



BEZEQ GROUP REPORTS SECOND QUARTER 2024 FINANCIAL RESULTS

Holon, Israel – August 7, 2024 – Bezeq – The Israeli Telecommunications Corp., Ltd. (TASE: BEZQ), Israel's leading telecommunications provider, today announced its financial results for the three months ended June 30, 2024. Details about the investor earnings presentation webcast to be held today are included below in this press release.

Bezeq Group Q2 2024 Financial Highlights¹

- Reported revenues totaled NIS 2.2 billion, down 4.7%
- Core revenues² totaled NIS 1.9 billion, down 0.9%
- Adjusted EBITDA³ totaled NIS 910 million, down 7.8%
- Adjusted Net Profit³ totaled NIS 292 million, down 17.5%
- Capital expenditures totaled NIS 431 million, or 20% of revenues, down 2.3%
- Free cash flow totaled NIS 178 million, down 25.2%
- Board of Directors recommends a dividend distribution of NIS 407 million, 70% of the H1 2024 net profits

Tomer Raved, Bezeq Chairman, stated: "The first half of 2024 was characterized by the unstable security situation in Israel, and as the nation's leading telecommunications group, we continued to meet our commitment to provide stable and robust services on our various telecommunications infrastructures. We continue to invest in the nationwide deployment of the digital infrastructure, with an emphasis on the fiber optics network, which is expected to be completed during 2025, passing over 2.3 million households with 30% take-up as of today.

During this complex period, the group has shown stability in its core revenues and has made progress in its core strategy in fiber, 5G in Pelephone, and the transition of TV subscribers to IP in yes, recording strong free cash flow and a 4% increase in terms of the total dividend amount compared to the

¹ Q2-2024 and H1-2024 results in this earnings release are presented in comparison to Q2-2023 and H1-2023 results, respectively, unless otherwise stated.

² Group revenues excluding Bezeq Fixed-Line telephony revenues, Pelephone interconnect fees and Bezeq International consumer revenues.

³ Adjusted EBITDA and Adjusted Net Profit figures are presented after adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation.



corresponding period. The group's profitability was negatively affected this quarter due to the second tranche of the MOC telephony reform and several infrastructure projects that had positively impacted the corresponding quarter. Additionally, there were non-material impacts from the war, given the voluntary non-billing of evacuated communities in the conflict areas and the decrease in cellular roaming revenues. Regarding regulation, we foresee a positive horizon for the healthy development of the telecommunications market similar to other developed countries. Recently, there were several regulatory developments related to Bezeq and the Israeli public, more specifically in the process for the removal of the structural separation by the Ministry of Communications, the shutting down of the copper network, the wholesale market regulation, and the universal fund.

We are satisfied with the pace of implementation of our strategy in all group companies, which are focused on strong growth engines, and we will work to ensure that Bezeq will continue to lead the Israeli telecommunications market in the future."

Tobi Fischbein, Bezeq Group CFO, commented: "During the first half of the year, free cash flow was strong, increasing 11% to NIS 646 million, and in the last twelve months amounted to NIS 1.4 billion. This enabled us to continue strengthening the financial stability of the group by reducing financial debt. By the end of the second quarter, net financial debt was NIS 5 billion, a decrease of NIS 400 million year-over-year. The group aims to maintain its high credit rating in the AA group, keep its current level of CapEx until the end of the fiber project next year, and continue distributing dividends to shareholders, which currently reflect a return of approximately 7% in annual terms."

