



PARTNER COMMUNICATIONS REPORTS SECOND QUARTER 2024 RESULTS¹

ADJUSTED EBITDA TOTALED NIS 283 MILLION

NET PROFIT FOR THE QUARTER TOTALED NIS 57 MILLION

QUARTERLY ADJUSTED FREE CASH FLOW TOTALED NIS 69 MILLION

Second quarter 2024 highlights (compared with second quarter 2023)

- **Total Revenues:** NIS 823 million, a decrease of 3%
- **Service Revenues ex. interconnect charges:** NIS 612 million, a decrease of 1%
- **Revenues from Equipment & Other:** NIS 140 million, an increase of 9%
- **Adjusted EBITDA:** NIS 283 million, an increase of 4%
- **Net Profit:** NIS 57 million, an increase of 6%
- **Cash capital expenditures (Capex payments):** NIS 138 million, a decrease of 22%
- **Adjusted Free Cash Flow:** NIS 69 million, a decrease of NIS 3 million
- **Net Financial Debt:** NIS 502 million, a decrease of 19%
- **Cellular ARPU ex. interconnection fees:** NIS 42, a decrease of 2%
- **Cellular Subscribers:** approximately 2.63 million at quarter-end, a decrease of 1%
- **Fiber-Optic Subscribers:** 404 thousand subscribers at quarter-end, an increase of 70 thousand subscribers since Q2 2023, and an increase of 15 thousand in the quarter

Rosh Ha'ayin, Israel, August 11, 2024 – 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, 2024.

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

"We believe in simplicity. Targeted investments, along with continuous improvement in customer service quality, lead to operational excellence, more satisfied customers and growth in profitability. We continue to migrate our customers to the best 5G cellular network in the world and to support the Israeli people, our evacuated customers and the security forces."

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.

Q2 2024 compared with Q2 2023

NIS Million (except EPS)	Q2'23	Q2'24
Service Revenues	722	683
Service Revenues ex. interconnect charges	619	612
Revenues from Equipment and Other	128	140
Total Revenues	850	823
Gross profit from equipment sales	20	15
Operating Profit	81	90
Adjusted EBITDA	272	283
Adjusted EBITDA as a percentage of total revenues	32%	34%
Adjusted EBITDA as a percentage of total revenues ex. interconnect charges	36%	38%
Net Profit for the period	54	57
Earnings Per Share (basic, NIS)	0.29	0.31
Capital Expenditures (cash)	176	138
Adjusted free cash flow	72	69
Net Financial Debt	617	502

Key Performance Indicators (KPI)²

	Q2'23	Q1'24	Q2'24	Change from previous quarter
Cellular Subscribers (end of period, thousands)	2,664	2,637	2,629	Decrease of 8 thousand
Postpaid Cellular Subscribers (end of period, thousands)	2,470	2,464	2,456	Decrease of 8 thousand
Prepaid Cellular Subscribers (end of period, thousands)	194	173	173	
Monthly Average Revenue per Cellular User (ARPU) (NIS)	56	51	51	
Monthly Average Revenue per Cellular User (ARPU) (NIS) excluding interconnect charges	43	41	42	
Quarterly Cellular Churn Rate (%)	6.1%	5.0%	4.7%	
Fiber-Optic Subscribers (end of period, thousands)	334	389	404	Increase of 15 thousand
Internet Subscribers (end of period, thousands)	427	447	455	Increase of 8 thousand
TV Subscribers (end of period, thousands)	213	206	205	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		
	Q2'23	Q2'24	Change %	Q2'23	Q2'24	Change %	Q2'23	Q2'24	Q2'23	Q2'24	Change %
Total Revenues	567	530	-7%	308	316	+3%	(25)	(23)	850	823	-3%
Service Revenues	452	400	-12%	295	306	+4%	(25)	(23)	722	683	-5%
Revenues from Equipment and other	115	130	+13%	13	10	-23%	-	-	128	140	+9%
Operating Profit (Loss)	82	80	-2%	-1	10	N/A	-	-	81	90	+11%
Adjusted EBITDA	183	179	-2%	89	104	+17%	-	-	272	283	+4%

Financial review

Company's revenues in the second quarter of 2024, totaled approx. NIS 823 million and decreased by 3% compared with the corresponding quarter as a result of approx. 5% decrease in service revenues, offset by an increase of approx. 9% in revenues from equipment and other sales. Excluding interconnect charges, service revenues decreased by approx. 1% compared to the corresponding quarter. Adjusted EBITDA increased by approx. 4% compared to the corresponding quarter. The increase reflected an increase in fixed line service revenues and a decrease in salary and related expenses, 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, which were partially offset by a decrease in revenues from roaming services due to the impact of the war and due to the conclusion of Hot Mobile's deferred revenue recognition for the Company's cellular network right of use (without cash flow impact).

In the second quarter of 2024, revenues from services in the cellular segment decreased by approx. 12% compared to the corresponding quarter and amounted to approx. NIS 400 million. The decrease was mainly due to a decrease in revenues from interconnect charges (resulting from the reduction of the interconnect tariff as from June 2023), and in revenues from roaming services (due to the impact of the war on international travel). Revenues from cellular equipment sales increased by approx. 13%, such that the segment's total revenues decreased by approx. 7% compared to the corresponding quarter. The cellular segment's operating profit in the quarter decreased by approx. 2% compared to the corresponding quarter. Adjusted EBITDA for the segment decreased by approx. 2% compared to the corresponding quarter and amounted to approx. NIS 179 million, as a decrease in decrease in revenues from roaming services and deferred revenues from Hot Mobile, as explained above. was partially offset by an increase in revenues from cellular packages, a decrease in salary and subcontractors expenses and a decrease in provisions for lawsuit and others.

In the second quarter of 2024, revenues from services excluding interconnect charges in the fixed-line segment grew by approx. 4% 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 decreased by approx. NIS 3 million compared to corresponding quarter, mainly as a result of a decrease in equipment and licenses sales to business customers. Total revenues of the fixed-line segment in the quarter amounted to approx. NIS 316 million, an increase of approx. NIS 8 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. 11% in the second quarter of 2024 compared to the corresponding quarter, to total approx. NIS 104 million, mainly reflecting the increase in service revenues, as described above and a decrease in expenses for advertising and marketing expenses and in expenses for payments made to other telecoms operators.

The Company's net profit in the second quarter of 2024 increased by approx. 6% and amounted to approx. NIS 57 million, compared to approx. NIS 54 million in the corresponding quarter.

The cash flow investment in fixed assets and intangible assets (CAPEX) in the second quarter of 2024 amounted to approx. NIS 138 million compared to approx. NIS 176 million in the corresponding quarter.

Adjusted free cash flow (before interest and including lease payments) in the second quarter of 2024 totaled approx. NIS 69 million, compared to approx. NIS 72 million in the corresponding quarter. The decrease in Adjusted free cash flow was largely a result of changes in working capital, including an increase in deferred expenses following the Bezeq infrastructure IRU agreement, offset by a decrease in CAPEX payments.

"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>

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