# PARTNER COMMUNICATIONS REPORTS FIRST QUARTER 2026 RESULTS[1]

## ADJUSTED EBITDA IN THE FIRST QUARTER TOTALED NIS 306 MILLION

## NET PROFIT IN THE FIRST QUARTER TOTALED NIS 74 MILLION

## ADJUSTED FREE CASH FLOW IN THE FIRST QUARTER TOTALED NIS 134 MILLION

***First Quarter 2026 Highlights (compared to the corresponding quarter in 2025)***

- ***Total revenue****: NIS 770 million, a decrease of 5%*
- ***Service revenues****: NIS 634 million, a decrease of 5%*
- ***Service revenues ex. interconnect charges****: NIS 634 million, an increase of 1%*
- ***Revenues from Equipment & Other:*** N*IS 136 million, a decrease of 3%*
- ***Adjusted EBITDA****: NIS 306 million*, *an increase of 7%, 40% of total revenues*
- ***Net profit:*** *NIS 74 million, an increase of 16%*
- **Cash flow expenditures (Capex payments)**: *NIS 130 million, an increase of 10%*
- ***Adjusted Free Cash Flow:*** *NIS 134 million, a 29%* increase
- ***Net Financial Debt****: NIS 453 million, an increase of 15%*
- ***Cellular subscribers:*** *Approximately 2,696 thousand subscribers as of the end of the quarter*
- ***5G subscribers:*** *number of 5G paying subscribers amounted, as of the end of the quarter, to 928,000 subscribers*
- ***Cellular ARPU ex.*** **interconnect charges*****:*** *NIS 41, compared to NIS 42 in the parallel period*
- **Fiber-Optic *Subscribers:*** *475 thousand subscribers as of the end of quarter, an increase of 29 thousand subscribers*
- **Internet *ARPU:*** *NIS 95, compared to NIS 92 in the parallel period*

***Rosh HaAyin, Israel, May 14, 2026*** **– Partner Communications Ltd.** (TASE: PTNR), (hereinafter: **"Partner"** or the **"Company"**), a leading telecommunications company in Israel, announced its results today for the first quarter, ending March 31, 2026.

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[1] See financial definitions that are not based on generally accepted accounting principles (for definitions of operational indicators, see a separate footnote below):

(1.1) *'Adjusted EBITDA' is calculated as earnings before interest (net financing costs), taxes, depreciation and amortization (including amortization of intangible assets, deferred expenses – right-of-use, and impairment/revaluation), share-based compensation expenses for employees and capital gain/loss. EBITDA is not a financial indicator according to IFRS and may not be comparable to other similarly titled indicators for other companies. Adjusted EBITDA is not indicative of the Company's historical operating results nor is it meant to be predictive of potential future results. The use of the term 'Adjusted EBITDA' is meant to emphasize the fact that amortization includes the amortization of deferred expenses – right-of-use, impairment/revaluation, share-based compensation expenses for employees and capital gain/loss.*

(1.2) *'Adjusted Free Cash Flow' is calculated as the cash flows from current activities, less cash flows for the acquisition of fixed assets, intangible assets and others (including grants), less lease principal and interest payments; Adjusted Free Cash Flow is not a financial indicator according to IFRS and may not be comparable to other similarly titled indicators for other companies.*

(1.3) *'Net financial debt' is calculated as the total financial debt less cash and cash equivalents and short-term deposits; net financial debt is not a financial indicator according to IFRS and may not be comparable to other similarly titled indicators for other companies.*

**Regarding the results of the first quarter of 2026, Mr. Avi Gabbay, CEO of Partner noted:**

"Partner proves that good products and excellent service lead to growth in the customer base and improvement in profitability metrics. The advanced AI tools that we developed and launched in the service division are already contributing significantly and provide customers with service 2**4**/7 without waiting times and with success rates similar to those of human representatives."

