



PARTNER COMMUNICATIONS REPORTS FOURTH QUARTER AND ANNUAL 2023 RESULTS¹

ANNUAL ADJUSTED EBITDA TOTALED NIS 1,052 MILLION

ANNUAL NET PROFIT TOTALED NIS 163 MILLION

ANNUAL ADJUSTED FREE CASH FLOW TOTALED NIS 143 MILLION

2023 Annual Highlights (compared with 2022)

- **Total Revenues:** NIS 3,347 million, a decrease of 3%
- **Service Revenues:** NIS 2,816 million, a decrease of 0.5%
- **Service Revenues ex. interconnect charges:** NIS 2,439 million, an increase of 2%
- **Revenues from Equipment & Other:** NIS 531 million, a decrease of 16%
- **Total Operating Expenses (OPEX):** NIS 1,874 million, a decrease of 3%
- **Adjusted EBITDA:** NIS 1,052 million, a decrease of 0.5%
- **Net Profit:** NIS 163 million, a decrease of NIS 7 million, compared to profit before the impact of impairment charge last year
- **Cash capital expenditures (Capex payments):** NIS 656 million, an increase of 1%
- **Adjusted Free Cash Flow:** NIS 143 million, an increase of 4%
- **Net Financial Debt:** NIS 523 million, a decrease of 19%
- **Cellular ARPU ex. interconnection fees:** NIS 42, an increase of 8%
- **Cellular Subscriber Base:** approximately 2.64 million at year-end, a decrease of 4%
- **Fiber-Optic Subscriber Base:** 369 thousand subscribers at year-end, an increase of 82 thousand subscribers since end of 2022, and an increase of 16 thousand in the quarter
- **Homes Connected (HC) to Partner's Fiber-Optic Infrastructure:** 1,063 thousand at year-end, an increase of 108 thousand since end of 2022, and an increase of 45 thousand in the quarter

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 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.

^{1.2} '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

^{1.3} '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/gains) 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

^{1.4} '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.

Fourth quarter 2023 highlights (compared with fourth quarter 2022)

- **Total Revenues:** NIS 806 million, a decrease of 6%
- **Service Revenues:** NIS 675 million, a decrease of 4%
- **Service Revenues ex. interconnect charges:** NIS 594 million, a decrease of 1%
- **Revenues from Equipment & Other:** NIS 131 million, a decrease of 15%
- **Total Operating Expenses (OPEX):** NIS 445 million, a decrease of 11%
- **Adjusted EBITDA:** NIS 252 million, an increase of 2%
- **Net Profit:** NIS 25 million, a decrease of NIS 8 million, compared to profit before the impact of impairment charge in Q4'22
- **Cash capital expenditures (Capex payments):** NIS 159 million, an increase of NIS 61 million
- **Adjusted Free Cash Flow:** NIS (59) million, a decrease of NIS 79 million
- **Cellular ARPU ex. interconnection fees:** NIS 41, unchanged

Rosh Ha'ayin, Israel, March 11, 2024 – Partner Communications Company Ltd. (“Partner” or the “Company”) (TASE: PTNR), a leading Israeli communications provider, announced today its results for the quarter and the year ended December 31, 2023.

Commenting on the results for the fourth quarter and full year 2023, Mr. Avi Gabbay, CEO of Partner, noted:

"Partner at the end of 2023 is significantly better than at the beginning of the year and we continue to improve and are pleased with our results. At the same time, we are part of the State of Israel, which has been engaged in a complicated war for the past five months. Hundreds of our employees were drafted into military reserves and are still serving, part of our customers have been evacuated from their homes, and therefore a significant portion of our activity relates to the war and is for the benefit of the State and the security forces."

Full Year 2023 compared to 2022 and 2021

NIS Million (except EPS)	2021	2022	2023
Service Revenues	2,635	2,829	2,816
Revenues from Equipment and Other	728	634	531
Total Revenues	3,363	3,463	3,347
Gross profit from equipment sales	152	125	72
OPEX	1,901	1,940	1,874
Impairment charge for goodwill		304	
Reported Operating Profit (Loss)	163	(6)	264
Operating Profit before impact of impairment charge in 2022	163	298	264
Adjusted EBITDA	922	1,057	1,052
Adjusted EBITDA as a percentage of total revenues	27%	31%	31%
Reported Net Profit (Loss) for the period	115	(100)	163
Net Profit for the period before impact of impairment charge in 2022	115	170	163
Reported Earnings (Losses) Per Share (basic, NIS)	0.63	(0.54)	0.88
Earnings Per Share (basic, NIS) before impact of impairment charge in 2022	0.63	0.92	0.88
Capital Expenditures (cash)	672	647	656
Adjusted free cash flow	(46)	137	143
Net Financial Debt	744	647	523

