6,509**
Exchange differences	-9	9	-	-	-
Movements recorded as net cash flows arising from/used in financing activities:					
Repayments of borrowings and settlement of derivatives and repayments of lease liabilities[1]	-136	23	-113	-124	-238
Issued bonds & loans	593	-	593	-	593
Fair value adjustments	103	-66	37	-	37
Other movements[2]	-25	-	-25	96	71
Balance at 31 December 2023	**5,894**	**184**	**6,078**	**894**	**6,972**

1 In the Consolidated Statement of Cash Flows, this line item includes a net payment of EUR 37m in 2023 (2022: EUR 14m net receipt) regarding cash collateral on derivatives and energy contracts (presented as non-current other receivables). The interest component of the lease payments is presented within cash flow from operating activities.

2 Other movements of borrowings in 2023 include payments of EUR 29m of cash collateral on derivatives and energy contracts (2022: EUR 32m net receipt). Other movements of the derivative financial instruments are predominantly movements in the interest part of cash flow hedges. Other movements of the lease liabilities include interest, additions of new contracts, remeasurements and modifications (see Note 19).

[13.3] Hedging activities and derivatives

KPN uses derivatives solely for the purpose of hedging underlying exposures. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

€ million	31 December 2023	31 December 2022
Assets (current and non-current)	77	148
Liabilities (current and non-current)	-261	-366
Total derivatives	**-184**	**-218**
of which: designated in a hedge relationship	**-191**	**-233**
of which: other derivatives not designated in a hedge relationship	**7**	**15**

A total gain of EUR 4m due to hedge ineffectiveness was recognized in the P&L in 2023 (2022: EUR 10m). This was mainly due to differences in the valuation of hedging instruments and hedged items due to credit risk and valuation curves in combination with the cumulative change of the fair value of the hedging instrument becoming greater than the change in the fair value of the hedged item. All hedges continue to be highly effective prospectively.

Derivatives positions are reported on a gross basis and include a credit value adjustment attributable to derivative counterparty default risk. As at 31 December 2023, the cumulative credit value adjustment was EUR 0m (2022: the net liability was lowered by EUR 9m). The change in the credit value adjustment was primarily driven by the change in mark-to-market value of interest rate swaps as a result of lower interest rates. Part of the derivatives portfolio is subject to master netting agreements that allow netting under certain circumstances.

If netting had been applied, the total derivatives asset position would be EUR 29m and the total derivatives liability position would be EUR 212m as at 31 December 2023 (2022: EUR 52m and EUR 270m respectively).

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Derivatives designated in a hedge relationship
Cash flow hedges
Bonds denominated in foreign currencies are hedged with cross-currency swaps. The currency exposure is hedged by effectively fixing the countervalue in the foreign currency to EUR and by hedging the interest rate exposure by swapping the fixed interest rates in foreign currency to fixed interest rates in EUR. There is an economic relationship between the hedged items and hedging instruments as the terms of the cross-currency swaps match the terms of the associated bonds. KPN has established a hedge ratio of 1:1 for the hedging relationships as the quantity of hedged items equals the notional amount of the cross-currency swaps. The hedges are until maturity of the underlying bonds.

KPN has also designated certain EUR interest rate swaps (IRS) as cash flow hedges, used to re-fix the interest on bonds that had previously been swapped to a floating interest rate using fixed-to-floating IRS. During 2023, KPN established such cash flow hedges on IRS that were executed in 2017 and 2018 for the EUR 625m senior bond maturing in April 2025 and the EUR 625m senior bond maturing in September 2028.

For all of the above hedges, KPN meets the criteria of, and also applies, cash flow hedge accounting. The effectiveness of the hedges is determined at inception and on a quarterly basis. To test the hedge effectiveness, KPN uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks. If the cumulative change in fair value of the hedging instrument and hedged item are not equal in absolute terms, the difference will be reported in the P&L to the extent that, in absolute terms, the fair value change of the hedging instrument is greater than the fair value change of the hedged item. Hedge ineffectiveness can arise from:
- Different curves linked to hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movement of the hedging instruments and hedged items
- Changes in the terms of the hedged item or hedge instrument

Overview of the derivatives designated in cash flow hedge relationships at 31 December 2023 and 31 December 2022

Nominal (receive)	Coupon (receive)	Nominal (pay) (EUR m)	Coupon (pay)	Maturity date	Fair value 2023 (EUR m)	Fair value 2022 (EUR m)
USD 143m	7.000% semi-annual	111	6.359% semi-annual	28-3-2023	-	23
EUR 625m	6-month Euribor (in arrear)	625	3.819% annual	9-4-2025	-10	-
GBP 400m	5.000% annual	480	4.138% annual	18-11-2026	-29	-38
EUR 625m	6-month Euribor	625	3.136% annual	11-9-2028	-19	-
GBP 850m	5.750% annual	971	5.432% annual	17-9-2029	-42	-62
USD 595m	8.375% semi-annual	450	8.517% semi-annual	1-10-2030	62	100
Total					**-38**	**23**

Impact of the cash flow hedges on the Statement of Financial Position

€ million	Notional amount	Carrying amount	Line item in Statement of Financial Position	Change in fair value used for measuring ineffectiveness for the period
As at 31 December 2023				
Cross-currency swaps GBP	1,452	-71	Derivatives	30
Cross-currency swaps USD	450	62	Derivatives	-62
Interest rate swaps EUR	1,250	-29	Derivatives	-29
Total	**3,152**	**-38**		**-61**
As at 31 December 2022				
Cross-currency swaps GBP	1,452	-100	Derivatives	-66
Cross-currency swaps USD	561	123	Derivatives	127
Total	**2,013**	**23**		**61**

The change in fair value of the associated hedged items attributable to the hedged risks resulted in an ineffectiveness gain in 2023 of EUR 3m (2022: EUR 1m loss).

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Effect of the cash flow hedge in the P&L and OCI

€ million	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized as a gain/(loss) in P&L	Line item in P&L	Amount reclassified from OCI as a gain/(loss) in P&L	Line item in P&L
Year ended 31 December 2023					
Cross-currency swaps GBP	-28	1	Other financial results	27	Other financial results
Cross-currency swaps USD	63	2	Other financial results	-43	Other financial results
Interest rate swaps EUR	29	-	Other financial results	-	Other financial results
Total	**64**	**3**		**-17**	
Year ended 31 December 2022					
Cross-currency swaps GBP	68	1	Other financial results	-78	Other financial results
Cross-currency swaps USD	-129	-2	Other financial results	101	Other financial results
Total	**-62**	**-1**		**23**	

Fair value hedges

KPN uses receiver interest rate swaps to swap certain fixed rate eurobonds to floating interest rates. Under the receiver swaps, KPN receives fixed rate interest and pays interest at a variable rate equal to six-month Euribor. KPN applies fair value hedge accounting to hedge the exposure to changes in the fair value of these fixed rate eurobonds against changes in the EUR interest curve.

There is an economic relationship between the hedged item and the hedging instrument, as the terms of the interest rate swaps match the terms of the fixed-rate bonds (i.e. notional amount, maturity and payment dates). KPN has established a hedge ratio of 1:1 for the hedging relationships as the quantity of hedged item equals the notional amount of the hedging instrument. For these hedges, KPN meets the criteria of, and also applies, fair value hedge accounting. If the cumulative change in the fair value of the hedging instrument and hedged item are not equal in absolute terms, the difference will be recorded in the P&L. The hedge ineffectiveness can arise from:

- Different curves linked to the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movement of the hedging instruments and hedged items
- Changes in the terms of the hedge item or hedge instrument

Overview of the derivatives designated in fair value hedge relationships at 31 December 2023 and 31 December 2022

Nominal (receive)	Coupon (receive)	Coupon (pay)	Maturity date	Fair value 2023 (EUR m)	Fair value 2022 (EUR m)
EUR 625	0.920% annual	6-month Euribor (fixed in arrears)	9-4-2025	-12	-34
EUR 625	0.907% annual	6-month Euribor	11-9-2028	-42	-72
EUR 700	0.799% annual	6-month Euribor (fixed in arrears)	15-11-2033	-99	-150
Total				**-153**	**-256**

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Impact of the fair value hedges on the Statement of Financial Position

€ million	Notional amount	Carrying amount	Line item in Statement of Financial Position	Change in fair value used for measuring ineffectiveness for the period
As at 31 December 2023				
Interest rate swaps	1,950	-153	Derivatives	103
As at 31 December 2022				
Interest rate swaps	1,950	-256	Derivatives	-331

Impact of the hedged items on the Statement of Financial Position

€ million	Carrying amount	Change in fair value adjustments	Line item in Statement of Financial Position	Change in fair value used for measuring ineffectiveness for the period
As at 31 December 2023				
Fixed-rate eurobonds 2025, 2028 & 2033	1,745	-103	Borrowings	-101
As at 31 December 2022				
Fixed-rate eurobonds 2025, 2028 & 2033	1,643	308	Borrowings	341

The ineffectiveness recognized in the P&L for the year ended 31 December 2023 was a gain of EUR 1m (2022: EUR 11m gain).

Derivatives not designated in a hedge relationship

The fixed-rate eurobonds maturing on 30 September 2024 were swapped to a floating interest rate in 2011 using fixed-to-floating interest rate swaps. Subsequently, in May 2015, KPN swapped the floating rate exposure on these bonds to a fixed rate for the remaining maturity of these bonds and discontinued fair value hedge accounting for the fixed-to-floating interest rate swaps. As a result, the cumulative gain until de-designation is amortized to earnings until maturity of the associated bond. This is offset by the change in fair value of the outstanding interest rate swaps. The amortization recognized in earnings for 2023 was a gain of EUR 7m (2022: EUR 7m gain) and the remaining balance of the unamortized gain was EUR 6m at 31 December 2023 (2022: EUR 12m). The fair value of the outstanding interest rate swaps was EUR 7m as at 31 December 2023 (2022: EUR 15m) and the change in fair value of these swaps resulted in a P&L loss of EUR 9m in 2023 (2022: EUR 11m loss). Finally, the net interest accrual recognized in the P&L on these swaps was a gain of EUR 8m in 2023 (2022: EUR 9m gain). Therefore, the combined result recognized in the P&L from these derivatives amounted to a gain of EUR 6m in 2023 (2022: EUR 5m gain).

