



## Partner Communications Reports Third Quarter 2024 Results<sup>1</sup>

### SIGNIFICANT IMPROVEMENT IN PROFITABILITY

QUARTERLY ADJUSTED EBITDA TOTALED APPROX. NIS 319 MILLION -  
37% OF TOTAL REVENUES

QUARTERLY NET PROFIT TOTALED APPROX. NIS 85 MILLION -  
10% OF TOTAL REVENUES

QUARTERLY ADJUSTED FREE CASH FLOW TOTALED  
APPROX. NIS 243 MILLION

#### *Third quarter 2024 highlights (compared to Q3 2023)*

- **Total revenues:** approx. NIS 851 million, an increase of approx. 3%
- **Revenues from services, excluding interconnect charges:** approx. NIS 683 million, an increase of approx. 8%
- **Revenues from equipment sales and others:** approx. NIS 128 million, an increase of approx. 8%
- **Adjusted EBITDA:** approx. NIS 319 million, an increase of approx. 13%
- **Operating Profit:** approx. NIS 120 million, an increase of approx. 40%; 14% of total revenues
- **Net profit:** approx. NIS 85 million, an increase of approx. 52%; 10% of total revenues
- **Cash Capital Expenditures (CAPEX payments):** approx. NIS 95 million, a decrease of approx. 40%
- **Adjusted Free Cash Flow:** approx. NIS 243 million, an increase of 66%
- **Net Financial Debt:** approx. NIS 255 million, a decrease of approx. 46%
- **Average monthly income per cellular subscriber (ARPU) excluding interconnect charges:** approx. NIS 44, a decrease of approx. 2%
- **Cellular subscribers:** approx. 2.63 million subscribers as of the end of the quarter, a decrease of less than 1%

---

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

<sup>(1.1)</sup> '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.

<sup>(1.2)</sup> '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.

<sup>(1.3)</sup> '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.

- **5G cellular subscribers:** the number of paying 5G subscribers, as of the end of Q3, totaled approx. 538 thousand
- **Optical fiber subscribers:** approx. 421 thousand subscribers as of the end of the quarter, an increase of approx. 17 thousand compared to the previous quarter

**First Nine Months of 2024 Highlights (compared to the corresponding period in 2023)**

- **Total revenue from services, excluding interconnect charges:** approx. NIS 1,900 million, an increase of approx. 3%
- **Adjusted EBITDA:** approx. NIS 883 million, an increase of approx. 10%, approx. 35% of total revenues
- **Operating Profit:** approx. NIS 296 million, an increase of approx. 33%
- **Net Profit:** approx. NIS 197 million, an increase of approx. 43%
- **Adjusted Free Cash Flow:** approx. NIS 288 million, an increase of 43%

**Rosh Ha'ayin, Israel, November 13, 2024 - Partner Communications Ltd.** (TASE: PTNR), (hereafter "**Partner**" or "**Company**"), a leading communications company in Israel, announces today its results for the quarter ended September 30, 2024.

In reference to the results of Q3 2024, Mr. Avi Gabbay, CEO of Partner, noted:

"The many changes we have made and continue to make in the company generate the financial results for the third quarter. Partner is a company with a clear and precise business focus, offering the best technologies in the communication market and providing our customers with quality and excellent service. I would like to thank the employees of Partner who continue to strengthen the Israeli company every day and to support our evacuated customers and security forces."

Q3 2024 compared to Q3 2023

<b>NIS millions</b> (except earnings per share)	<b>Q3'24</b>	<b>Q3'23</b>
Service revenues	723	710
Service revenues exc. interconnect charges	683	630
Revenues from sale of equipment and others	128	119
Total revenues	851	829
Gross profit from sales of equipment and others	9	12
Operating profit	120	85
Adjusted EBITDA	319	283
Adjusted EBITDA (approx. % of total revenues)	37%	34%
Adjusted EBITDA (approx. % of total revenues) exc. interconnect charges	39%	38%
Net profit	85	56
Net profit per share (basic, NIS)	0.46	0.30
Capital expenditures (cash)	95	159
Adjusted Free Cash Flow	243	146
Net Financial Debt	255	468

Key performance indicators<sup>2</sup>

	<b>Q3'24</b>	<b>Q2'24</b>	<b>Q3'23</b>	<b>Change relative to previous quarter</b>
Cellular subscribers (end of period, thousands)	2,635	2,629	2,655	Increase of approx. 6 thousand
Post-paid cellular subscribers (end of period, thousands)	2,461	2,456	2,469	Increase of approx. 5 thousand
Pre-paid cellular subscribers (end of period, thousands)	174	173	186	Increase of approx. 1 thousand
Average monthly revenue per cellular subscriber (ARPU) (NIS)	49	51	55	
Average monthly revenue per cellular subscriber (ARPU) (NIS) less interconnect charges	44	42	45	Increase in revenue per subscriber from cellular packages
Quarterly cellular churn rate (%)	5.1%	4.7%	5.5%	

<sup>2</sup>**Definitions of key performance indicators:**

<sup>2.1</sup> Cellular subscribers - include subscribers of both post-paid and pre-paid services under the Partner and 012 Mobile brands, 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 (excl. 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.