**The Chief Financial Officer, Ms. Miri Takutiel commented:**

"The Company concluded the first quarter of 2026 with adjusted EBITDA of approximately NIS 306 million and free cash flow of approximately NIS 134 million. Cash flow during the quarter was affected, among other things, by the receipt of a tax refund in the amount of approximately NIS 86 million. These results reflect growth in revenues and improvement in the Company's profitability and operational performance, despite the impact of the security situation. The increase in revenues was mainly driven by growth in revenues from cellular and internet service packages, as well as growth in transmission services for the business segment. At the same time, we continue to work on streamlining internal work processes, including the integration of artificial intelligence (AI) tools to improve interfaces and ongoing operations. The Company's financial strength was also recently reflected in the reaffirmation of the Company's credit rating at AA- (stable outlook).

***Q1 2026 compared to Q1 2025***

| **NIS millions** (excluding earnings per share) | **Q1'25** | **Q1'26** |
|---|---|---|
| Service revenues | 670 | 634 |
| Revenue from services ex. interconnect charges | 630 | 634 |
| Revenue from sales of equipment & other | 140 | 136 |
| Total revenues | 810 | 770 |
| Gross profit from sales of equipment and others | 20 | 21 |
| Operating profit | 94 | 107 |
| Adjusted EBITDA | 286 | 306 |
| Adjusted EBITDA (% of total revenues) | 35% | 40% |
| Adjusted EBITDA (% of total revenues) ex. Interconnect charges | 37% | 40% |
| Net profit | 64 | 74 |
| Earnings per share (basic, NIS) | 0.34 | 0.40 |
| Additions to fixed assets and intangible assets (cash flow basis) | 118 | 130 |
| Adjusted Free Cash Flow | 104 | 134 |
| Net Financial Debt | 394 | 453 |

Partner 5G

***Key performance indicators (KPI)***[2]

| | Q1'25 | Q4'25 | Q1'26 | Change relative to previous quarter |
|---|---|---|---|---|
| Cellular subscribers (end of period, thousands) | 2,632 | 2,678 | 2,696 | Increase of 18,000 |
| Cellular postpaid subscribers (end of period, thousands) | 2,462 | 2,514 | 2,534 | Increase of 20,000 |
| Prepaid cellular Subscribers (end of period, thousands) | 170 | 164 | 162 | Decrease of 2,000 |
| Average monthly revenue per cellular subscriber (ARPU) (NIS) | 47 | 43 | 41 | |
| Average monthly revenue per cellular subscriber (ARPU) less interconnect charges (NIS) | 42 | 43 | 41 | |
| Quarterly cellular churn rate (%) | 4.9% | 4.9% | 4.9% | |
| Internet subscribers (end of period, thousands) | 480 | 492 | 497 | Increase of 5 thousand |
| Fiber-optic subscribers (end of period, thousands) | 446 | 468 | 475 | Increase of 7,000 |
| Average monthly revenue per Internet subscriber (ARPU) (NIS) | 92 | 94 | 95 | |
| **TV subscribers (end of period, thousands)** | 200 | 202 | 207 | Increase of 5,000 |

***Partner's consolidated results***

| NIS millions | Cellular segment | | | Fixed-line segment | | | Inter-segment | | Consolidated | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1'25 | Q1'26 | % change | Q1'25 | Q1'26 | % change | Q1'25 | Q1'26 | Q1'25 | Q1'26 | % change |
| Total revenue | 503 | 461 | -8% | 329 | 329 | 0% | (22) | (20) | 810 | 770 | -5% |
| Revenue from services ex. Interconnect charges | 334 | 334 | 0% | 318 | 320 | +1% | (22) | (20) | 630 | 634 | +1% |
| Revenue from equipment and other | 130 | 127 | 2%- | 10 | 9 | -10% | - | - | 140 | 136 | -3% |
| Operating profit | 76 | 86 | +13% | 18 | 21 | +17% | - | - | 94 | 107 | +14% |
| Adjusted EBITDA | 172 | 183 | +6% | 114 | 123 | +8% | - | - | 286 | 306 | +7% |

[2]*Definitions of key performance indicators:*

[2.1] *Subscribers - include subscribers of both post-paid and pre-paid services, and also include subscribers to dedicated data packages (excluding M2M subscribers). Pre-paid subscribers are counted only once they have generated revenue for the Company with an aggregate value of at least NIS 1 (excluding VAT). Subscribers who are removed from the count include subscribers that are disconnected from the service for any reason, post-paid subscribers that did not generate revenue for the Company for a period of six months (not including incoming calls to voicemail), and pre-paid subscribers that have not generated revenue for the Company for a period of three months.*