Bezeq Group Results (Consolidated)

	<u>Q2 2024</u>	<u>Q2 2023</u>	<u>% change</u>	<u>H1 2024</u>	<u>H1 2023</u>	<u>% change</u>
	<i>(NIS millions)</i>			<i>(NIS millions)</i>		
Revenues (reported)	2,192	2,299	(4.7%)	4,447	4,607	(3.5%)
Core revenues ¹	1,938	1,955	(0.9%)	3,921	3,898	0.6%
Operating profit	445	506	(12.1%)	884	974	(9.2%)
EBITDA	907	974	(6.9%)	1,819	1,900	(4.3%)
Adjusted EBITDA ²	910	987	(7.8%)	1,827	1,923	(5.0%)
Adjusted EBITDA margin	41.5%	42.9%		41.1%	41.7%	
Net profit	287	343	(16.3%)	582	654	(11.0%)
Adjusted net profit ²	292	354	(17.5%)	591	675	(12.4%)
Diluted EPS (NIS)	0.10	0.12	(16.7%)	0.21	0.24	(12.5%)
Operating cash flow	709	775	(8.5%)	1,710	1,628	5.0%
CapEx (gross)	431	441	(2.3%)	841	857	(1.9%)
Free cash flow ³	178	238	(25.2%)	646	583	10.8%
Net debt	5,020	5,415	(7.3%)	5,020	5,415	(7.3%)

¹ Group revenues excluding Bezeq Fixed-Line telephony revenues, Telephone interconnect fees and Bezeq International consumer revenues

² Adjusted EBITDA and adjusted net profit exclude other operating income/expenses, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation.

³ Free cash flow is defined as cash flow from operating activities less net payments for investments and leases.

Revenues amounted to NIS 2.19 billion, down 4.7%. **Core Revenues** (Group revenues excluding Bezeq Fixed-Line telephony revenues, Telephone interconnect fees and Bezeq International consumer revenues) decreased 0.9%, to NIS 1.94 billion, mainly due to lower revenues from infrastructure projects in Bezeq Fixed-Line and lower roaming revenues in Telephone impacted by the war. Core revenues in the first half of 2024 amounted to NIS 3.92 billion, up 0.6%, and represented approximately 90% of reported revenues.

EBITDA amounted to NIS 907 million, down 6.9%. **Adjusted EBITDA** was NIS 910 million (Adjusted EBITDA margin of 41.5%), down 7.8%. Adjusted EBITDA in the first half of 2024 amounted to NIS 1.83 billion (Adjusted EBITDA margin of 41.1%), down 5.0%.



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Net profit totaled NIS 287 million, down 16.3%. **Adjusted Net Profit** was NIS 292 million, down 17.5%. Adjusted Net Profit in the first half of 2024 totaled NIS 591 million, down 12.4%.

Adjusted EBITDA and Adjusted Net Profit were negatively impacted by lower telephony revenues and timing of infrastructure projects as well as from the war, including lower Telephone roaming revenues and the non-billing of customers in the line of conflict in Bezeq Fixed-Line and yes.

Free cash flow was NIS 178 million, down 25.2%, primarily due to timing differences in working capital, including a tax refund received in the corresponding quarter. Free cash flow in the first half of 2024 was NIS 646 million, up 10.8%.

Net financial debt of the Group amounted to NIS 5.0 billion as of June 30, 2024, compared to NIS 5.4 billion as of June 30, 2023, a decrease of 7.3%. The Group's net financial debt to Adjusted EBITDA ratio was 1.6 times as of June 30, 2024, similar to June 30, 2023.

Dividends

In accordance with the Company's dividend policy, the Board of Directors recommended to the General Meeting of Shareholders a dividend distribution of NIS 407 million, which at the time of the approval represented NIS 0.15 per share. The ex-dividend date will be on September 26, 2024. The payment is expected to be made on October 10, 2024.



Bezeq Fixed-Line Results

- **Broadband revenues increased 1.9% with fiber take-up of 59k**
- **Revenues totaled NIS 1.08 billion; Fixed-Line core revenues⁴ decreased 1.8% primarily due to lower revenues from infrastructure projects, partially offset by higher revenues from broadband services and transmission and data communications**
- **Adjusted EBITDA decreased 7% and Adjusted Net Profit decreased 12%, primarily due to a decrease in telephony revenues and the timing of infrastructure projects**
- **Fiber network homes passed reached over 2.3m, with 30% take-up reaching 716k subscribers**
- **Average broadband speed grew 53% to 426 Mbps**
- **Launch of electricity supply activities and joint venture with Powergen**

Nir David, Bezeq CEO, stated, "During the second quarter and first half of the year, we continued to develop our fiber network, with a year-over-year increase of 270k total fiber subscribers, along with higher retail broadband ARPU. Fiber take-up showed sustained growth as we connected more Israelis to high-quality and fast broadband services nationwide, further strengthening our leading market position.