<sup>2.2</sup> ARPU Calculated by (A.) dividing, for each month in the relevant period, the total cellular revenues during the month by the average number of cellular subscribers during that month, and (B.) dividing the sum of all such results by the number of months in the relevant period.

<sup>2.3</sup> ARPU is presented with the exclusion of interconnection fees due to the change in the policy of interconnection fees reform, that has been gradually implemented from June 2023 to June 2025, which is expected to significantly decrease revenue from cellular services and consequently lower ARPU.

<sup>(2.4)</sup> The number of fiber subscribers includes active subscribers to Partner's fiber service, either on Partner's or on another fiber infrastructure.

<sup>(2.5)</sup> The number of internet subscribers includes active subscribers to an end-to-end service that includes access both to infrastructure and to internet. Access to the internet is provided through a fiber infrastructure (either Partner's or on another fiber infrastructure) or through Partner's connection to the wholesale market on other infrastructures.

<sup>(2.6)</sup> The number of TV subscribers includes active subscribers to Partner TV, each of which may include several users on a number of different platforms. TV subscribers include subscriptions within trial periods, time-limited and free of charge.

	Q3'24	Q2'24	Q3'23	Change relative to previous quarter
Fiber-optic subscribers (end of period, thousands)	421	404	353	Increase of approx. 17 thousand
Internet subscribers (end of period, thousands)	465	455	434	Increase of approx. 10 thousand
TV subscribers (end of period, thousands)	205	205	210	No change

### Partner's consolidated results

NIS millions	Cellular segment			Fixed-line segment			Elimination		Consolidated		
	Q3'24	Q3'23	% change	Q3'24	Q3'23	% change	Q3'24	Q3'23	Q3'24	Q3'23	% change
Total revenues	497	544	-9%	376	311	+21%	(22)	(26)	851	829	+3%
Service revenues	386	439	-12%	359	294	+21%	(22)	(26)	723	710	+2%
Revenue from equipment and other	111	105	6%+	17	14	+21%	-	-	128	119	+8%
Operating profit	83	81	+2%	37	4	+825%	-	-	120	85	+41%
Adjusted EBITDA	185	186	-1%	134	97	+38%	-	-	319	283	+13%

### Financial Overview

The Company's revenues in the third quarter of 2024 totaled approx. NIS 851 million and increased by approx. 3% compared to the corresponding quarter as a result of an approx. 1% increase in revenues from services, along with an increase of approx. 8% in revenues from the sale of equipment and others. Excluding interconnect charges, service revenues increased by approx. 8% compared to the corresponding period. Adjusted EBITDA increased by approx. 13% compared to the corresponding quarter. The increase primarily reflected recorded profits (before taxes) totaling approx. NIS 24 million from the leasing of specific optical fibers (under the IRU model) to a business client during the quarter, alongside higher revenues from fixed-line services and a reduction in provisions for legal claims and other liabilities. These were partially offset by a decrease in revenues from roaming services as a result of the effects of the war, the conclusion of recognition of deferred revenues from Hot Mobile for the right to use the company's cellular network (with no impact on flow) and an increase in expenses related to the fiber deployment incentive fund.

In the third quarter of 2024, revenue from services in the cellular segment decreased by approx. 12% compared to the corresponding quarter and amounted to approx. NIS 386 million. The decrease was mainly due to a decrease in revenue from interconnect charges (as a result of the reduction in interconnect rates as from June 2023) and in revenues from roaming services (as a result of the

effects of the war on international travel), as well as due to the termination of the recognition of deferred revenues from Hot Mobile. Revenues from cellular equipment sales increased by approx. 6%, while total segment revenues declined by approx. 9% compared to the corresponding quarter. The cellular segment's operating profit in the quarter increased by approx. 2% compared to the corresponding quarter. The cellular segment's Adjusted EBITDA decreased by approx. 1% compared to the corresponding quarter and amounted to approx. NIS 185 million, as the decrease in revenues from roaming services, the conclusion of recognition of deferred revenue from Hot Mobile and the increase in expenses related to the fiber deployment incentive fund, were partially offset by the increase in revenues from cellular service packages and the decrease in provisions for claims and other liabilities.