Q4 2023 compared with Q4 2022

NIS Million (except EPS)	Q4'22	Q4'23
Service Revenues	705	675
Revenues from Equipment and Other	154	131
Total Revenues	859	806
Gross profit from equipment sales	31	15
OPEX	500	445
Impairment charge for goodwill	304	
Reported Operating Profit (Loss)	(247)	41
Operating Profit before impact of impairment charge in Q4'22	57	41
Adjusted EBITDA	248	252
Adjusted EBITDA as a percentage of total revenues	29%	31%
Reported Net Profit (Loss) for the period	(237)	25
Net Profit for the period before impact of impairment charge in Q4'22	33	25
Reported Earnings (Losses) Per Share (basic, NIS)	(1.28)	0.14
Earnings Per Share (basic, NIS) before impact of impairment charge in Q4'22	0.18	0.14
Capital Expenditures (cash)	98	159
Adjusted free cash flow	20	(59)
Net Financial Debt	647	523

Key Performance Indicators (KPI)²

	Q4'22	Q3'23	Q4'23	Change from previous quarter
Cellular Subscribers (end of period, thousands)	2,744	2,655	2,644	Decrease of 11 thousand
Postpaid Cellular Subscribers (end of period, thousands)	2,492	2,469	2,469	Unchanged
Prepaid Cellular Subscribers (end of period, thousands)	252	186	175	Decrease of 11 thousand
Monthly Average Revenue per Cellular User (ARPU) (NIS)	54	55	50	
Monthly Average Revenue per Cellular User (ARPU) (NIS) excluding interconnect charges	41	45	41	
Quarterly Cellular Churn Rate (%)	10.5%	5.5%	4.8%	
Fiber-Optic Subscribers (end of period, thousands)	287	353	369	Increase of 16 thousand
Homes Connected to Partner's Fiber-Optic Infrastructure (HC) (end of period, thousands)	955	1,018	1,063	Increase of 45 thousand households
Internet Subscribers (end of period, thousands)	415	434	439	Increase of 5 thousand
TV Subscribers (end of period, thousands)	220	210	207	Decrease of 3 thousand

² KPI definitions as follows:

- ^{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) Approximately 189,000 post-paid subscribers were removed from the subscriber base, 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; (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 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 (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).
- ^{2.2} 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 that will apply 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} The sum total of: (1) subscribers who are disconnected from the service for any reason; (2) post-paid subscribers who do not generate income for the Company for a period of six months (excluding incoming calls to voicemail); and (3) pre-paid subscriber who do not generate income for the Company for a period of three months in a given period, expressed as percentage of the average of the sum total of our subscribers at the beginning and end of such a period.
- ^{2.5} Fiber-Optic Subscribers include active subscribers to Partner's fiber services, either using Partner's fiber infrastructure or using another fiber infrastructure.
- ^{2.6} 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.
- ^{2.7} 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 before the impact of impairment charges – Annual

NIS Million	Cellular Segment			Fixed-Line Segment			Elimination		Consolidated		
	2022	2023	Change %	2022	2023	Change %	2022	2023	2022	2023	Change %
Total Revenues	2,362	2,211	-6%	1,226	1,238	+1%	(125)	(102)	3,463	3,347	-3%
Service Revenues	1,818	1,738	-4%	1,136	1,180	+4%	(125)	(102)	2,829	2,816	0%
Revenues from Equipment and Other	544	473	-13%	90	58	-36%	-	-	634	531	-16%
Operating Profit (Loss)	286	284	-1%	21	(20)		-	-	298	264	-11%
Adjusted EBITDA	695	692	0%	362	360	0%	-	-	1,057	1,052	0%

Partner Consolidated Results before the impact of impairment charges – Quarterly

NIS Million	Cellular Segment			Fixed-Line Segment			Elimination		Consolidated		
	Q4'22	Q4'23	Change %	Q4'22	Q4'23	Change %	Q4'22	Q3'23	Q4'22	Q4'23	Change %
Total Revenues	578	519	-10%	312	311	0%	(31)	(24)	859	806	-6%
Service Revenues	444	403	-9%	292	296	+1%	(31)	(24)	705	675	-4%
Revenues from Equipment and other	134	116	-13%	20	15	-25%	-	-	154	131	-15%
Operating Profit (Loss)	57	56	-2%	0	(15)		-	-	57	41	-28%
Adjusted EBITDA	157	159	+1%	91	93	2%	-	-	248	252	+2%

Financial review

Revenues in 2023 amounted to approx. NIS 3,347 million, and decreased approx. 3% compared to 2022, with a minor decrease in revenues from services along with an approx. 16% decrease in revenues from equipment and other. Not including revenues from interconnect charges, revenues from services increased by approx. 2% compared to the corresponding year. Adjusted EBITDA decreased by an insignificant rate compared with 2022 as an approx. 42% decrease in gross profit from equipment sales and other together with a decrease in revenues from roaming services due to "Swords of Iron" war impact on domestic demand for international travel were mostly offset by a decrease in OPEX.

