

## PARTNER COMMUNICATIONS REPORTS SECOND QUARTER 2023 RESULTS<sup>1</sup>

QUARTERLY ADJUSTED EBITDA TOTALED NIS 272 MILLION

NET PROFIT FOR THE QUARTER TOTALED NIS 54 MILLION

AS OF TODAY, PARTNER HAS ALREADY TAKEN THE THIRD INSTALLMENT OF BEZEQ  
IRU AGREEMENT

### Second quarter 2023 highlights (compared with second quarter 2022)

- **Total Revenues:** NIS 850 million, a decrease of 1%
- **Service Revenues:** NIS 722 million, an increase of 2%
- **Equipment Revenues:** NIS 128 million, a decrease of 16%
- **Total Operating Expenses (OPEX):** NIS 481 million, an increase of 2%
- **Adjusted EBITDA:** NIS 272 million, a decrease of 1%
- **Net Profit:** NIS 54 million, an increase of 15%
- **Cash capital expenditures (Capex payments):** NIS 176 million, an increase of 1%
- **Adjusted Free Cash Flow:** NIS 72 million, an increase of NIS 17 million
- **Net Financial Debt:** NIS 617 million, a decrease of NIS 89 million
- **Cellular ARPU:** NIS 56, an increase of 14%
- **Cellular Subscriber Base:** approximately 2.66 million at quarter-end, a decrease of 14%
- **Fiber-Optic Subscriber Base:** 334 thousand subscribers at quarter-end, an increase of 82 thousand subscribers since Q2 2022, and an increase of 21 thousand in the quarter
- **Homes Connected (HC) to Partner's Fiber-Optic Infrastructure:** 991 thousand at quarter-end, an increase of 154 thousand since Q2 2022, and an increase of 17 thousand in the quarter. As of today, the number of HC totals over 1 million

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<sup>1</sup> See financial definitions that are not based on accepted accounting principles (for KPI's definitions please see separate footnote in the following pages)

1. Adjusted EBITDA represents profit before interest (finance costs, net), taxes, depreciation and amortization (including amortization of intangible assets, deferred expenses – right of use and impairment charges/impairment reversal charges), share-based remuneration expenses for employees and capital gains/losses. Adjusted EBITDA is not a financial measure according to IFRS and may not be comparable to other measures with similar headings for other companies. Adjusted EBITDA is not indicative of the Group's historical operating results and should not be used to predict potential future outcomes. The use of the term 'Adjusted EBITDA' is intended to emphasize the fact that the adjustment includes a reduction of deferred expenses – right of use, impairment charges/impairment reversal charges, share-based remuneration expenses for employees and capital gains/losses.

2. 'Adjusted free cash flow' represents cash flows from operating activities, less cash flows for the purchase of fixed assets and intangible and other assets net, less principal and interest payments for leases; Adjusted free cash flow is not a financial indicator according to IFRS and may not be comparable to other indices with similar headings for other companies

3. 'OPEX' represents the sum of the cost of sale of services and operating expenses (sales and marketing expenses, general and administrative expenses and credit losses) less depreciation and amortization expenses, share-based remuneration expenses for employees and capital gains/losses; OPEX is not a financial measure according to IFRS and may not be comparable to other measures with similar headings for other companies

4. 'Net Financial Debt' represents total financial debt less cash and cash equivalents and short-term deposits; Net financial debt is not a financial measure according to IFRS and may not be comparable to other measure with similar headings for other companies.

**Rosh Ha'ayin, Israel, August 14, 2023** – Partner Communications Company Ltd. (“Partner” or the “Company”) (TASE: PTNR), a leading Israeli communications provider, announced today its results for the quarter ended June 30, 2023.

**Commenting on the results for the Second quarter 2023, Mr. Avi Gabbay, CEO of Partner, noted:**

"In line with the strategic plan we formulated, the financial and operational results present the first indications of the in-depth processes that the Company has been undergoing in recent months. Partner's exceptional success in fiber activity demonstrates the Company's capabilities, that will also be expressed in its other areas of activity. We continue to focus on developing our infrastructures and strengthening value for our customers on the one hand, and on improving organizational productivity on the other, in order to ensure continued positive momentum in profitability and cashflow."