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Accounting policy: Derivatives and hedging activities

Derivatives are recognized at fair value. Gains and losses arising from changes in fair value are recognized as other financial results during the period in which they arise to the extent that the derivatives have no hedging designation or they are ineffective.

KPN applies IFRS 9 hedge accounting. Derivatives related to loans are designated as either cash flow or fair value hedges.

Offsetting effects are recognized in the P&L.

The hedge documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how KPN will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that KPN actually hedges and the quantity of the hedging instrument that KPN actually uses to hedge that quantity of hedged item.

Changes in the fair value of an effective derivative, which is designated as a fair value hedge, along with the gain or loss on the hedged item that is attributable to the hedged risk, are recorded in the P&L as other financial results. Changes in the fair value of an effective derivative, which is designated as a cash flow hedge, are recorded in OCI for the effective part, until the P&L is affected by the variability in cash flows of the designated hedged item. The ineffective part of the cash flow hedge is recognized as other financial results. If a hedge relationship ceases to be an effective hedge or in case of early redemption of the hedged item, hedge accounting is discontinued prospectively which means that subsequent changes in fair value are recognized in the P&L and the cumulative amount recorded in OCI is released in the P&L as other financial results.

[13.4] Financial risk management and policies

Financing policy

KPN strives for the right balance between investments in the business, shareholder remuneration and a prudent financing policy. It is KPN's policy to utilize excess cash for operational and financial flexibility and/or shareholder remuneration.

The Net Debt / EBITDA ratio is one of the drivers for KPN's credit rating. It is based on the nominal value of borrowings excluding collateral and lease liabilities and includes 50% of the hybrid bonds. KPN remains committed to an investment-grade credit profile and aims for a Net Debt / EBITDA ratio of below 2.5x in the medium term.

The difference between the carrying value and nominal value of borrowings includes: (1) carrying value adjustments resulting from fair value hedges; (2) in case of foreign currency bonds, the difference between the nominal amount at the prevailing spot rate and the swapped nominal amount in EUR; and (3) amortized debt issuance costs including premiums and/or discounts.

€ million	31 December 2023	31 December 2022
Borrowings	5,894	5,368
Perpetual hybrid bonds	1,000	1,000
50% equity credit for hybrid bonds	-500	-500
Less: Cash collateral paid on derivatives	-83	-75
Difference between carrying value and nominal value	73	141
Adjusted gross debt	**6,384**	**5,935**
Net cash and cash equivalents	609	399
Short-term investments	193	100
Net Debt[1]	5,582	5,435
Adjusted EBITDA AL	2,420	2,404
Net Debt / EBITDA[2]	**2.3x**	**2.3x**

1 Net Debt is based on the nominal value of interest-bearing financial liabilities excluding collateral and lease liabilities and taking into account 50% of the nominal value of the hybrid capital instruments, less cash and short-term investments.

2 The Net Debt / EBITDA ratio is Net Debt divided by 12-month rolling Adjusted EBITDA AL.

In 2023, KPN's Adjusted gross debt increased to EUR 6.4bn mainly as a result of the EUR 600m senior bond issued in July 2023, partly offset by the EUR 113m redemption of a hybrid bond. KPN's Net Debt position increased by EUR 147m to EUR 5.6bn. The

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higher gross debt was partly offset by a higher cash position and short-term investments at 31 December 2023 of EUR 802m (2022: EUR 499m). KPN's Net debt / EBITDA ratio remained stable at 2.3x, as the modest increase in Net Debt was offset by higher Adjusted EBITDA AL.

Financial risk management

KPN is exposed to a variety of financial risks. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on KPN's financial position and performance.

Derivatives are used to hedge certain risk exposures (see Note 13.3).

KPN's key financial risks are:

- Credit and counterparty risk
- Liquidity risk
- Market risk

KPN's Treasury department manages the financial risks according to policies approved by the Board of Management and Supervisory Board. These policies are established to identify and analyze financial risks, set appropriate risk limits and controls, and monitor adherence to those limits.

Geopolitical tensions and the impact of inflation, rising energy and raw material prices, have led to increased volatility in capital markets and periods of deteriorated market liquidity. In addition, central banks' monetary policies led to a significant increase in (volatility of) interest rates. KPN's Treasury department continuously monitors conditions in relevant capital markets and the potential impact on KPN's liquidity position, sources of financing and financial counterparties which all remained within acceptable risk limits. KPN did not suffer any material impact on its liquidity reserves and its ability to raise financing remained very strong, albeit at higher cost levels.

Credit and counterparty risk

Credit risk arises from the possibility of asset impairment occurring when counterparties are unable to meet their obligations in transactions involving financial instruments. KPN's counterparty policy sets limits for the maximum exposure per counterparty, which are primarily based on credit ratings, investment periods and collateral. The minimum counterparty credit rating (Moody's equivalent) is Baa2 for cash balances and Baa1 for entering into new derivative transactions. Cash balances used for working capital purposes can also reside at banks with lower credit ratings. Capital preservation is KPN's main priority when investing excess cash.

As at 31 December 2023, KPN's cash balances and short-term investments were held in bank accounts, bank deposits and money market funds with maturities of up to three months. The majority of cash balances were invested with counterparties with a credit rating equivalent to A3 at Moody's or higher, and the counterparties of outstanding derivatives have a credit rating equivalent to Baa1 or higher with Moody's.

KPN mitigates credit risk on counterparties arising from derivative financial instruments and energy futures through collateral support agreements, which results in cash being paid or received as security. This cash collateral is released when derivatives are settled and/or mature. In 2023, the net cash collateral movement was EUR 37m payment (2022: EUR 14m receipt). As at 31 December 2023, KPN's net collateral position was EUR 9m asset (2022: EUR 28m liability). This consists of EUR 74m collateral received from counterparties and EUR 83m collateral posted with counterparties.

Credit risk on trade receivables is controlled using restrictive policies for customer acceptance. Credit management is focused on mobile services. Before accepting certain new customers in this segment, the creditworthiness of prospective clients is checked. In addition, KPN keeps track of the payment performance of customers. If customers fail to meet set criteria, payment issues must be resolved before a new transaction will be entered into.

KPN's policy is to provide financial guarantees only to wholly-owned subsidiaries. As at 31 December 2023, KPN had parent guarantees and bank guarantees outstanding to third parties for various wholly-owned Dutch subsidiaries. The carrying amount of financial assets, including cash, and contract assets represents the maximum credit exposure, which amounts to EUR 1,807m as at 31 December 2023 (2022: EUR 1,643m). On 31 December 2023, the total outstanding bank guarantees amounted to EUR 6m (2022: EUR 6m), which were issued in the ordinary course of business.

See schedule of the allowances for expected losses in Note 14 for information about credit losses on trade and other receivables. There were no other credit losses.

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Maturity analysis of the financial liabilities based on the remaining contractual maturities on 31 December 2023

	Borrowings				Derivatives			
€ million	Bonds and loans	Interest on bonds and loans	Lease liabilities (undiscounted)	Other debt and cash collateral[1]	Derivatives inflow (including interest)	Derivatives outflow (including interest)	Trade and other payables[2]	Total
2024	431	209	183	51	-214	237	902	1,799
2025	625	180	138	-	-163	190	-	970
2026	460	175	129	-	-609	638	-	794
2027	300	151	107	-	-126	139	-	572
2028	625	145	87	-	-127	141	-	872
2029 and further	4,467	276	345	-	-1,691	1,642	-	5,038
Contractual cash flows	**6,908**	**1,135**	**990**	**51**	**-2,929**	**2,988**	**902**	**10,045**

1 Includes commercial paper and assumes settlement of all collateral positions.

2 Excluding accrued interest and social security and other taxes payable.

Liquidity risk
Liquidity risk is the risk that KPN will not be able to meet its financial obligations associated with financial instruments as they become due. KPN's approach to managing liquidity is to ensure sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage. Some of the derivatives contain reset clauses or collateral postings at pre-agreed dates, in order to mitigate counterparty exposure during the life of the swap. These reset clauses will result in early euro settlement obligations in cash with the swap counterparty, which could lead to additional cash inflows or outflows before maturity. In order to reduce liquidity risks, the reset clauses or collateral postings are spread over different points in time.

During 2023, KPN paid and/or returned a amount of EUR 37m in collateral (2022: EUR 14m net received) according to pre-agreed settlement schedules and as variation margin for energy futures.

Available financing resources
In addition to the available cash and cash equivalents, short-term investments and cash flows from operations, KPN has the following committed financing resources available:

Revolving credit facility
KPN has a sustainability-linked revolving credit facility for EUR 1.0 billion provided by twelve relationship banks, originally signed in August 2021. The facility can be used for general corporate purposes and does not contain any financial covenants. Following the exercise of the second extension option during 2023, the final maturity has been extended to 4 August 2028 for EUR 917m of commitments and EUR 83m will mature on 4 August 2027. The facility has a mechanism to adjust the margin based on KPN's performance on predefined sustainability targets on the roll-out of fiber, reduction in KPN's energy consumption and reduction of carbon emissions in the supply chain. The facility was undrawn as at 31 December 2023 resp. 31 December 2022.

Capital resources covenants
KPN's existing capital resources contain the following covenants as at 31 December 2023, which could trigger additional financial obligations or early redemption of the outstanding indebtedness. All senior bonds issued after 1 January 2006 (EUR 5.0bn outstanding as at 31 December 2023) contain a change of control clause. KPN may be required to early redeem if certain changes of control occur and within this change of control period (maximum of 90 days) a rating downgrade to sub-investment grade occurs. The hybrid bonds also contain a change of control clause where a 5% interest step-up would be triggered if a rating downgrade occurs during the change of control period. In such an event, KPN has the possibility to repurchase the hybrid bonds at par. In addition, many of KPN's capital resources contain a covenant prohibiting KPN from entering into any amalgamation, demerger, merger, corporate restructuring or reorganization, unless prior written consent has been given by a majority of the lenders or bondholders or the resulting company assumes all of the rights and obligations with respect to the loans or bonds.

Market risk
KPN is exposed to various kinds of market risks in the ordinary course of business. These risks include foreign currency exchange rate risk and interest rate risk.

