



PARTNER COMMUNICATIONS REPORTS FIRST QUARTER 2024 RESULTS¹

QUARTERLY ADJUSTED EBITDA TOTALED NIS 281 MILLION

NET PROFIT FOR THE QUARTER TOTALED NIS 55 MILLION

First quarter 2024 highlights (compared with first quarter 2023)

- **Total Revenues:** NIS 845 million, a decrease of 2%
- **Service Revenues ex. interconnect charges:** NIS 605 million, an increase of 2%
- **Revenues from Equipment & Other:** NIS 159 million, an increase of 4%
- **Adjusted EBITDA:** NIS 281 million, an increase of 15%
- **Net Profit:** NIS 55 million, an increase of 96%
- **Cash capital expenditures (Capex payments):** NIS 172 million, an increase of 6%
- **Adjusted Free Cash Flow:** NIS -24 million, a decrease of NIS 8 million
- **Net Financial Debt:** NIS 542 million, a decrease of 18%
- **Cellular ARPU ex. interconnection fees:** NIS 41, an increase of 2%
- **Cellular Subscriber Base:** approximately 2.64 million at quarter-end, a decrease of 3%
- **Fiber-Optic Subscriber Base:** 389 thousand subscribers at quarter-end, an increase of 76 thousand subscribers since Q1 2023, and an increase of 20 thousand in the quarter

Rosh Ha'ayin, Israel, May 20, 2024 – Partner Communications Company Ltd. ("Partner" or the "Company") (TASE: PTNR), a leading Israeli communications provider, announced today its results for the quarter ended March 31, 2024.

Commenting on the results for the first quarter 2024, Mr. Avi Gabbay, CEO of Partner, noted:

"After the investments in the past two years, Partner today begins a new era with the most advanced 5G network in the world. The in-depth processes we are undertaking are yielding results and are reflected in the Company's profitability measures. At the same time, we are a country at war and our first and foremost commitment is to continue to support our evacuated customers and the security forces, for the benefit of the State of Israel."

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

^{1.1} 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 Company'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.

^{1.2} 'Adjusted free cash flow' represents cash flow from operating activities, less cash flow for the purchase of fixed assets and intangible and other assets (including grants), 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.

^{1.3} '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.

Q1 2024 compared with Q1 2023

NIS Million (except EPS)	Q1'23	Q1'24
Service Revenues	709	686
Service Revenues ex. interconnect charges	596	605
Revenues from Equipment and Other	153	159
Total Revenues	862	845
Gross profit from equipment sales	25	30
Operating Profit	57	86
Adjusted EBITDA	245	281
Adjusted EBITDA as a percentage of total revenues	28%	33%
Adjusted EBITDA as a percentage of total revenues ex. interconnect charges	33%	37%
Net Profit for the period	28	55
Earnings Per Share (basic, NIS)	0.15	0.29
Capital Expenditures (cash)	162	172
Adjusted free cash flow	(16)	(24)
Net Financial Debt	660	542

Key Performance Indicators (KPI)²

	Q1'23	Q4'23	Q1'24	Change from previous quarter
Cellular Subscribers (end of period, thousands)	2,707	2,644	2,637	Decrease of 7 thousand
Postpaid Cellular Subscribers (end of period, thousands)	2,482	2,469	2,464	Decrease of 5 thousand
Prepaid Cellular Subscribers (end of period, thousands)	225	175	173	Decrease of 2 thousand
Monthly Average Revenue per Cellular User (ARPU) (NIS)	54	50	51	
Monthly Average Revenue per Cellular User (ARPU) (NIS) excluding interconnect charges	40	41	41	
Quarterly Cellular Churn Rate (%)	7.5%	4.8%	5.0%	
Fiber-Optic Subscribers (end of period, thousands)	313	369	389	Increase of 20 thousand
Internet Subscribers (end of period, thousands)	421	439	447	Increase of 8 thousand
TV Subscribers (end of period, thousands)	217	207	206	Decrease of 1 thousand

² KPI definitions as follows:

^{2.1} Cellular subscriber base 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 a cumulative income for the Company of 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.

^{2.2} 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 5 in the ARPU for the fourth quarter of 2022 and of NIS 2 in the ARPU for the year 2022.

^{2.3} ARPU is presented excluding interconnect charges in light of the reform to change the interconnect tariff regime gradually from June 2023 to June 2025, which is expected to lead to a significant decrease in cellular service revenues and a decrease in ARPU accordingly.

^{2.4} Fiber-Optic Subscribers include active subscribers to Partner's fiber services, either using Partner's fiber infrastructure or using another fiber infrastructure.

^{2.5} 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 another infrastructure.