**Q2 2023 compared with Q2 2022**

<b>NIS Million (except EPS)</b>	<b>Q2'22</b>	<b>Q2'23</b>
Service Revenues	706	722
Equipment and other Revenues	153	128
Total Revenues	859	850
Gross profit from equipment and other sales	28	20
OPEX	469	481
Operating profit	85	81
Adjusted EBITDA	276	272
Adjusted EBITDA as a percentage of total revenues	32%	32%
Net Profit	47	54
Earnings per share (basic, NIS)	0.26	0.29
Capital Expenditures (cash)	174	176
Adjusted free cash flow (before interest payments)	55	72
Net Financial Debt	706	617

## **Key Performance Indicators<sup>2</sup>**

	Q2'22	Q1'23	Q2'23	Change Q1 to Q2
Cellular Subscribers (end of period, thousands)	3,095	2,707	2,664	Decrease of 43 thousand
Postpaid Cellular Subscribers (end of period, thousands)	2,733	2,482	2,470	Decrease of 12 thousand
Prepaid Cellular Subscribers (end of period, thousands)	362	225	194	Decrease of 31 thousand
Monthly Average Revenue per Cellular User (ARPU) (NIS)	49	54	56	
Monthly Average Revenue per Cellular User (ARPU) (NIS) excluding interconnect charges	37	40	43	
Quarterly Cellular Churn Rate (%)	6.7%	7.5%	6.1%	
Fiber-Optic Subscribers (end of period, thousands)	252	313	334	Increase of 21 thousand
Homes Connected to Partner's Fiber-Optic Infrastructure (HC) (end of period, thousands)	837	974	991	Increase of 17 thousand households
Internet Subscribers (end of period, thousands)	397	421	427	Increase of 6 thousand
TV Subscribers (end of period, thousands)	224	217	213	Decrease of 4 thousand

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- <sup>2</sup> 1. As of the beginning of the fourth quarter of 2022, the Company changed the methodology for the cellular subscriber base as follows: (1) mainly due to a change in the method for calculating the subscriber base which led to the removal of M2M subscribers (sims intended for use in machines) from the base, alongside the removal of several tens of thousands of regular post-paid subscribers, approximately 189,000 post-paid subscribers were removed from the subscriber base; (2) the pre-paid subscriber calculation was changed such that a pre-paid subscriber who does not generate income for the Company (excluding incoming calls to voicemail) for a period of three months is removed from the subscriber base (rather than six months as was previously), which led to the removal of approximately 94,000 pre-paid subscribers in the fourth quarter of 2022. Accordingly, the subscriber base now includes subscribers to post-paid and pre-paid cellular services under the Partner and 012 Mobile brands and also includes subscriptions to dedicated data packages (excluding M2M). Pre-paid subscriptions are included in the subscriber base from the moment they generate income for the Company worth at least one shekel (excluding VAT). Subscribers which are churned (removed) from the subscriber base include subscribers who are disconnected from the service for any reason, post-paid subscribers who do not generate income for the Company for a period of six months (excluding incoming calls to voicemail) and pre-paid subscriber who do not generate income for the Company for a period of three months (see above).
2. The ARPU is calculated by (1) dividing, for each month in the relevant period, the total revenue from cellular services during the month by the average number of cellular subscribers in that month, and (2) dividing the sum of all such results by the number of months in the relevant period. A change in subscriber recognition policy in the fourth quarter of 2022 caused an increase of NIS 3 in the ARPU for the fourth quarter of 2022 and of one shekel in the ARPU for the year 2022.
3. The total number of cellular subscribers who disconnect from our network, in a given period, expressed as percentage of the average of the number of our subscribers at the beginning and end of such period.
4. Fiber-Optic Subscribers include active subscribers to Partner's fiber services, either using Partner's fiber infrastructure or using another fiber infrastructure.
5. Internet subscribers includes active subscriptions to an end-to-end service that includes access to infrastructure and Internet access together. Internet access is provided through a fiber infrastructure (either Partner's or another fiber infrastructure) or through Partner's connection to the wholesale market on the infrastructure of Bezeq and HOT.
6. TV subscribers – active subscriptions to Partner TV, each of which may have a number of users over a number of different platforms. TV subscribers include subscriptions within time-limited trial periods without charge to the customer.