Foreign currency exchange rate risk
Foreign currency risks mainly result from settlement of international telecommunications traffic and purchase of assets and primarily consist of GBP and USD exposure. Foreign currency exchange rate risks related to bonds that are not

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denominated in EUR are hedged into EUR in line with KPN's hedging policies. Group companies and business operations are obliged to hedge their firm commitments and highly predictable anticipated transactions in non-functional currencies by forward exchange contracts.

Accordingly, KPN's Treasury department matches and manages the intercompany and external exposures using forward exchange contracts. No hedge accounting is applied for these hedge instruments.

As at 31 December 2023, more than 97% (2022: more than 95%) of cash and cash equivalents was denominated in the functional currency of the related entities. More than 99% of the net amount of trade receivables and more than 96% of the amount of trade payables was outstanding in the functional currency of the related entities as at 31 December 2023 (2022: more than 99% resp. 95%).

Interest rate risk and interest rate profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Borrowings, derivatives, cash and cash equivalents are subject to interest rate risk. With regard to interest rate risk exposure, KPN periodically evaluates the desired mix of fixed and floating interest rate liabilities, balancing the benefit of lower interest costs vs. the variability of cash flows. Any interest rate risk exposure longer than one year is considered to be fixed. KPN may use derivative financial instruments to adjust the desired interest rate risk exposure.

During 2023 KPN reduced its exposure to variable interest rates by re-fixing the interest rates on the EUR 625m senior bond maturing in April 2025 and the EUR 625m senior bond maturing in September 2028, using floating-to-fixed interest rate swaps (see cash flow hedges). As at 31 December 2023, 85% of KPN's interest-bearing gross debt (after swaps, excluding bank overdrafts) was at fixed interest rates (2022: 64%).

With a view to the existing and forecasted debt structure, KPN could enter into additional future derivatives to further adjust the mix of fixed and floating interest rate liabilities.

A sensitivity analysis as at 31 December 2023 with regard to interest rate risk on floating interest-bearing liabilities showed that, ceteris paribus, each adverse change of 100 bps in Euribor would hypothetically result in EUR 10m higher interest costs per annum (2022: EUR 23m).

Interest rate benchmarks (Interbank Offered Rates, or IBORs) are reformed and/or replaced by alternative Risk-Free Rates (RFRs). This affects financial instruments on the derivatives and cash markets that operate with the impacted floating reference rates. The three most used IBORs are the European Interbank Offered Rate (Euribor), the London Interbank Offered Rate (Libor) and the Euro Short-Term Rate (ESTR). The transition of USD Libor to Secured Overnight Financing Rate (SOFR) and GBP Libor to Sterling Overnight Index Average (SONIA) had a small impact on the valuation of KPN's cross-currency swaps as these benchmarks are used to value the derivatives with a USD and GBP currency leg.

Cash flow hedges

KPN carried out a sensitivity analysis as at 31 December 2023 with regard to interest rate and currency risk on the cash flow hedges. KPN applies cash flow hedge accounting on all bonds not denominated in EUR. With all other variables held constant, KPN calculated the hypothetical impact of changes in interest rates based on various scenarios. This would hypothetically result in a higher or lower value of the hedge reserve, which is included in equity attributable to equity holders. In a similar way, KPN calculated the hypothetical impact of changes in the EUR/USD rate and the EUR/GBP rate, holding all other variables constant. The results of the analysis are shown in the table below, indicating the hypothetical impact on the fair value of the cross-currency swaps (excluding the partially offsetting impact on the hedged items).

		GBP		USD		Total	
€ million (before tax)	**Change**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Change in interest rate	+1%-point	3	6	-2	-5	-	1
	-1%-point	-3	-6	2	5	-1	-1
Change in FX rate	+10%-point	11	6	14	14	24	20
	-10%-point	-13	-7	-17	-17	-29	-25

Prospective effectiveness testing indicates that all cash flow hedges are expected to be highly effective. Consequently, the expected impact on the P&L is immaterial.

Fair value hedges

KPN carried out a sensitivity analysis on 31 December 2023 with regard to the fair value of interest rate swaps (excluding the partial offsetting impact on the hedged items):

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€ million	Change	2023	2022
Change in EUR interest rates	+1%-point	-52	-120
	-1%-point	57	123

For the sensitivity analysis on interest rate risk regarding pensions, see Note 17.

Offsetting financial assets and financial liabilities

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

€ million	Gross amount	Financial liabilities offset	Net amount in balance sheet	Not offset: Financial instruments/ Cash collateral	Net amount
31 December 2023					
Cash and cash equivalents	609	-	609	-	609
Collateral[1]	48	-	48	-48	-
Derivatives	77	-	77	-77	-
Total	**734**	**-**	**734**	**-125**	**609**
31 December 2022					
Cash and cash equivalents	399	-	399	-	399
Collateral[1]	53	-	53	-53	-
Derivatives	148	-	148	-148	-
Total	**600**	**-**	**600**	**-201**	**399**

1 Included in non-current Trade and other receivables.

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

€ million	Gross amount	Financial assets offset	Net amount in balance sheet	Not offset: Financial instruments/ Cash collateral	Net amount
31 December 2023					
Collateral[1]	74	-	74	-52	22
Derivatives	261	-	261	-74	187
Total	**335**	**-**	**335**	**-125**	**209**
31 December 2022					
Collateral[1]	103	-	103	-75	28
Derivatives	366	-	366	-126	240
Total	**469**	**-**	**469**	**-201**	**268**

1 Included in non-current Borrowings.

For the financial assets and liabilities summarized above, each agreement between KPN and the counterparty allows for net settlement of the relevant financial assets and liabilities when both parties elect to settle on a net basis.

Accounting policy: Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported on a net basis on the balance sheet only when there is a current legally enforceable right to offset the recognized amounts, and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

[14] Trade and other receivables, contract assets and contract costs

[14.1] Trade and other receivables

	31 December 2023		31 December 2022	
€ million	Current	Non-current	Current	Non-current
Trade receivables	241	-	245	-
Financial receivables handsets	123	-	174	-
Sales to be invoiced	103	-	107	-
Interest to be received	8	-	9	-
Prepayments	66	21	93	16
Accruals and other receivables	10	90	5	79
Total	**553**	**111**	**632**	**95**

The financial receivables handsets consist of not yet invoiced installment payments on the handset loans, mainly issued by KPN Finance B.V. A handset sale combined with a postpaid subscription is treated as a consumer loan under the Dutch Financial Supervision Act (Wet op het financieel toezicht, Wft) if the consumer customer repays the handset in monthly instalments and the credit amount is above EUR 250. These handset instalment payments are not conditional on the delivery of the telco services. Therefore, a financial receivable is recognized for the instalments to be received.

In 2023, KPN Finance B.V. assigned EUR 85m outstanding financial receivables handsets to a bank and removed these receivables from the balance sheet as the transfer of the receivables is characterized as a sale because the risks and rewards of ownership of the receivables have been substantially transferred. KPN has provided an indemnity to the bank in case the realized losses on the transferred receivables are exceptionally high. At 31 December 2023, the financial receivables handsets of KPN Finance B.V. (EUR 106m) are measured at FVOCI (2022: EUR 158m). The fair value is the amount at which these receivables could be assigned to the bank (nominal value less deductions for interest en credit risk as agreed).

The non-current other receivables relate for EUR 83m to cash collateral received on derivatives and energy contracts (2022: EUR 75m).

Sales to be invoiced include accrued income related to usage of KPN's network, which is invoiced monthly in arrears.

The fee for projects to be invoiced is accounted for as accrued income if the right to invoice is unconditional and not dependent on the provision of future recurring services.

The carrying amounts of trade and other receivables approximate their fair value. Trade and other receivables are non-interest bearing. Trade receivables are generally on payment terms of 14-30 days.

The aging of the gross trade receivables is as follows:

€ million	31 December 2023	31 December 2022
Trade receivables gross		
Amounts undue	183	189
Past due 0–90 days	45	50
Past due 91–360 days	19	15
More than one year	10	8
Total trade receivables gross	**258**	**262**
Provision for credit risk exposure	-16	-17
Total trade receivables net	**241**	**245**

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[14.2] Contract assets and contract costs

€ million	31 December 2023 Current	31 December 2023 Non-current	31 December 2022 Current	31 December 2022 Non-current
Contract assets	68	32	80	29
Costs to obtain a contract	6	35	-	21
Costs to fulfill a contract	1	-	4	-
Total	**74**	**66**	**84**	**50**

Contract assets
A contract asset is recognized if the earned consideration is conditional. This includes:
- Deferred discounts invoiced to customers if the discount is only granted in the first period of the service contract and the discount is recognized on a straight-line basis over the contract term.
- The consideration to be received regarding those additional scope projects sold to Glaspoort B.V. in December 2021 of which the roll-out activities have started, at which point other income is recognized. KPN has received 35% of the total consideration in cash upon closing of the transaction and the remaining amount is received based on the roll-out progress (see Note 12 for the sale to Glaspoort of additional scope projects).
- Installation services and hardware delivered at the start of the contract if the amount of revenue recognized is higher than the amounts charged upfront.
- Transition projects for business customers when the revenue recognized is higher than the amounts invoiced for the transition phase.

Upon invoicing of contracts assets, the invoiced amounts are reclassified to trade receivables.

Contract costs
The costs to be capitalized as costs to fulfill a contract are the costs that relate directly to a contract, provided it is probable that these costs will be recovered. Contract costs include:
- Transaction-related dealer fees paid to acquire or retain mobile subscribers.
- Costs incurred during the transition phase of projects for business customers to be able to deliver exploitation services that are not treated as a separate performance obligation. The costs are capitalized as costs to fulfill a contract and expensed in principle on a straight-line basis over the remaining contract term in which the exploitation services are delivered.

[14.3] Allowances for expected credit losses

Movement schedule of the allowances for expected credit losses:

€ million	Trade receivables	Financial receivables handsets	Contract assets	Total
Balance at 1 January 2022	**21**	**3**	**-**	**24**
Additions/releases P&L	12	-1	-	11
Usage	-13	-	-	-13
Reclassification to FVOCI	-3	-1	-	-4
Balance at 31 December 2022	**17**	**1**	**-**	**18**
Additions/releases P&L	10	-	-	10
Usage	-11	-	-	-11
Balance at 31 December 2023	**16**	**1**	**-**	**17**

The allowance for expected credit losses for trade receivables is based on the aging of the gross amounts and historic losses. For the largest customers, an assessment is done whether or not an additional allowance needs to be recognized.