^{2.6} 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		
	Q1'23	Q1'24	Change %	Q1'23	Q1'24	Change %	Q1'23	Q1'24	Q1'23	Q1'24	Change %
Total Revenues	581	544	-6%	308	324	+5%	(27)	(23)	862	845	-2%
Service Revenues	444	404	-9%	292	305	+4%	(27)	(23)	709	686	-3%
Revenues from Equipment and other	137	140	+2%	16	19	+19%	-	-	153	159	+4%
Operating Profit (Loss)	65	83	+28%	(8)	3		-	-	57	86	+51%
Adjusted EBITDA	164	183	+12%	81	98	+21%	-	-	245	281	+15%

Financial review

In the first quarter of 2024, the Company's revenues totaled approx. NIS 845 million and decreased by 2% compared with the corresponding quarter as a result of approx. 3% decrease in service revenues, offset by an increase of approx. 4% in revenues from equipment and other sales. Excluding interconnect charges, service revenues increased by approx. 2% compared to the corresponding quarter. Adjusted EBITDA increased by approx. 15% compared to the corresponding quarter. The increase reflected an increase in fixed line service revenues, decreases in expenses for payments made to other communication operators and in sales and marketing expenses, and an increase in gross profit from equipment and other sales, which were partially offset by a decrease in revenues from roaming services due to the impact of the war. Salary and related expenses remained at the same level as the first quarter of 2023, among other things, due to the recognition of proceeds from Social Security related to the Company's employees who were drafted into reserve duty due to the war.

In the first quarter of 2024, revenues from services in the cellular segment decreased by approx. 9% compared to the corresponding quarter and amounted to approx. NIS 404 million. The decrease was mainly due to a decrease in revenues from interconnect charges (resulting from the reduction of the interconnect tariff), and in revenues from roaming services (due to the impact of the war on international travel). Revenues from cellular equipment sales increased by approx. 2%, such that the segment's total revenues decreased by approx. 6% compared to the corresponding quarter. The cellular segment's operating profit in the quarter increased by approx. 28% compared to the corresponding quarter. Adjusted EBITDA for the segment increased by approx. 12% compared to the corresponding quarter and amounted to approx. NIS 183 million, reflecting the impact of the decrease in salaries and related expenses and in other expenses together with the increase in the gross profit from equipment sales which was offset by the decrease in revenues from roaming services, as explained above.

In the first quarter of 2024, revenues from services excluding interconnect charges in the fixed-line segment grew by approx. 5% compared to the corresponding quarter, mainly as a result of the growth in revenues from fiber-based Internet services and from data services for businesses, 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. Revenues from the sale of equipment and others increased by approx. 19%, mainly as a result of an increase in equipment and licenses sales to business customers. Total revenues of the fixed-line segment in the quarter amounted to approx. NIS 324 million, an increase of approx. NIS 16 million compared to the corresponding quarter. The operating profit of the fixed-line segment increased by approx. NIS 11 million compared to the corresponding quarter. Adjusted EBITDA of the fixed-line segment increased by approx. 21% in the first quarter of 2024 compared to the corresponding quarter, to total approx. NIS 98 million, reflecting the increase in service revenues, as described above, a decrease in expenses for payments made to other communication operators and an increase in the gross profit from equipment and others sales, partially offset mainly by an increase in fiber installation and repairs expenses.

The cash flow investment in fixed assets and intangible assets (CAPEX) in the first quarter of 2024 amounted to approx. NIS 172 million compared to approx. NIS 162 million in the corresponding quarter.

The Company's net profit in the first quarter of 2024 increased by approx. 96% and amounted to approx. NIS 55 million, compared to approx. NIS 28 million in the corresponding quarter. Adjusted free cash flow (before interest and including lease payments) in the first quarter of 2024 totaled approx. NIS (24) million, compared to approx. NIS (16) million in the corresponding quarter. The decrease in Adjusted free cash flow was largely a result of an increase in CAPEX payments and changes in working capital, including an increase in deferred expenses following the Bezeq infrastructure IRU agreement and an increase in the Company's inventory, as part of stocking supplies of newly launched handsets.

"Iron Swords"

On the basis that the damage resulting from the war will be similar to that which has been experienced to date from the beginning of 2024, the decrease in the Company's profit (before tax) from roaming services, for each month of the war, is estimated at approx. NIS 5 million. It is also expected that the Company will recognize social security proceeds in various amounts which will derive from the amount of the Company's employees drafted into reserve duty.

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 Communications 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 or guarantee 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 shall this presentation nor anything contained herein 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>

Contacts:

Amir Adar

Head of Investor Relations and Corporate Projects

Tel: +972-54-781-5051

E-mail: investors@partner.co.il