[2.2] *ARPU cellular – cellular revenues divided by the average number of in the period. .*

[2.3] *ARPU is presented excluding interconnect charges in light of the reform to change the interconnection tariff regime, which began gradually in June 2023 and will continue until June 2025, resulting in a significant decline in revenues from cellular services and a corresponding decline in ARPU.*

[2.4.] *The churn rate is calculated by summing the number of subscribers during the period who were disconnected from the service for any reason, post-paid subscribers that did not generate revenue for the Company for a period of six months (not including incoming calls to voicemail), and pre-paid subscribers that did not generate revenue for the Company for a period of three months, divided by the average number of cellular subscribers during that period.*

[2.5] *The number of fiber subscribers includes active subscribers to Partner's fiber service, either on Partner's or on a third-party fiber infrastructure.*

[2.6] *The number of internet subscribers includes retail subscribers (direct subscribers of the Company).*

[2.7] *The number of fiber subscribers includes active subscribers to Partner's fiber service, either on Partner's fiber infrastructure or on a third-party fiber infrastructure.*

[2.8] *Internet ARPU – revenues from retail internet services (infrastructure and internet access (ISP) together), including revenues attributed to the internet services component in bundle transactions, divided by the average number of retail subscribers during the period.*

[2.9] *The number of TV subscribers includes active Partner TV+ subscribers, each of which may include several users on a number of different platforms. TV subscribers also include subscriptions within trial periods, time-limited and free of charge.*

**Financial Overview**

The Company's revenue in the first quarter of 2026 amounted to approximately NIS 770 million and decreased by approximately 5% compared to the corresponding quarter. The decrease stemmed from a 5% decrease in service revenues, along with a decrease of 3% in revenues from the sale of equipment, and after deduction of revenue from interconnect charges, revenue from services increased by approximately 1% compared to the corresponding quarter. Adjusted EBITDA increased by about 7% compared to the corresponding quarter. The increase is explained mainly by growth in revenues from Internet services and data services for businesses, an increase in revenues from cellular packages and a reduction in salary and related expenses. These were partially offset by a decrease in revenue from roaming services, primarily as a result of the military campaign “Roaring Lion” in March 2026.

In the first quarter of 2026, service revenues in the cellular segment decreased by approximately 10% compared to the corresponding quarter and totaled approximately NIS 334 million. The decline was mainly due to a decrease in revenues from interconnect charges (as a result of the reduction in interconnection rates), and from a decrease in revenues from roaming services, primarily as a result of the Roaring Lion campaign. These were partially offset by an increase in revenues from cellular packages. Revenues from sale of cellular end equipment decreased by approximately 2%, resulting in a decline of approximately 8% in total segment revenues compared to the corresponding quarter. The operating profit from the cellular segment in the quarter increased by approximately 13% in comparison with the corresponding quarter, and Adjusted EBITDA increased by approximately 6% to approximately NIS 183 million. The increase was mainly driven by higher revenues from cellular service packages and was partially offset by a decline in roaming service revenues.

In the first quarter of 2026 service revenues (excluding interconnect charges) in the fixed-line segment increased by approximately 1% compared to the corresponding quarter, mainly as a result of growth in revenues from internet services and from data services for businesses and from an increase in revenues from reimbursed infrastructure projects, which were partially offset by a decrease in revenues from Hubbing services (international traffic intermediation). Revenues from the sale of fixed-line equipment and others decreased by about NIS 1 million such that the total revenues of the segment amounted to about NIS 329 million, unchanged in comparison with the corresponding quarter.

Operating profit of the fixed-line segment amounted to approximately NIS 21 million, compared with operating profit of approximately NIS 18 million in the corresponding quarter. The Adjusted EBITDA of the fixed-line segment in the first quarter of 2026 increased by about 8% compared to the corresponding quarter and amounted to about NIS 123 million, impacted primarily by growth in revenues from Internet services and data services for businesses, alongside a decrease in salary and related expenses.

The Company's net profit in the first quarter of 2026 increased by approximately 16% and amounted to approximately NIS 74 million, compared with about NIS 64 million in the corresponding quarter.