Accounting policy: Trade and other receivables, contract assets and contract costs

Trade and other receivables and contract assets classify as financial assets and are measured at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method less provisions for impairment. An allowance for expected credit losses is recorded for all financial assets and contract assets at initial recognition. This allowance is regularly updated.

The amortized cost is calculated by taking into account any discounts or premiums on acquisition and transactions costs.

The effective interest rate amortization is recognized under finance income or finance costs.

If a financial asset is held within a business model with the objective of both collecting contractual cash flows and selling the financial asset, the financial asset is measured at fair value through other comprehensive income (FVOCI).

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or KPN has transferred the rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (1) KPN has transferred substantially all the risk and rewards of the asset, or (2) KPN has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When KPN has transferred the rights to receive cash flows from an asset or has entered into a pass-through arrangement, KPN evaluates if, and to what extent, KPN has retained the risks and rewards of ownership. The risks and rewards are substantially transferred if more than 90% of the variability of the cash flows with respect to an asset is transferred.

See Note 4 for the accounting policy regarding contract costs.

[15] Cash and cash equivalents

Cash and cash equivalents consist of highly liquid instruments with initial maturities of three months or less, including balances on bank accounts, bank deposits and prime money market funds.

€ million	31 December 2023	31 December 2022
Cash	96	144
Short-term bank deposits and money market funds	512	255
Total cash and cash equivalents	**609**	**399**

The increase in cash and cash equivalents was mainly the result of EUR 886m free cash flow and EUR 480m net funding (including EUR 593m bond proceeds and EUR 113m bond redemptions), partly offset by EUR 587m dividend payments, EUR 300m share repurchases, EUR 98m net payments related to investing activities M&A and Glaspoort, EUR 93m increase in short-term investments, EUR 40m hybrid coupon payments and EUR 37m net outflow of cash collateral on derivatives.

Accounting policy: Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, AAA-rated prime money market funds, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included in borrowings in current liabilities.

[16] Equity

Limitations in distribution of shareholders' equity

Total distributable reserves as at 31 December 2023 amounted to EUR 2,739m, which includes the perpetual hybrid bonds (2022: EUR 2,818m). For further details on non-distributable reserves, see Note C to the Corporate Financial Statements.

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Share capital
Authorized capital stock totals EUR 720m divided into nine billion ordinary shares of EUR 4ct each and nine billion preference shares B of EUR 4ct each. At 31 December 2023, a total of 3,947,417,782 ordinary shares were outstanding and fully paid-in. Dutch law prohibits KPN from casting a vote on shares KPN holds (treasury shares). The ordinary shares and preference shares B carry the right to cast one vote each. The ordinary shares are registered or payable to the bearer.

Shareholders may request the company to convert their registered shares to bearer shares, but not vice versa.

Share buyback
In 2023, KPN repurchased 92,401,811 ordinary shares at an average price of EUR 3.25. Of these shares, 89,901,811 were cancelled in 2023, reducing the number of outstanding shares to 3,947,417,782.

At the 12 April 2023 AGM, shareholders granted the Board of Management the authority to acquire the company's own ordinary shares for a period of 18 months - starting on 12 April 2023 and ending on 12 October 2024. The number of ordinary shares to be acquired is limited to a maximum of 10% of the issued capital per 12 April 2023. The shares may be acquired, by or on behalf of the company, on the stock exchange or through other means at a price per share of at least the par value and at most the quoted share price plus 10%. The quoted share price is defined as the average of the closing prices of KPN shares as reported in the official price list of Euronext Amsterdam over the five trading days prior to the acquisition date. Resolutions by the Board of Management to acquire the company's own shares are subject to the approval of the Supervisory Board.

Ordinary shares purchased by the company will either be cancelled or held in treasury. At the 12 April 2023 AGM, shareholders granted the Board of Management the authority to reduce the issued capital by cancelling own shares with the approval of the Supervisory Board. The number of shares that may be cancelled is restricted to a maximum of 10% of the issued capital as at 13 April 2023 and may, if desired, be cancelled in one or more phases.

Other reserves

€ million, unless indicated otherwise	Number of treasury shares	Treasury shares reserve	Hedge reserve	Currency translation reserve	Total Other reserves
Balance at 1 January 2022	**77,650,018**	**-248**	**-125**	**15**	**-358**
Movements recorded in OCI (net)	-	-	39	2	41
Share buyback	92,840,654	-300	-	-	-300
Shares canceled	-165,524,811	492	-	-	492
Treasury shares sold and transferred	-1,343,847	14	-	-	14
Other	-	5	-	-	5
Balance at 31 December 2022	**3,622,014**	**-37**	**-86**	**17**	**-106**
Movements recorded in OCI (net)	-	-	-26	-	-26
Share buyback	92,401,811	-300	-	-	-300
Shares canceled	-89,901,811	290	-	-	290
Treasury shares sold and transferred	-2,611,126	22	-	-	22
Other	-	8	-2	-	6
Balance at 31 December 2023	**3,510,888**	**-17**	**-114**	**17**	**-114**

The additional paid-in capital is exempt from Dutch tax up to an amount of EUR 8,518m at 31 December 2023 (2022: EUR 8,802m).

Movements in the hedge reserve recorded in OCI are net of a tax gain of EUR 9m in 2023 (2022: EUR 14m loss) and in the currency translation reserve net of a tax gain of EUR 0m (2022: EUR 1m gain).

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Hedge reserve

€ million	31 December 2023	31 December 2022
Effective portion cash flow hedges[1]	-73	-23
Amortizable part[2]	-81	-93
Hedge reserve	**-154**	**-116**
Tax effect	40	30
Hedge reserve, net of tax	**-114**	**-86**

1 The effective portion of cash flow hedges will be recognized in the P&L in line with the maturities of the related derivatives (see Note 13.3).

2 The amortizable part of the hedge reserve is amortized over the remaining life of the related bonds (between 2016 and 2030). The impact on the P&L will be EUR 15m in 2024.

Treasury shares reserve

KPN purchased shares in its own capital for delivery upon vesting of equity-settled share plans for management (see Note 5). Votes on purchased shares may not be cast and do not count in determining the number of votes required at a General Meeting of Shareholders. In 2023, 2.5 million shares were purchased for the equity-settled share plans (2022: 1 million). In 2023, 2.6 million shares were sold and transferred in connection with vesting of these plans (2022: 1.3 million).

Treasury shares are accounted for at cost, representing the market price on the acquisition date. The proceeds at delivery of the treasury shares are recognized directly in the other reserves.

Equity attributable to holders of perpetual hybrid bonds

On 8 November 2019, KPN issued a EUR 500m hybrid bond with a 2.00% coupon and on 21 September 2022 a EUR 500m hybrid bond with a 6.00% coupon, both with a perpetual maturity. These bonds are classified as equity in the Consolidated Statement of Financial Position and valued at net proceeds (see Note 13.2).

Foundation Preference Shares B KPN

KPN has granted a call option, which is not limited in time, to the Foundation Preference Shares B KPN (the Foundation) to acquire preference shares B. For further information about the Foundation, see chapter 'Corporate governance'.

In KPN's opinion, the call option does not represent a significant fair value due to the fact that the preference shares B, issued after exercise of the call option, bear interest linked to Euribor.

Dividend per share

At the AGM of Shareholders on 17 April 2024, a final dividend of EUR 9.8ct per share will be proposed in respect of 2023. In August 2023, KPN paid an interim dividend in respect of 2023 of EUR 5.2ct per share, in total EUR 205m, bringing the total regular dividend in respect of 2023 to EUR 15.0ct per share (in total EUR 592m based on the number of outstanding shares at 31 December 2023 less Treasury shares held by KPN).

These Financial Statements do not reflect the proposal for the remaining dividend payable. In April 2023, KPN paid a final dividend of EUR 9.5ct per share in respect of 2022, in total EUR 382m. The total dividend in respect of 2022 was EUR 14.3ct per ordinary share.

[17] Retirement benefits

Retirement benefits are provided through a number of defined contribution plans and funded and unfunded defined benefit plans. The most significant plans are described hereafter.

KPN main pension plan

KPN's main pension plan covers employees in the Netherlands who are subject to KPN's collective labor agreement and employees with an individual labor agreement, and is externally funded through Stichting Pensioenfonds KPN. This plan is a collective defined contribution pension plan. It is accounted for as a defined contribution plan because KPN has no other obligation than to pay the annual contribution. This is a fixed percentage of the pensionable base for a period of three years. After this three-year period the annual contribution is reassessed based on a fixed and agreed method in which no reflection to past service or the funded status of the fund is included. As of 1 January 2023, a new three-year period has become effective.

On 30 May 2023, the Dutch Senate adopted the new Dutch Pension Act to reform the Dutch pension system. This will impact every employer with a pension scheme in place. In practice, all pension arrangements with employees and contracts with pension providers will need to be renewed. It is expected that the new pension plan will continue to be accounted for as a defined contribution plan. The deadline for transition is 1 January 2028.

Getronics UK and US

The Getronics US and UK operations were divested in 2008 and 2012, respectively. The closed and frozen pension plans of the former US and UK operations remained with KPN and are accounted for as a defined benefit plan. The assets of the plans are held separately from KPN in independently administered funds. The UK plan operates under the regulations of the UK Pensions Regulator and the US plan under the provisions of the Employee Retirement Income Security Act (ERISA). The deficit in the plans' funding must be recovered by the investment returns in the plans' assets and contributions by KPN. The pension plans in the UK and US expose KPN to a number of risks, which can have an impact on the future contributions by KPN and the liability recorded in its balance sheet. The most significant risks are summarized below:

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- Asset volatility risk: the pension plans' assets are partially invested in equity securities and other return-seeking assets, so the plans' funding levels are exposed to equity market risks. For example, geographic conflicts and interest rate fluctuations could cause significant volatility.
- Interest rate risk: a decrease in interest rates will increase the plans' liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
- Inflation risk: the indexation of part of the accrued benefits in the UK is based on a combination of consumer and retail price indices, so the UK plan is exposed to inflation risk although the indexation is capped.
- Life expectancy risk: the plans provide benefits for the life of the participants, so increases in life expectancy will result in an increase in the plans' liabilities.