In the third quarter of 2024, revenues from services, excluding interconnect charges in the fixed-line segment grew by approx. 22% compared to the corresponding quarter, mainly as a result of the revenues recorded from the leasing of certain optical fibers to a business customer during the quarter, as well as the change in the reporting treatment of revenues from reimbursed infrastructure projects on a gross basis (instead of on a net basis), as part of the Company's reported revenues, as of the first quarter of 2024, as well as from growth in revenues from fiber-based Internet services and from data services for businesses. Revenues from the sale of equipment and others increased by approx. NIS 3 million mainly as a result of an increase in sales of fixed-line equipment to private customers. Total revenues for the fixed-line segment in the quarter amounted to approx. NIS 376 million, an increase of approx. NIS 65 million compared to the corresponding quarter. Operating profit of the fixed-line segment for the quarter increased by approx. NIS 33 million compared to the corresponding quarter. Adjusted EBITDA of the fixed-line segment in the quarter increased by approx. 38% compared to the corresponding quarter and amounted to approx. NIS 134 million, mainly as a result of the reflected recorded profits (before taxes) totaling approx. NIS 24 million from the leasing of specific optical fibers (under the IRU model) to a business client during the quarter, alongside higher revenues from fiber-based Internet services and from data services for businesses and a reduction in provisions for legal claims and other liabilities.

The Company's net profit in the third quarter of 2024 increased by approx. 52% and amounted to approx. NIS 85 million compared to approx. NIS 56 million in the corresponding quarter.

The cash flow investment in fixed assets and intangible assets (CAPEX payments) in the third quarter of 2024 amounted to approx. NIS 95 million compared to approx. NIS 159 million in the corresponding quarter.

Adjusted Free Cash Flow (before interest and after lease payments) in the third quarter of 2024 amounted to approx. NIS 243 million, compared to approx. NIS 146 million in the corresponding quarter. The increase in Adjusted Free Cash Flow was mainly due to the decrease in CAPEX payments and an income tax refund due to the tax position assumed by the company in the 2022

tax statement, which were partially offset by an increase in deferred expenses from the Bezeq infrastructure IRU agreement.

Net Financial Debt at the end of the third quarter of 2024 amounted to approx. NIS 255 million, compared to approx. NIS 468 million at the end of the third quarter of 2023. The ratio of net financial debt to adjusted EBITDA at the end of the third quarter of 2024 was approx. 0.2 compared to approx. 0.4 at the end of the third quarter of 2023.

As of the end of the third quarter of 2024, the unsettled principal balance for the five installments in the IRU agreement with Bezeq was approx. NIS 425 million.

### **“Iron Swords” War update**

On the basis that the damage to the Company's activity resulting from the war will be similar to that measured from the start of 2024 to date, the decrease in the Company's profit (before tax) from roaming services, for each month of the war, is estimated to be in the range of approx. NIS 3 million. It is also expected that the Company will recognize social security proceeds in variable amounts to be derived from the recruitment of reservists from amongst the Company's employees.

**This notice contains partial information obtained from Partner Communications' public statements published pursuant to the Securities Law 5728-1968 ("Securities Law"). The aforementioned reports are accessible through the Securities Authority website at [www.magna.isa.gov.il](http://www.magna.isa.gov.il) Perusal of this notice is not a substitute for reading the detailed reports of Partner Communications submitted in accordance with the Securities Law and is not intended to replace or qualify the full reports. This notice was prepared for the convenience of the reader only, with the understanding that the detailed reports are read in conjunction with the perusal of the notice. The Company does not guarantee the accuracy or completeness of the information contained in this document. This notice does not constitute an offer or an invitation to purchase securities or participation units, and this notice and the information contained therein should not be used as a basis or relied upon in connection with any contract or undertaking.**

### **About Partner Communications**

Partner Communications Ltd. is a leading communications operator in Israel providing communications services (mobile, landline 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/](http://www.partner.co.il/en/Investors-Relations/lobby/).

#### **Further Information:**

##### **Eran Gabbay**

Head of Investor Relations, Gelbert Kahana Investor Relations

Tel.: 054-2467378

Email: [investors@partner.co.il](mailto:investors@partner.co.il); [erang@gk-biz.com](mailto:erang@gk-biz.com)