Capital cash expenditures in fixed and intangible assets (CAPEX) amounted to approximately NIS 130 million, compared to approximately NIS 118 million in the corresponding quarter.

Adjusted Free Cash Flow (before interest and after lease payments) totaled approximately NIS 134 million, compared to approximately NIS 104 million in the corresponding quarter. The increase in Adjusted Free Cash

Flow resulted mainly from a refund of income tax payments in an amount of NIS 86 million that was received due to the tax statements for 2020-2024 (see section 8 in the Directors' Report and Note 10c to the interim consolidated financial statements), net of changes in working capital and an increase in payments for CAPEX.

Net financial debt at the end of the first quarter of 2026 totaled approximately NIS 453 million, compared to approximately NIS 394 million in the corresponding quarter. The net financial debt to Adjusted EBITDA ratio at the end of the first quarter of 2026 was approximately 0.4, compared to approximately 0.3 at the end of the corresponding quarter.

As of the end of the first quarter of 2026, the balance of the unpaid principal for the acquisition of the right to use 162,000 Bezeq lines, under the IRU agreement with Bezeq, amounted to approximately NIS 434 million, compared to approximately NIS 364 million for 120,000 lines at the end of the corresponding quarter.

**Agreement with Yes**

In the last quarter of 2025, Partner launched the new TV service in the framework of the Company's agreement with yes, from the Bezeq Group, for joint procurement of content and use of the dedicated application. The new service supports the return of the Company's television operations to a growth trajectory, and in the first quarter of 2026, 5,000 new subscribers were added to the service compared to the amount at the end of 2025. In addition, the television service supports the Company's efforts to sell bundled packages and to continue increasing the number of the company's fiber subscribers.

**Winning the Accountant General's tender**

Partner won the tender of the Accountant General's Division of the Ministry of Finance and was selected as the second supplier to provide 40% of the cellular communication services and equipment for government ministries, units, and related entities. Said quantity is estimated to be at least 40,000 subscribers, plus tens of thousands of data subscribers (communication and data services), over a period of 42 months, with an option for the State to extend for an additional cumulative period of 72 months (i.e., a total period of up to 114 months from the date of commencement of the provision of the services). In addition, the Company will provide end devices to tens of thousands of subscribers in a leasing model.

The Company estimates that this agreement is expected to have a positive impact on its business activities.

**"Iron Swords" war update**

The Company estimates that in the first quarter of 2026, the impact on the Company's profit (before tax) from roaming services compared to the period before the start of the war is approximately NIS 7 million, mainly due to the war with Iran from the end of February 2026 and its effects on airlines' flight schedules. In addition, in the first quarter of 2026, the Company recognized benefits from the National Insurance Institute in the amount of approximately NIS 3 million, derived from the number of military reserve personnel called up from among the company's employees.

**Rating**

In May 2026, Standard & Poor's Maalot ("Maalot") reaffirmed the ilAA- rating with a stable outlook for the Company and its bonds series.

## Dividend

In March 2025 and 2026, the Company declared and distributed a cash dividend to the Company's shareholders in the total amount of NIS 250 million and NIS 465 million respectively.

In addition, in March 2026, the Company's Board of Directors decided to examine the possibility of filing a request with the court for the distribution of a cash dividend in the amount of up to NIS 500 million not out of profits ("distribution not out of profits"), in addition to the distribution out of profits described above. As of the date of publication of the Report, the matter is still under review and no decision has yet been made by the Board of Directors regarding the submission of the application, and there is no certainty that such an application will be submitted or that a distribution not out of profits will be made, nor regarding its timing or final amount.

## Expected developments

The Company anticipates that the cash flow investment in fixed and intangible assets (CAPEX), in 2026, will amount to NIS 450-500 million, compared to NIS 454 million in 2025. The Company will report deviations of ± 10% or more from the figure specified above.

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## About Partner Communications

Partner Communications Ltd. is a leading communications operator in Israel providing communications services (cellular, fixed-line telephony, internet services and television services). The Company's shares are traded on the Tel Aviv Stock Exchange (TASE: PTNR).

For further information regarding Partner: www.partner.co.il/en/Investors-Relations/lobby/.

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