In the UK, guaranteed minimum pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the additional state pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP. The High Court in the UK ruled in 2018 that equalization will be required for affected defined benefit pension schemes. A number of options can be used to equalize, which had not been finalized as at 31 December 2023. The estimated cost of equalization as at 31 December 2023 and 2022 for the UK plan is EUR 6m, which has been recognized as a past service cost in 2018. However, the cost to the UK plan for equalizing heavily depends on a complex interaction between the benefit design and membership profile as well as the method used to equalize, which must be determined by the trustees.

In 2023 and 2022, additional voluntary contributions of EUR 5m and EUR 23m into the US plan were made. KPN has started the process to terminate this plan and settle all of the plan's liabilities. In the course of 2024, participants will be offered a lumpsum payment and subsequently annuities will be purchased from an insurance company for the remaining participants. Subject to, among others, IRS review and Pension Benefit Guarantee Corporation audit, KPN will make a final contribution to the plan in 2024 (estimated at EUR 3m) to fully fund the plan, and the plan termination process is expected to be completed by early 2025.

Other

KPN has a number of other funded (insured) plans in the Netherlands which are all closed to new entrants. Based on Dutch law, KPN could be required to make contributions if participants of these plans require a value transfer to another pension fund or insurer. However, the risk related to these value transfers is limited and therefore no provision has been recognized for these plans. KPN is not entitled to any excess profits.

In 2022, a new early retirement plan was implemented for a limited group of employees for which an expense of EUR 1m was recorded in 2023 and in 2022.

Provisions for retirement benefit obligations

The provisions for retirement benefit obligations consist of the net defined benefit liability regarding pension plans and early retirement plans, which are accounted for as defined benefit plans as described above. See the table below for a specification of the balance sheet position.

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€ million	Defined benefit obligation[1] 2023	2022	Fair value of assets 2023	2022	Net defined benefit liability (asset) 2023	2022
Balance at 1 January	**380**	**574**	**-330**	**-482**	**49**	**92**
Included in profit or loss						
Operating expense[2]	1	-33	2	37	3	4
Interest expense (income)	18	12	-16	-10	2	2
Included in OCI						
Remeasurements loss (gain):						
Actuarial loss (gain)[3]	12	-141	-	-	12	-141
Return on plan assets excluding interest income	-	-	-12	137	-12	137
Effect of movements in exchange rates	1	-4	-1	3	-	-1
Total	**13**	**-145**	**-13**	**140**	**-**	**-5**
Other						
Employer's contribution	-	-	-22	-43	-22	-43
Benefits paid	-26	-28	26	28	-	-
Balance at 31 December	**386**	**380**	**-353**	**-330**	**33[4]**	**49**

1 The measurement date for all defined benefit plans is 31 December.

2 Service costs were EUR 1m and administrative costs EUR 2m in 2023 and EUR 1m and EUR 3m in 2022. Operating expense in 2022 includes settlements (a net loss of EUR 0m) which is a partial transfer of retiree pension liabilities of the US pension fund to an insurance company.

3 The actuarial loss (gain) in 2023 and 2022 consists of demographic assumptions (EUR -1m and EUR 0m), financial assumptions (EUR 10m and EUR -154m) and experience adjustments (EUR 3m and EUR 13m).

4 Of which EUR 2m is a net defined benefit asset included in other financial assets (non-current).

Defined benefit obligations

Actuarial assumptions

The key actuarial assumptions used in the calculation of the defined benefit obligations are as follows:

	31 December 2023			31 December 2022		
	Getronics UK	Getronics US	Other	Getronics UK	Getronics US	Other
Discount rate (%)	4.5	4.7	3.3	4.8	4.9	3.7
Expected salary increases (%)	N/a	N/a	2.1	N/a	N/a	2.0
Expected benefit increases/indexation (%)	2.4-2.9	N/a	0.0	2.3-2.9	N/a	0.0
Life expectancy for pensioners at retirement age:						
Male	21.9	20.7	21.7	21.8	20.7	21.7
Female	24.0	22.7	23.8	23.8	22.6	23.8

The discount rate is based on yield curves of AA corporate bonds with maturities equal to the duration of the benefit obligations and in the applicable currency. As at 31 December 2023, the (weighted) average duration of the defined benefit obligation was 10 years.

Assumptions regarding life expectancy are based on published statistics and mortality tables that include allowances for future improvement in mortality. The mortality table used in the Netherlands is the projected table AG 2022, which includes projected improvement rates varying by year of birth, corrected for fund-specific circumstances. The mortality table used in the UK is the 97% for males and 102% for females of the SAPS S3PXA tables with CMI 2022 projection with a 1.25% long-term improvement, and in the US the Pri-2012 Total Dataset with Scale MP-2021. The life expectancy at the age of 65 is expected to increase in the next 20 years by between 1 and 2 years in the UK and the US.

Sensitivity analysis

The following table shows the approximate impact on the defined benefit obligation of a change in the key actuarial assumptions of 0.5% and in the case of life expectancy of a change of one year.

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€ million	31 December 2023 Increase	31 December 2023 Decrease	31 December 2022 Increase	31 December 2022 Decrease
Discount rate	-18	19	-18	20
Expected salary increases	-	-	-	-
Expected benefit increases	8	-8	7	-8
Life expectancy	13	-13	13	-14

Plan assets
The assets of all defined benefit pension plans as at 31 December 2023 and 2022 comprise of:

	31 December 2023	31 December 2022
Quoted in active markets:		
Equity securities	18%	14%
Fixed-income securities	49%	55%
Real estate[1]	2%	0%
Commodities[2]	0%	1%
Other	3%	5%
Other:		
Equity securities	0%	0%
Fixed-income securities	8%	0%
Real estate[1]	4%	5%
Other[3]	16%	20%

1 As at 31 December 2023, none of the investments in real estate were located in Europe.

2 Includes investment funds which invest in financial instruments related to commodities such as energy, agricultural products and precious metals.

3 Mainly sub-investment grade corporate credit funds, insurance contracts and hedge funds.

Strategic investment policies
The strategic asset allocations of the defined benefit plans at year-end 2023 were as follows:

€ million	Getronics UK	Getronics US	Other plans
Equity securities	20%	0%	0%
Fixed-income securities (including inflation-linked bonds)	60%	100%	0%
Other	20%	0%	100%
Total	**100%**	**100%**	**100%**

In 2023, the trustee of the Getronics UK pension fund decided to change the asset allocation to a traditional strategic asset allocation replacing the old allocation based on a return seeking portfolio. The Getronics UK pension fund maintains liability hedge ratios of 80-85% of assets for both interest rate and inflation exposure, resulting in higher hedge ratios as the funded status improves. The Getronics US pension fund has announced its intention to terminate in 2024 and therefore fully hedges its interest rate exposure, whilst it is not exposed to inflation risk. As the UK pension fund invests in global investment funds, a minimal part of these investments could be related to KPN equities. The pension funds do not have direct investments in KPN equities.

Expected contributions and benefits
In 2023, the total employer's contributions and benefit payments for all defined benefit and defined contribution plans amounted to EUR 104m, consisting of EUR 82m employer's premiums for defined contribution plans, EUR 21m contributions for funded defined benefit plans and EUR 1m payments for unfunded plans.

The amount of employer's contributions in 2024 for the remaining defined benefit pension plans is estimated to be EUR 19m for the funded plans and EUR 1m for the unfunded plan. The total amount of employer's premiums to be paid in 2024 for the defined contribution plans is estimated to be EUR 87m.

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Accounting policy: Provisions for retirement benefit obligations (pension obligations)

The liability recognized in respect of all pension and early retirement plans that qualify as a defined benefit obligation is the present value of the defined benefit obligation less the fair value of plan assets. KPN uses actuarial calculations (projected unit credit method) to measure the obligations and the costs. For the calculation, actuarial assumptions are made about demographic variables (such as employee turnover and mortality) and financial variables (such as future indexation and the discount rate). The discount rate is determined by reference to market rates. These are interest rates of high-quality corporate bonds that are denominated in the currency in which the benefit will be paid and that have terms to maturity approximating the terms of the related liability. A net defined benefit asset may arise where a defined benefit plan has been overfunded. KPN recognizes a net defined benefit asset in such a case only when future economic benefits are available to KPN in the form of a reduction in future contributions or a cash refund. Actuarial gains and losses are recognized immediately in OCI.

Past service costs, curtailments and settlements are recognized immediately in the P&L.

The amount of pension costs included in operating expenses with respect to defined benefit plans consists of service cost, past service costs, curtailments and settlements, and administration costs. Net interest on the net defined benefit liability is presented as part of finance costs.

For pension plans that qualify as a defined contribution plan, KPN recognizes contributions as an expense when an employee has rendered service in exchange for those contributions.

[18] Provisions for other liabilities and charges

€ million	31 December 2023	31 December 2022
Restructuring provision	24	13
Asset retirement obligations	75	75
Other provisions	36	66
Total provisions for other liabilities and charges	**135**	**154**
of which: non-current	103	131
of which: current	**32**	**23**

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Statement of changes in provisions

€ million	Personnel	Contractual	Total restructuring	Asset retirement obligation	Other provisions	Total provisions
Balance at 1 January 2022	**18**	**1**	**19**	**98**	**60**	**177**
of which: current portion	**18**	**-**	**18**	**2**	**7**	**27**
Transition impact IAS 37[1]	-	-	-	-	14	14
Additions	23	1	24	-	1	25
Releases	-	-	-	-20	-3	-24
Usage	-29	-	-30	-2	-7	-40
Other movements, incl. discontinued operations and new business combinations	-	-	-	-1	2	1
Balance at 31 December 2022	**11**	**2**	**13**	**75**	**66**	**154**
of which: current portion	**11**	**-**	**12**	**3**	**8**	**23**
Additions	38	-	39	5	4	47
Releases	-	-	-	-2	-8	-10
Usage	-27	-	-28	-2	-8	-37
Other movements, incl. discontinued operations	-	-	-	-	-18	-18
Balance at 31 December 2023	**22**	**2**	**24**	**75**	**36**	**135**
< 1 year	**22**	**1**	**23**	**4**	**5**	**32**
1-5 years	**-**	**1**	**1**	**8**	**10**	**19**
> 5 years	**-**	**-**	**-**	**63**	**21**	**84**

1 Cumulative effect of initially applying the amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets that specify which costs must be included when assessing whether a contract is onerous or loss-making using a 'directly related cost approach'.