In 2023 revenues in the cellular segment decreased by approx. 6% compared to 2022 and amounted to approx. NIS 2,211 million. The decrease resulted from a decrease of approx. 13% in cellular equipment sales and a decrease of approx. 4% in revenues from services, mostly related to a decrease in revenues from interconnect charges, due to the reduction of the interconnect tariff in mid-June 2023. The cellular segment's operating profit decreased by approx. 1% and the Adjusted EBITDA in the segment also decreased by a small amount, mainly due to a decrease in the gross

profit from equipment sales and an increase in network maintenance expenses. These were mainly offset by a decrease in inter-segment charges, 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 period and from the recognition of social security proceeds for employees who were drafted into reserve duty due to the war), a decrease in doubtful debts expenses and in expenses to the fund to promote fiber deployment in view of the zero payment rate for 2023.

In the fourth quarter of 2023, revenues from services in the cellular segment decreased by approx. 9% compared to the corresponding quarter and amounted to approx. NIS 403 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 "Swords of Iron" war on international travel). Revenues from cellular equipment sales decreased by approx. 13% 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 decreased by approx. 2% compared to the corresponding quarter. Adjusted EBITDA for the segment increased by approx. 1% compared to the corresponding quarter and amounted to approx. NIS 159 million, as the decrease in salaries and related expenses and in expenses for the fund to promote fiber deployment was offset by a decrease in revenues from roaming services and a decrease in the gross profit from equipment sales.

In 2023, service revenues in the fixed-line segment increased by approx. 4%, primarily as a result of growth in revenue from internet services and data services for businesses. Fixed-line segment equipment and others sales revenues decreased by approx. 36%, mainly as a result of the recording of revenues from the rental of fiber optics to business customers in 2022 and from a decrease in sales of household products. The total revenues of the fixed-line segment in 2023 increased by approx. 1%. The operating loss of the fixed-line segment amounted to approx. NIS 20 million, mainly impacted by an increase in installation cost which were recorded as expenses and by an increase in depreciation and amortization expenses, among other, a result of an impairment recognized in respect of off-the-shelf equipment used for fiber deployment. Adjusted EBITDA decreased by approx. NIS 2 million and amounted to approx. NIS 360 million, despite the increase in service revenues, as described above, and as a result of the accounting treatment of fiber installation expenses related to GPON technology, which are recorded as expenses rather than being capitalized, and by a decrease in the gross profit from equipment and others sales and by an increase in provisions for legal claims and an increase in payroll and related expenses.

In the fourth quarter of 2023, revenues from services in the fixed-line segment grew by approx. 1% compared to the corresponding quarter, mainly in view of the growth in revenues from internet services and from data services for businesses. Revenues from the sale of equipment and others

decreased by approx. 25%, mainly as a result of the recording of revenues from the rental of fiber optics 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 amounted to approx. NIS 311 million, a decrease of approx. NIS 1 million compared to the corresponding quarter. The operating loss of the fixed-line segment reflected an impairment charge recognized in respect of off-the-shelf equipment used for fiber deployment, and amounted to approx. NIS 15 million. Adjusted EBITDA in the fourth quarter of 2023 increased by approx. 2% and amounted to approx. NIS 93 million as an increase in service revenues, as described above, and a decrease in expenses for payments made to other communication operators were offset by an increase in fiber installation expenses and by a decrease in the gross profit from equipment and others sales.

The Company's net profit for the period in 2023 amounted to approx. NIS 163 million, compared to a reported loss of approx. NIS 100 million in 2022 (net profit for the period in 2022, excluding the impact of the impairment including tax of NIS 270 million, amounted to approx. NIS 170 million). The Company's net profit for the fourth quarter of 2023 amounted to approx. NIS 25 million compared to a loss of approx. NIS 237 million in the corresponding quarter (net profit for the fourth quarter of 2022 excluding the impact of the impairment amounted to approx. NIS 33 million).

Adjusted free cash flow (before interest and including lease payments) for 2023 totaled approx. NIS 143 million, compared to approx. NIS 137 million in 2022. The increase in Adjusted free cash flow was largely a result of decrease in accounts receivable for equipment sales and a decrease in inventory, offset by increases in IRU and CAPEX payments. The Adjusted Free Cash Flow in the fourth quarter of 2023 amounted to approx. NIS (59) million, compared to approx. NIS 20 million in the corresponding quarter. The decrease was mainly due to the increase in CAPEX payments along with increases in inventory and in tax payments.

Outlook

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 the war, is estimated in the range of approx. NIS 5 million to NIS 10 million. It is also expected that the Company will recognize social security proceeds in various amounts which will derive from the scale of the Company's employees drafted into reserve duty.

In 2024, the Company will continue and act to accelerate the deployment of the 5G network and launch the 5G SA core network. The Company expects that the cash investment in fixed and intangible assets (Cash CAPEX), will decrease in 2024, and amount to approximately NIS 550 million, compared to approximately NIS 656 million in 2023, and this is, among other things, due to the completion of the deployment of our independent fiber optic network to households at the end of year 2023. The Company will report, as needed, deviations of $\pm 10\%$ or more from the amount specified above.

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 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 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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