PARTNER COMMUNICATIONS REPORTS THIRD QUARTER 2023 RESULTS[1]

QUARTERLY ADJUSTED EBITDA TOTALED NIS 283 MILLION

NET PROFIT FOR THE QUARTER TOTALED NIS 56 MILLION

ADJUSTED FREE CASH FLOW FOR THE QUARTER TOTALED NIS 146 MILLION

Third quarter 2023 highlights (compared with third quarter 2022)

- ***Total Revenues:*** *NIS 829 million, a decrease of 7%*
- ***Service Revenues:*** *NIS 710 million, a decrease of 2%*
- ***Service Revenues ex. interconnection fees:*** *NIS 630 million, an increase of 2%*
- ***Equipment Revenues:*** *NIS 119 million, a decrease of 27%*
- ***Total Operating Expenses (OPEX):*** *NIS 447 million, a decrease of 10%*
- ***Adjusted EBITDA:*** *NIS 283 million, an increase of 3%*
- ***Net Profit:*** *NIS 56 million, an increase of 10%*
- ***Cash capital expenditures (Capex payments):*** *NIS 159 million, a decrease of 22%*
- ***Adjusted Free Cash Flow:*** *NIS 146 million, an increase of NIS 109 million*
- ***Net Financial Debt:*** *NIS 468 million, a decrease of NIS 199 million*
- ***Cellular ARPU ex. interconnection fees:*** *NIS 45, an increase of 15%*
- ***Cellular Subscriber Base:*** *approximately 2.66 million at quarter-end, a decrease of 13%*
- ***Fiber-Optic Subscriber Base:*** *353 thousand subscribers at quarter-end, an increase of 82 thousand subscribers since Q3 2022, and an increase of 19 thousand in the quarter*
- ***Homes Connected (HC) to Partner's Fiber-Optic Infrastructure:*** *1,018 thousand at quarter-end, an increase of 118 thousand since Q3 2022, and an increase of 27 thousand in the quarter.*

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[1] 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, November 15, 2023* – Partner Communications Company Ltd.** ("**Partner**" or the "**Company**") (TASE: PTNR), a leading Israeli communications provider, announced today its results for the quarter ended September 30, 2023.

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

"We are very satisfied with the results of the third quarter which express our measures and reflect financial strength. At this time, the State of Israel is our top priority. The company and its employees are busy contributing our part in the war, serving our customers and caring for and helping the people of Israel and the security forces, who need us."

<u>Q3 2023 compared with Q3 2022</u>

NIS Million (except EPS)	**Q3'22**	**Q3'23**
Service Revenues	728	710
Equipment and other Revenues	163	119
Total Revenues	891	829
Gross profit from equipment and other sales	33	12
OPEX	495	447
Operating profit	84	85
Adjusted EBITDA	276	283
Adjusted EBITDA as a percentage of total revenues	31%	34%
Net Profit	51	56
Earnings per share (basic, NIS)	0.28	0.30
Capital Expenditures (cash)	205	159
Adjusted free cash flow (before interest payments)	37	146
Net Financial Debt	667	468

Key Performance Indicators[2]

	Q3'22	Q2'23	Q3'23	Change Q2 to Q3
Cellular Subscribers (end of period, thousands)	3,042	2,664	2,655	Decrease of 9 thousand
Postpaid Cellular Subscribers (end of period, thousands)	2,679	2,470	2,469	Decrease of 1 thousand
Prepaid Cellular Subscribers (end of period, thousands)	363	194	186	Decrease of 8 thousand
Monthly Average Revenue per Cellular User (ARPU) (NIS)	51	56	55	
Monthly Average Revenue per Cellular User (ARPU) (NIS) excluding interconnection charges	39	43	45	
Quarterly Cellular Churn Rate (%)	8.9%	6.1%	5.5%	
Fiber-Optic Subscribers (end of period, thousands)	271	334	353	Increase of 19 thousand
Homes Connected to Partner's Fiber-Optic Infrastructure (HC) (end of period, thousands)	900	991	1,018	Increase of 27 thousand households
Internet Subscribers (end of period, thousands)	406	427	434	Increase of 7 thousand
TV Subscribers (end of period, thousands)	222	213	210	Decrease of 3 thousand

[2] 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

NIS Million	Cellular Segment			Fixed-Line Segment			Elimination		Consolidated		
	Q3'22	Q3'23	*Change %*	Q3'22	Q3'23	*Change %*	Q3'22	Q3'23	Q3'22	Q3'23	*Change %*
Total Revenues	607	544	-10%	315	311	-1%	(31)	(26)	891	829	-7%
Service Revenues	474	439	-7%	285	297	+4%	(31)	(26)	728	710	-2%
Equipment and other Revenues	133	105	-21%	30	14	-53%	-	-	163	119	-27%
Operating Profit (Loss)	76	81	+7%	8	4	-50%	-	-	84	85	+1%
Adjusted EBITDA	179	186	+4%	97	97	0%	-	-	276	283	+3%

Revenues in the third quarter of 2023 amounted to approx. NIS 829 million, a decrease of approx. 7% compared to the corresponding quarter, which resulted from a decrease in revenues from services of approx. 2% and a decrease in revenues from the sale of equipment and others of approx. 27%. Not including revenues from interconnection fees, revenues from services increased by approx. 2% compared to the corresponding quarter. The Adjusted EBITDA increased by approx. 3% compared to the corresponding quarter mainly as a result of the decrease of approx. 10% in OPEX expenses, which was partly offset by the decrease of approx. 70% in the gross profit from equipment sales.