Restructuring provisions
Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts redundancy in exchange for these benefits.

Termination benefits are recognized when KPN is demonstrably committed either to terminating the employment according to a detailed formal plan without the possibility of withdrawal or to providing termination benefits as a result of an individual and accepted offer. Benefits falling due more than 12 months after 31 December are discounted to present value.

Asset retirement obligations
The provision for asset retirement obligations (ARO) relates to radio sites and leased buildings and is based on assumptions of the estimated costs of removal, discount rate and estimated period of removal, which vary per type of asset. In 2023, EUR 5m was added to the ARO provision and EUR 2m was released from the ARO provision. In 2022, EUR 20m was released from the ARO provision, mainly because of changes in the discount rates. Of the addition in 2023, EUR 4m was recognized as an increase of the carrying value of the activated asset retirement costs (ARC), which is included in plant and equipment (2022: EUR 19m release recognized as a reduction of the carrying value of the activated ARC).

As defined in the Telecommunications Act, the obligation for landlords to tolerate cables terminates as soon as those cables have been idle for a continuous period of 10 years. Because the date when the cables will become idle is uncertain and KPN is not able to predict whether and when a landlord will place a request for removal, KPN is not able to make a reliable estimate of the impact and therefore no provision was recognized at 31 December 2023 nor at 31 December 2022.

Other provisions
Includes provisions for claims and litigations, onerous contracts and warranties and provisions for long-term employee obligations related to jubilee or other long-service employee benefits, long-term disability benefits and, if they are not fully payable within 12 months after the end of the period, bonuses and deferred compensation. The expected costs of these benefits are accrued over the period of employment using an accounting method similar to that for defined benefit pension plans, except that actuarial gains and losses and past-service costs are recognized immediately in the P&L.

In 2023, EUR 18m was released from the other provisions for pilon taxes in Belgium. This relates to discontinued operations and is included in other movements.

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Accounting policy: Provisions for other liabilities and charges
Provisions for asset retirement obligations, restructuring costs and legal claims are recognized when KPN has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. When these criteria are not met, these positions are classified as contingent liabilities, unless the cash outflow is considered remote.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

[19] Leasing

Right-of-use assets

€ million	Mobile network	Fixed network & data centers	Real estate	Vehicles	Other	Total
Accumulated cost	997	89	458	119	14	1,677
Accumulated depreciation & impairment	-445	-71	-272	-80	-5	-872
Balance as at 1 January 2022	**553**	**17**	**186**	**40**	**9**	**804**
Additions	26	-	3	25	4	58
Remeasurement & lease modifications	87	4	27	4	1	123
Depreciation	-57	-7	-31	-24	-3	-121
Impairments	-	-	-16	-	-	-16
Closing net book value	**608**	**14**	**169**	**45**	**11**	**848**
Accumulated cost	1,060	76	472	111	19	1,737
Accumulated depreciation & impairment	-451	-61	-303	-66	-7	-889
Balance as at 31 December 2022	**608**	**14**	**169**	**45**	**11**	**848**
Additions	14	1	3	26	9	53
Remeasurement & lease modifications	23	4	12	1	2	43
Change in consolidation	-	-	-	-	-	-
Depreciation	-65	-7	-30	-21	-3	-126
Impairments	-	-	-2	-	-	-2
Closing net book value	**580**	**13**	**152**	**51**	**19**	**815**
Accumulated cost	1,065	77	484	104	30	1,760
Accumulated depreciation & impairment	-485	-64	-332	-53	-11	-945
Balance as at 31 December 2023	**580**	**13**	**152**	**51**	**19**	**815**
Total estimated lease term at commencement of a lease (in years)	5-15	5-20	5-20	5-7	<5	

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Lease liabilities

€ million	Mobile network	Fixed network & data centers	Real estate	Vehicles	Other	Total
Non-current lease liability	515	14	180	20	7	736
Current lease liability	83	6	30	17	2	137
Balance as at 1 January 2022	**598**	**20**	**209**	**37**	**9**	**873**
Additions	26	-	3	25	3	57
Remeasurement & lease modifications	81	4	27	4	2	117
Interest	12	1	5	-	-	18
Redemptions	-68	-9	-39	-24	-3	-142
Closing net book value	**649**	**16**	**205**	**43**	**11**	**923**
Non-current lease liability	551	10	174	27	8	770
Current lease liability	97	6	31	16	3	153
Balance as at 31 December 2022	**649**	**16**	**205**	**43**	**11**	**923**
Additions	14	5	3	26	9	57
Remeasurement & lease modifications	19	4	12	2	3	40
Change in consolidation	-	-	-	-	-	-
Interest	14	-	5	1	-	21
Redemptions	-72	-7	-41	-22	-5	-147
Closing net book value	**624**	**19**	**184**	**49**	**19**	**894**
Non-current lease liability	522	11	151	34	14	733
Current lease liability	101	7	33	15	5	162
Balance as at 31 December 2023	**624**	**19**	**184**	**49**	**19**	**894**

The redemptions reflect the total payments made during the year for the lease fees included in the lease liability. The redemption consists of the repayments of the lease liabilities which are presented in the cash flow from financing activities (2023: EUR 124m, 2022: EUR 124m) and the interest paid during the year (2023: EUR 21m, 2022: EUR 18m), which is part of the cash flow from operating activities.

The maturity analysis of the lease liabilities can be found in Note 13.4.

KPN's lease portfolio consists of mobile network (mostly site rentals and mobile towers), fixed network & data centers (technical buildings), real estate (offices and shops), vehicles and other leased assets.

The following amounts are recognized in the profit or loss:

€ million	2023	2022
Depreciation right-of-use assets	-126	-121
Impairment (-) or impairment reversal right-of-use assets	-2	-16
Gain or loss (-) on early terminations	4	7
Total depreciation & impairments presented in the P&L	**-124**	**-131**
Interest on lease liabilities	-21	-18
Total amount recognized in profit or loss	**-145**	**-149**

In 2023, KPN entered into sale and leaseback transactions for some of its technical buildings. The transactions resulted in a gain of EUR 5m, included in Other income (2022: EUR 2m). The leaseback periods are limited to a period of five years. The impact on the lease liability and right-of-use asset (fixed network) was limited in both years.

The expenses related to short-term vehicle leases (included in Personnel expenses) are not material. KPN does not apply the low-value exemption and does not have contracts with variable lease payments other than variable lease payments dependent on an index or a rate.

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Most of KPN's lease contracts include extension (renewal) or termination options. KPN exercises significant judgment in determining whether these options are reasonably certain to be exercised (see Note 2). The assessments are updated annually or when a significant change in the economic circumstances occurs. Periods covered by renewal options deemed reasonably certain or early termination options that are reasonably certain not to be exercised are included in the total lease liability.

A significant number of KPN's contracts have an unlimited number of extension options. Only those deemed reasonably certain are included in the lease term and therefore the lease liability. A reliable estimate of the potential future lease payments related to periods beyond the lease terms reflected on the balance sheet cannot be provided. This affects mostly the mobile and fixed network, as well as real estate. Vehicles are generally returned by the end of their term.

KPN as a lessor

KPN acts as a lessor in a limited number of real estate, mobile site contracts and some specific types of customer premises equipment, all classified as operating leases. These lessor contracts are not material to KPN Group, individually nor in aggregate. The terms are 1-10 years. All leases include a clause to enable upward revision of the lease fees (annual indexation). Rental income recognized in 2023 amounted to EUR 2m (2022: EUR 2m). The future minimum lease receivable under the non-cancellable operating leases as at 31 December 2023 is EUR 4m (31 December 2022: EUR 6m).

Accounting policy: Leases

KPN as lessee

Lease liabilities

At the commencement date of a lease (i.e. the date on which the underlying asset of the lease is available for use by KPN), KPN recognizes a lease liability measured at the present value of future lease payments to be made over the term of the lease. This includes fixed fees (including in-substance fixed payments), lease incentives (such as rent-free periods or fee discounts), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. KPN does not have purchase options to be taken into account. Penalties for early termination of a lease are not included when KPN is reasonably certain that the related early termination will not take place.

All contracts of KPN that contain variable lease payments depend on a consumer price index or a rate. However, should other types of fees occur, these variable fees will be accounted for in the operating expenses.

After the commencement date, the lease liabilities increase due to the accrual of interest and decrease due to the payments of the fees due. The lease liabilities are remeasured when a change occurs in the fees due, the lease term deemed reasonably certain and/or changes to the scope of a lease. Upon remeasurement of the lease liability of a contract, the applied discount rate (incremental borrowing rate) is revised unless the remeasurement relates to a fee change following a change in consumer price index or rate.

The total lease liability recognized is split into a non-current and a current portion. The current lease liabilities reflect only the part of the payments due within one year related to the repayment of the total lease liabilities.

Lease term

KPN determined the lease term as the non-cancellable term of a contract together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

KPN applies judgment when assessing if the use of an option is reasonably certain. Factors included are KPN's asset and network strategy, technological developments, and other circumstances that may impose an economic incentive affecting the expected use of an underlying asset. For vehicles, renewal options are not included in the initial assessment of the lease term as KPN's policy prescribes the return of vehicles to the lessor at the end of the lease term.

After the commencement of a lease, KPN reassesses the lease term if there is a significant event or change in circumstances that is within KPN's control and effects KPN's ability to exercise or not to exercise the option to renew or to terminate a lease.

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Incremental borrowing rate
The implicit discount rates of KPN's leases are not readily available, with the exception for vehicles. KPN applies its applicable incremental borrowing rate to determine the discounted value of the lease liabilities. Upon modification of a lease, the lease liability is remeasured using the applicable discount rate at the date of the remeasurement. KPN's incremental borrowing rates are mainly determined using a risk-free rate combined with a spread reflecting KPN's credit risk. The applicable rate per contract is primarily dependent on the total expected term of a lease at its commencement date (new leases) or the total expected remaining lease term in case of a remeasurement of a lease.