## **Partner Consolidated Results**

<b>NIS Million</b>	<b>Cellular Segment</b>			<b>Fixed-Line Segment</b>			<b>Elimination</b>		<b>Consolidated</b>		
	<b>Q2'22</b>	<b>Q2'23</b>	<b>Change %</b>	<b>Q2'22</b>	<b>Q2'23</b>	<b>Change %</b>	<b>Q2'22</b>	<b>Q2'23</b>	<b>Q2'22</b>	<b>Q2'23</b>	<b>Change %</b>
Total Revenues	592	567	-4%	297	308	+4%	(30)	(25)	859	850	-1%
Service Revenues	457	452	-1%	279	295	+6%	(30)	(25)	706	722	+2%
Equipment and other Revenues	135	115	-15%	18	13	-28%	-	-	153	128	-16%
Operating Profit (Loss)	82	82	0%	3	-1	N/A	-	-	85	81	-5%
Adjusted EBITDA	187	183	-2%	89	89	0%	-	-	276	272	-1%

Revenues in the second quarter of 2023 amounted to approx. NIS 850 million, a decrease of approx. 1% compared to the corresponding quarter last year, which resulted from an increase in revenues from services of approx. 2% that was offset by a decrease in revenues from equipment and others of approx. 16%. The Adjusted EBITDA decreased by approx. 1% compared to the corresponding quarter mainly as a result of the increase of approx. 2% in the OPEX expenses and the decrease of approx. 29% in the gross profit from equipment sales.

Revenues from services in the cellular segment in the quarter decreased by approx. 1% compared to the corresponding quarter and amounted to approx. NIS 452 million. The decrease was mainly due to a decrease in revenues from prepaid subscribers, interconnect fees (resulting from the regulatory decision to reduce the connection fees towards the end of the period) and from Ministry of Education subscribers, which were partially offset by an increase in revenues from roaming services. Revenues from cellular equipment sales decreased by approx. 15% and led to a decrease of approx. 4% in the segment's total revenues compared to the corresponding quarter. The cellular segment's operating profit in the quarter remained unchanged compared to the corresponding quarter. The Adjusted EBITDA decreased by approx. 2% compared to the corresponding quarter, mainly as a result of an increase in salary and related expenses and site leases expenses together with a decrease in gross profit from the sale of equipment, which was partially offset by a decrease in payment expenses to communication operators and in inter-segment charges. The Adjusted EBITDA amounted to approx. NIS 183 million, constituting approx. 32% of the segment's revenues.

In the second quarter of 2023, revenues from services in the fixed-line segment grew by approx. 6% compared to the corresponding quarter, mainly in view of the growth in revenues from Internet services, which were partially offset by a decrease in inter-segment revenues. Revenues from the sale of equipment decreased by approx. 28%, mainly as a result of a decrease in sales of household products and from the recording of revenues from the rental of certain fiber optics (in the IRU model) to business customers in the corresponding quarter. The total revenues of the fixed-line segment in the quarter grew by approx. 4% compared to the corresponding quarter. In the fixed-line segment,

an operating loss of NIS 1 million was recorded, while the Adjusted EBITDA of the fixed-line segment remained unchanged in the second quarter of 2023 compared to the corresponding quarter, mainly as a result of the accounting treatment of fiber-optic installations, with GPON technology, which are recorded as expenses and are not capitalized to an investment, an increase in salary and related expenses, and a decrease in gross profit from the sale of equipment and others and a change in the effect of inter-segment charges, which were offset by the growth in revenues, as described above.

The Company's net profit for the second quarter of 2023 amounted to approx. NIS 54 million compared to approx. NIS 47 million in the corresponding quarter.

The Adjusted Free Cash Flow (before interest and after lease payments) in the second quarter of 2023 amounted to approx. NIS 72 million, compared to approx. NIS 55 million in the corresponding quarter. This increase was mainly due to timing differences in operating working capital, and timing differences in the payment of income tax advances.

**This release contains partial information from the public reports of Partner Communication under the Israeli Securities Law 5728-1968 (the "Securities Law"), which reports can be accessed at the Israeli Securities Authority's website, [www.magna.isa.gov.il](http://www.magna.isa.gov.il). A review of this release is not a substitute for a review of the detailed reports of Partner Communication under the Securities Law and is not meant to replace or qualify them; rather, the release is prepared merely for the convenience of the reader, with the understanding that the detailed reports are being reviewed simultaneously. No representation is made regarding the accuracy or completeness of the information contained herein. This release does not constitute an offer or invitation to purchase or subscribe to any securities. Neither this presentation nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.**

### **About Partner Communications**

Partner Communications Company Ltd. is a leading Israeli provider of telecommunications services (cellular, fixed-line telephony, internet services and TV services). Partner's shares are traded on the Tel Aviv Stock Exchange (TASE: PTNR).

For more information about Partner, see: <http://www.partner.co.il/en/Investors-Relations/lobby>

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