Revenues from services in the cellular segment in the quarter decreased by approx. 7% compared to the corresponding quarter and amounted to approx. NIS 439 million. The decrease was mainly due to a decrease in revenues from interconnection fees (resulting from the reduction of the connection fee rate in mid-June 2023), and from a decrease in revenues from prepaid subscribers. Revenues from cellular equipment sales decreased by approx. 21% and led to a decrease of approx. 10% in the segment's total revenues compared to the corresponding quarter. The cellular segment's operating profit in the quarter increased by approx. 7% compared to the corresponding quarter. The Adjusted EBITDA in the segment increased by approx. 4% compared to the corresponding quarter. The increase in the quarter was mainly due to a decrease in salaries and related expenses (among other things as a result of a provision for a special collective labor agreement in the corresponding quarter), a decrease in expenses to the fund to stimulate fiber deployment in view of the reset of the payment rate for 2023 and from the effect of inter-segment charges. The decrease was partly offset by a decrease in the gross profit from the sale of equipment, the recording of a provision for claims and an increase in network maintenance expenses. The Adjusted EBITDA in the segment amounted to approx. NIS 186 million and constituted approx. 34% of the segment revenue.

In the fixed-line segment, revenues from services in the third quarter of 2023 grew by approx. 4% compared to the corresponding quarter, mainly in view of the growth in revenues from Internet services and from data services for businesses, which were offset by a decrease in inter-segment revenues. Revenues from the sale of equipment and others decreased by approx. 53%, mainly as a result of the recording of revenues from the rental of certain fiber optics (in the IRU model) to business customers in the corresponding quarter and from a decrease in sales of household products. The total revenues of the fixed-line segment in the quarter decreased by approx. 1% compared to the corresponding quarter. The operating profit of the fixed-line segment amounted to approx. NIS 4 million, and the Adjusted EBITDA in the third quarter of 2023 remained unchanged compared to the corresponding quarter, mainly due to an increase in revenues from services as described above and a decrease in payments to other communications operators that were mainly offset by the accounting treatment of fiber installations with GPON technology, which are recorded as expenses and are not capitalized to the investment, and by a decrease in the gross profit from the sale of equipment and others and inter-sectoral charges.

The Company's net profit for the period for the third quarter of 2023 amounted to approx. NIS 56 million compared to approx. NIS 51 million in the corresponding quarter.

The Adjusted Free Cash Flow (before interest and after lease payments) in the third quarter of 2023 amounted to approx. NIS 146 million, compared to approx. NIS 37 million in the corresponding quarter. The increase in the Adjusted Free Cash Flow was mainly due to changes in the operating working capital, from a decrease in payments for investments in fixed assets and intangible assets, and from timing differences of income tax payments. The increase was partly offset by an increase in payments for the right-of-use of communications infrastructure (the payment in the quarter included approx. NIS 20 million paid to Bezeq for the IRU agreement).

Access to fiber optics

the Company’s updated estimation is that during 2023 it is expected to complete the connection of approx. 100 thousand households. The deployment will be carried out under the original 2023 investment framework. In addition, the Company estimates that the deployment in 2024 will amount to only thousands of individual households.

Impact of the "Iron Swords" war

On October 7, 2023, the "Iron Swords" war (hereinafter - the "War") broke out in the State of Israel. The war led to a slowdown in business activity in the Israeli economy as a result of the closing of factories (mainly in the south of the country), damage to infrastructure, the call up of the reserves for an unknown period and the evacuation of the civilian population from certain geographic areas. The war also has significant consequences for Israel's economy, including an increase in the budget deficit, a drop in stock indices and a devaluation of the NIS. The impact of the war on the entire economy and on the Company is negative and involves great uncertainty, mainly as a function of the duration and intensity of the fighting. Therefore, a prolonged, multi-fronted campaign could have wide-ranging consequences for many areas of activity and for various geographical areas of the country and could be reflected, among other things, in volatility in commodity prices, damage to the availability of commodities, an increase in foreign exchange rates, a decrease in the availability of manpower, limited access to local resources and payment problems in certain sectors.

The consequences of the war on the Company's activities so far have been reflected mainly in the damage to revenues from roaming services, due to the effects of the war on the local demand for international tourism, and in a certain decrease in the sale of end equipment due to the damage to the functional continuity in the economy, without significant negative effects in other areas of activity. Assuming that the damage resulting from the war will be similar to that measured so far, the decrease in the Company's profit (before tax) from roaming services, for each month of fighting, is estimated at approx. NIS 10 million. The Company is taking various measures to deal with the risks and exposures arising from the consequences of the event, including preparing for remote work, strengthening online sales activity, activity to increase inventories and adjusting the activity to the situation. It should be noted that according to examinations carried out by the Company, it appears that, at this stage, the war has had no material effect on the Company's ability to meet the repayment of liabilities, on the measurement of assets and liabilities, impairment of assets and the recognition of expected credit losses. In addition, there was no material impact on estimates and critical judgments.

The war, and the events surrounding it, may have a substantial negative impact on the Company's results. As of the date of approval of the financial statements, the Company is not able to reliably assess the future impact of the war on the Company's activity volume, among other things in view of the uncertainty regarding the duration of the war, its intensity, its effects on the Company's areas of activity, measures that will be taken by government entities, and the intensity and duration of the economic slowdown that will develop as a result thereof.

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. 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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