Right-of-use assets
Right-of-use assets are recognized at commencement date of a lease as counterpart to the lease liabilities. The right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement in the corresponding lease liabilities. The cost of the right-of-use assets includes the initially recognized amount of the corresponding lease liabilities, initial direct costs incurred in obtaining the lease (if any) and lease payments made at or before commencement of the lease. Lease incentives received are deducted from the carrying value of the right-of-use assets.

The right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the underlying asset and the lease term. Right-of-use assets are subject to impairment.

Short-term leases and leases of low-value assets
KPN does not apply the practical expedients for low-value leases (leases of an underlying asset with a value of less than EUR 5,000) and short-term leases (leases with a total expected term of less than 12 months) except for short-term rental vehicles.

Regarding vehicle leases, KPN applies the practical expedient not to separate non-lease components from lease components. Therefore, the full monthly lease fees are reflected in KPN's Statement of Financial Position. For all types of leased assets, electricity and fuel-related expenses remain part of operating expenses.

KPN as lessor
Leases where KPN as lessor retains a significant portion of the risk and rewards of ownership of the lease asset are classified as operating leases. The assets remain on the balance sheet and are depreciated over the assets' useful life.

Lease payments received from lessees are recognized as revenue on a straight-line basis over the lease period.

If KPN acts as a lessor in a finance lease, the transaction is accounted for as a normal sale and the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is deferred and recognized as interest over the lease term.

[20] Contract liabilities, trade and other payables

Trade and other payables

	31 December 2023		31 December 2022	
€ million	Current	Non-current	Current	Non-current
Trade payables	537	-	591	-
Accrued interest	79	-	52	-
Accrued expenses	345	-	286	-
Social security and other taxes payable	195	-	184	-
Other payables	20	9	27	8
Total	**1,177**	**9**	**1,140**	**8**

Some of KPN's suppliers participate in Supplier Finance Programs giving suppliers the opportunity to receive earlier payment (from a financial institution), without modifying KPN's payment terms, or providing KPN an extended payment period. As the payment terms under these programs do not materially deviate from customary payment terms in the industry or from the terms agreed with suppliers who do not participate in these programs, the relating liabilities are classified as trade and other payables, and payments are classified as operating cash flow. The Supplier Finance Programs do not impact covenants or KPN's access to (future) borrowings from financial institutions. As at 31 December 2023, the total amount of payables under the three Supplier Finance Programs amounted to EUR 223m (2022: EUR 205m).

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Contract liabilities

	31 December 2023		31 December 2022	
€ million	Current	Non-current	Current	Non-current
Contract liabilities	169	119	169	130
Of which variable considerations	-	96	-	94

The contract liabilities primarily relate to the consideration received from customers before satisfying performance obligations, such as advances for subscriptions and airtime. KPN recognizes a contract liability for postpaid and prepaid bundled minutes and data increasingly based on the passage of time of these bundles per proposition. The utilization percentage is the actual pro-rata period as a percentage of total credits granted for that period.

A contract liability is also recognized for:
- Mobile connection fees charged to the customer if the connection is not treated as a separate performance obligation.
- Fees invoiced for transition projects for business customers in case the project is not treated as a separate performance obligation. If the transition project is treated as a separate performance obligation, a contract liability is recognized if the amount invoiced is higher than the amount of revenue allocated to the projects.

Contract liabilities are recognized for variable considerations which are not deemed highly probable. The introduction of new mobile consumer propositions in August 2016 caused a change in the VAT calculation methodology, which resulted in a lower remittance of VAT from August 2016 until December 2018. KPN's view is not shared by the Dutch tax authorities. KPN concluded, based on the applicable regulations, that a positive outcome of this dispute is not highly probable and therefore recorded a contract liability for the VAT amount. Additionally, an amount for the corresponding interest amount has been accounted for. A potential final negative outcome of the current court procedure will lead to cash outflow for an amount up to the non-current variable considerations which includes accrued interest. The comparative information 2022 has been restated for the accrued interest.

The year's revenues include the current portion of the contract liability balance at the beginning of the year.

Accounting policy: Contract liabilities, trade and other payables

Trade and other payables are classified as 'borrowings' within KPN's financial liabilities. For the accounting policy, see Note 13.

For the accounting policy regarding contract liabilities, see Note 4.

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Other notes to the Consolidated Financial Statements

[21] Business combinations

Changes in consolidation: Acquisitions classified as business combinations

€ million	2023	2022
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Intangible assets	4	9
Property, plant and equipment	26	-
Trade and other receivables, prepayments and accrued income	3	2
Net cash and cash equivalents	-	1
Non-current liabilities	-	-3
Deferred tax liability	-4	-
Trade and other payables and accrued expenses	-1	-2
Total net assets	**28**	**7**
Total transaction costs	**-**	**-**
Cash consideration	37	13
Contingent cash consideration	-	1
Total consideration	**37**	**14**
Goodwill	**10**	**7**

Kabeltex (2023)

On 30 November 2023, KPN purchased 100% of the shares in Kabeltex. Kabeltex owns fiber networks and an internet service provider on Texel and in the north of North Holland. Kabeltex' fiber networks include approximately 18,000 Homes Passed. KPN will add Kabeltex' fiber networks to its existing offering of wholesale services for fiber. The transaction is accounted for as a business combination because the assets acquired and liabilities assumed constitute a business. The preliminary purchase price allocation resulted in a goodwill of EUR 10m.

The impact of the acquisition on KPN's Group revenues, EBITDA AL and net profit in 2023 is negligible. If the acquisition had taken place at the beginning of the year, Kabeltex would have contributed approximately EUR 5m in revenues and EUR 1m in EBITDA AL.

Itzos (2022)

On 30 December 2022, KPN acquired 100% of the shares of Itzos B.V., a Dutch IT provider specializing in integrating healthcare systems and optimizing communication between healthcare providers. The transaction is accounted for as a business combination because the assets acquired and liabilities assumed constitute a business. The impact of the acquisition on KPN's Group revenues, EBITDA AL and net profit in 2022 is negligible, also if the acquisition had taken place at the beginning of the year.

Changes in consolidation: Disposals

€ million	2023	2022
Amount of assets and liabilities in the subsidiaries or businesses over which control is lost:		
Intangible assets	2	-
Other non-current assets	3	-
Trade and other receivables, prepayments and accrued income	7	-
Other non-current liabilities	-2	-
Trade and other payables and accrued expenses	-6	-
Total net assets	**5**	**-**
Transaction costs	-	-
Allocation of goodwill upon loss of control over a business	-	-
Total costs	**-**	**-**
Payment to buyer	-8	-
Total consideration	**-8**	**-**
Book loss before income tax	**-13**	**-**
Income taxes	-	-
Book loss after income tax	**-13**	**-**

On 29 December 2023, KPN sold 100% of the shares of its subsidiary CAM IT to ITQ. The transaction resulted in a net loss of EUR 13m recognized in other operating expenses. During 2022, no subsidiaries were sold.

Other changes in consolidation

Acquisitions not classifying as Business Combinations

On 3 July 2023, KPN purchased the fiber networks of Primevest Capital Partners. These networks, located in The Hague, Rotterdam and Eindhoven added approximately 127,000 Homes Passed to KPN's fiber footprint. The transaction resulted in consolidation of the three legal entities involved. As the assets acquired and liabilities assumed do not constitute a business, the transaction has been accounted for as an asset acquisition and no goodwill has been recognized. The total consideration paid (EUR 97m) has been allocated to the assets acquired and liabilities assumed on a relative fair value basis. The tabel below indicates the impact of this asset acquisition on KPN's statement of financial position (numbers not included in the table containing the financial impact of business combinations).

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€ million	2023	2022
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Intangible assets	2	-
Property, plant and equipment	91	-
Deferred tax asset	1	-
Trade and other receivables, prepayments and accrued income	3	-
Net cash and cash equivalents	2	-
Trade and other payables and accrued expenses	-2	-
Total net assets	**97**	**-**
Total transaction costs	**-**	**-**
Cash consideration	97	-
Contingent cash consideration	-	-
Total consideration	**97**	**-**

Intended acquisition of Youfone's Dutch activities

On 22 June 2023, KPN announced its intention to acquire Youfone's Dutch activities. Youfone, a fast-growing telecom operator, is already active on KPN's network with more than 540,000 customers. With this acquisition, KPN materially strengthens its position in the mobile and broadband markets, especially in the faster-growing no-frills segment.

The transaction, which amounts to approximately EUR 200m in value, is subject to customary closing conditions, including competition authority approval. On 14 September 2023, the Netherlands Authority for Consumers and Markets (ACM) has decided that the planned acquisition needs further investigation.

Impact on cash flow from investing activities

The net cash outflow related to acquisition of and investments in subsidiaries, associates and joint ventures (net of acquired cash) was EUR 118m in 2023 (2022: EUR 37m). This amount includes the net cash consideration related to the acquisition of Kabeltex (EUR 36m), additional share premium contributions to Glaspoort (EUR 70m, see Note 12) and payments related to acquisitions of smaller investments in associates. The net cash outflow of 2022 (EUR 37m) included among others the net cash consideration related to the acquisition of Itzos (EUR 12m) and additional share premium contributions to Glaspoort (EUR 24m).

The net cash inflow from disposal of subsidiaries and associates was EUR 23m in 2023 (2022: EUR 14m). This mainly consists of the received deferred payment of EUR 29m related to Glaspoort (2022: EUR 14m, see Note 13.1), partly offset by the EUR 8m payment made to the buyer of CAM IT.

Accounting policy: Business combinations

KPN uses the acquisition method to account for business combinations. The consideration paid is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date. When a business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the P&L.

Contingent considerations are recognized at fair value at acquisition date and subsequent changes to the fair value are recognized in the P&L. Contingent considerations classified as equity are not remeasured and subsequent settlement is counted for within equity.

For each business combination, KPN elects to recognize any non-controlling interest in the acquiree either at fair value or at the proportionate share in the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration paid, non-controlling interests recognized and the acquisition date fair value of any previous equity interests in the acquiree over the fair value of KPN's share of the net assets acquired is recorded as goodwill. If negative goodwill occurs (bargain purchase), the difference is recognized directly in the P&L.

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[22] Commitments, contingencies and legal proceedings

Commitments

€ million	Less than 1 year	1-5 years	More than 5 years	Total 31 December 2023	Total 31 December 2022
Capital and purchase commitments	1,168	469	49	1,686	1,074
Guarantees and other	-	-	129	129	135
Total commitments	**1,168**	**469**	**178**	**1,816**	**1,209**

The capital and purchase commitments mainly relate to minimum contractual obligations with regard to network operations, mobile handsets and telco services, and lease contracts that have not yet commenced.

Guarantees consist of financial obligations of group companies under certain contracts guaranteed by KPN. A total amount of EUR 129m relates to parent guarantees (2022: EUR 135m). The table presented above does not include KPN's commitment on share premium contributions regarding Glaspoort of EUR 202m (31 December 2022: EUR 163m). See Note 12.

Intended acquisition of Youfone's Dutch activities

On 22 June 2023, KPN announced its intention to acquire Youfone's Dutch activities. The transaction is subject to customary closing conditions, including competition authority approval. On 14 September 2023, the Netherlands Authority for Consumers and Markets (ACM) has decided that the planned acquisition needs further investigation. See Note 21.

Contingent liabilities

KPN is involved in a number of legal and tax proceedings that have arisen in the ordinary course of its business and in discontinued operations, including commercial, regulatory or other proceedings. KPN periodically carefully assesses the likelihood that legal and tax proceedings may lead to a cash outflow and recognizes provisions in such matters if and when the chance of a cash outflow is estimated as probable and a reliable estimate of the cash outflow can be made. When these criteria are not met, such matters are classified as contingent liabilities, unless the cash outflow is considered remote.

However, the outcome of such proceedings can be difficult to predict with certainty and KPN can offer no assurances in this regard. In some cases, the impact of a legal proceeding may be more strategic than financial and such impact cannot properly be quantified. Below is a description of legal related contingent liabilities that could have a material impact for KPN.

Idle cables

See Note 18 for a contingent liability related to idle cables and the accounting policy of provisions.

Indemnification

In KPN's Articles of Association and in a further decision by the Board of Management, which was approved by the Supervisory Board, KPN has indemnified the members and former members of KPN's Board of Management and Supervisory Board, as well as a number of KPN's officers and directors and former officers and directors, against liabilities, claims, judgments, fines and penalties incurred by such officer or director as a result of any threatened, pending or completed action, investigation or proceeding (whether civil, criminal or administrative) brought by a third party in relation to acts or omissions in or related to their capacity as officer or director.

The indemnification does not apply to claims and expenses reimbursed by insurers nor to an officer or a director adjudged to be liable for willful misconduct ('opzet') or intentional recklessness ('bewuste roekeloosheid').

[23] Related-party transactions

KPN considers none of the related-party transactions to be material on an individual basis. Transactions between group companies are not included in the description below as these are eliminated in the Consolidated Financial Statements.

Transactions with shareholders

On 13 February 2024, América Móvil, S.A.B. de C.V. (AMX) published in its fourth quarter 2023 report that it owned 14.6% of KPN's ordinary share capital as at 31 December 2023. All transactions in 2023 and 2022 with AMX and its subsidiaries and associated companies were in the ordinary course of business and not significant.

Other shareholdings equaling or exceeding 3% of the issued capital:

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- On 27 December 2023, The Goldman Sachs Group Inc., notified the AFM that it held 3.52% of the shares and voting rights related to KPN's ordinary share capital.
- On 20 November 2023, UBS Group AG notified the AFM that it held 3.31% of the shares and voting rights related to KPN's ordinary share capital.
- On 13 October 2023, Norges Bank notified the AFM that it held 3.10% of the shares and voting rights related to KPN's ordinary share capital.
- On 16 August 2023, BlackRock, Inc. notified the AFM that it held 5.72% of the shares and 6.90% of the voting rights related to KPN's ordinary share capital.
- On 4 August 2023, Amundi Asset Management notified the AFM that it held 3.11% of the shares and voting rights related to KPN's ordinary share capital.
- On 2 August 2022, Capital Research and Management Company notified the AFM that it held 9.70% of the voting rights related to KPN's ordinary share capital.
- On 2 June 2022, The Income Fund of America notified the AFM that it held 4.97% of the shares and voting rights to KPN's ordinary share capital.

To KPN's knowledge, no other shareholder owned 3% or more of KPN's issued share capital as at 31 December 2023. KPN did not enter into agreements with AMX or other shareholders that could have a material impact on KPN's Financial Statements.

Transactions with associated companies and joint ventures

On 9 June 2021, KPN sold 50% of the shares of its subsidiary Glaspoort B.V. and entered into a joint venture agreement with APG (see Note 12). As of 9 June 2021, KPN's remaining 50% interest in Glaspoort is classified as a joint venture and accounted for using the equity method. KPN is the anchor tenant on the network of Glaspoort and also supplies services to Glaspoort. The value of the services delivered to and acquired from Glaspoort, and its joint venture Glasdraad, amounted to EUR 16m and EUR 23m respectively in 2023 (2022: EUR 15m and EUR 16m respectively). Furthermore, in December 2021, KPN, APG and Glaspoort signed an agreement to extend the scope of the fiber roll-out of Glaspoort. It was agreed that KPN will receive EUR 170m (pre-tax) from Glaspoort for the sale of the additional scope projects in annual installments based on the fiber roll-out starting in 2023. As at 31 December 2023, KPN has received EUR 111m of the total consideration agreed upon (EUR 60m in cash upon closing of the transaction in 2021 and EUR 51m during 2023). During 2023, Glaspoort received additional share premium contributions from its shareholders. KPN contributed EUR 85m, of which EUR 16m through a contribution in kind. Trade and other receivables with respect to Glaspoort as at 31 December 2023 amounted to EUR 2m (2022: EUR 1m), trade payables EUR 5m (2022: EUR 2m), non-current contract assets EUR 28m (2022: EUR 29m), current contract assets EUR 31m (2022: EUR 51m) and no current contract liabilities (2022: EUR 16m).

The following table provides the total value of the transactions by KPN with other associated and non-consolidated companies for the relevant year:

€ million	2023	2022
Sales in the year	16	39
Purchases in the year	8	<1
Trade receivables at 31 December	<1	2
Trade payables at 31 December	<1	<1

Transactions with directors and related parties

For details of the relationship between directors and the company, see the Remuneration Report section of this Integrated Annual Report. Directors in this respect are defined as key management and relate to those having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly. At KPN, key management consists of the members of the Board of Management and the Supervisory Board.

The members of KPN's Board of Management and Supervisory Board or close members of their families are also members of supervisory boards or management boards of other companies or are shareholders of other companies, without having (joint) control, with which KPN maintains relations in the ordinary course of business. All transactions with these companies are performed on an arm's length basis.

[24] Legal structure

Name of significant subsidiaries and other principal interests	Country of incorporation
KPN B.V.	
- Broadband Hosting B.V.	Netherlands
- E-Zorg B.V.	Netherlands
- Glaspoort B.V.	Netherlands
- GroupIT B.V.	Netherlands
- RoutIT B.V.	Netherlands
- Inspark Holding B.V.	Netherlands
- InSpark B.V.	Netherlands
- KPN Finance B.V.	Netherlands
- Reggefiber Group B.V.	Netherlands
- Reggefiber Operator B.V.	Netherlands
- Reggefiber ttH B.V.	Netherlands
- Netwerk Exploitatiemaatschappij B.V.	Netherlands
- Solcon Internetdiensten B.V.	Netherlands
KPN Mobile N.V.	Netherlands
KPN Ventures B.V.	Netherlands
Getronics B.V.	Netherlands
- Getronics Finance Holdings B.V.	Netherlands
- Getronics Pensions UK Ltd.	UK
- Getronics US Operations, Inc.	US
KPN Insurance Company DAC	Ireland

The percentage ownership/voting interest of these entities is 100%, except the joint venture Glaspoort B.V. in which KPN has an interest of 50%.

[25] Proposed appropriation of result

On outstanding Class B preferred shares, a dividend is paid out equal to the average of the 12-month Euribor increased by 1%. If the 12-month Euribor is no longer determined, the dividend on preference shares will be calculated based on the yield on state loans. Subsequently, subject to the approval of the Supervisory Board, the Board of Management will determine what proportion of net income remaining after payment of the dividend on any Class B preferred shares will be appropriated to the reserves. The part of the profit remaining after the appropriation to the reserves shall be at the disposal of the AGM. No Class B preferred shares were outstanding on 31 December 2023.

The profit of the financial year 2023 that is attributable to equity holders of the company amounts to EUR 844m. On 1 August 2023, a regular interim dividend of EUR 5.2ct per ordinary share was paid (total amount of EUR 205m). On 28 February 2024, the Board of Management, with the approval of the Supervisory Board, appropriated EUR 252m of the profit 2023 to the other reserves. Taking into account the interim dividend that was paid in August 2023, the remaining part of the profit is available for payment of a final dividend in respect of 2023. The Board of Management, with the approval of the Supervisory Board, will propose to the AGM to pay a final regular dividend of EUR 9.8ct per ordinary share in respect of 2023 (in total EUR 387m based on the number of outstanding shares at 31 December 2023 less Treasury shares held by KPN).

[26] Subsequent events

KPN reiterates its intention and started to execute its new share buyback program of EUR 200m in 2024.

Furthermore, on 7 February 2024, KPN successfully issued a 3.875% EUR 1.0bn senior unsecured bond maturing on 16 February 2036. Part of the proceeds of the new bond have been used to finance a tender offer to repurchase and cancel part of KPN's two outstanding GBP denominated senior unsecured bonds due in 2026 and 2029. The total tender consideration excluding accrued interest was approximately GBP 465m and settlement took place on 19 February 2024.

América Móvil notified the AFM that it has reduced its stake in KPN to below 3% as per 12 February 2024.

On 23 February 2024, a jury in the 71st District Court of Texas, awarded KPN a material amount in damages for a breach by Samsung of a prior agreement between the parties. The case is still subject to further proceedings and possible appeal and the final outcome is therefore still uncertain. Since it is not deemed virtually certain that this amount will be received, no amounts have been recorded.