Free cash flow in the first half of the year grew 12.1% to NIS 641 million, further indicating our financial strength. We strengthened our position as a leader in broadband services in Israel, posting 3.2% growth to NIS 641 million in broadband revenue in the first half of 2024.

We will keep implementing our work plan to expand the fiber network, investing in new technologies to continuously improve the customer experience. We will continue to lead the Israeli telecommunications market through innovation and high quality of service, together with efficiency measures and operational excellence."

⁴ Total fixed-line revenues excluding telephony revenues
BEZEQ GROUP REPORTS SECOND QUARTER 2024 FINANCIAL RESULTS

Bezeq Fixed-Line – Financial data	<u>Q2 2024</u>	<u>Q2 2023</u>	<u>% change</u>	<u>H1 2024</u>	<u>H1 2023</u>	<u>% change</u>
	<i>(NIS millions)</i>			<i>(NIS millions)</i>		
Total revenues	1,075	1,130	(4.9%)	2,166	2,241	(3.3%)
Core revenues ¹	937	954	(1.8%)	1,885	1,883	0.1%
Broadband Internet	494	485	1.9%	995	964	3.2%
Transmission and data	293	289	1.4%	591	575	2.8%
Telephony	138	176	(21.6%)	281	358	(21.5%)
Cloud & digital services	87	89	(2.2%)	174	176	(1.1%)
Other revenues	63	91	(30.8%)	125	168	(25.6%)
Operating profit	383	418	(8.4%)	780	821	(5.0%)
EBITDA	638	674	(5.3%)	1,287	1,322	(2.6%)
Adjusted EBITDA ²	633	681	(7.0%)	1,282	1,335	(4.0%)
Adjusted EBITDA margin	58.9%	60.3%		59.2%	59.6%	
Net profit	238	261	(8.8%)	496	510	(2.7%)
Adjusted net profit ²	235	267	(12.0%)	493	521	(5.4%)
Operating cash flow	491	602	(18.4%)	1,239	1,210	2.4%
CapEx (gross)	266	281	(5.3%)	536	593	(9.6%)
Free cash flow ³	192	287	(33.1%)	641	572	12.1%

¹ Total fixed-line revenues excluding telephony revenues

² Excluding other operating income/expenses, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation.

³ Free cash flow is defined as cash flow from operating activities less net payments for investments and leases.

Bezeq Fixed-Line – KPIs	<u>Q2 2024</u>	<u>Q1 2024</u>	<u>Q2 2023</u>
Total broadband lines (retail and wholesale, end of the period, in thousands)	1,486	1,489	1,505
Of which: Total fiber optic subscribers (retail and wholesale, in thousands)	694	635	424
Total retail broadband lines (fiber and copper, end of the period, in thousands)	1,014	1,019	1,028
Of which: Retail fiber optic subscribers (in thousands)	442	407	289
Total wholesale broadband lines (end of the period, in thousands)	472	470	477
Of which: Wholesale fiber optic subscribers (in thousands)	252	228	135
Of which: yes fiber subscribers	55	46	21
Fiber optics deployed – Homes passed (end of the period, in thousands)	2,312	2,191	1,835
Average monthly revenue per broadband Internet subscriber (NIS) – Retail ¹	129	127	122
Average broadband bandwidth per subscriber (Mbps)	426	382	278
Active telephony subscriber lines (end of the period, in thousands) ²	1,409	1,419	1,473
Average monthly telephony revenue per line (NIS) ³	33	33	39
Telephony churn rate (%) ⁴	2.1%	3.1%	2.6%

¹ ARPU - Revenues from retail broadband Internet services divided by the average number of retail subscribers in the period.

² Inactive subscribers are those whose lines have been physically disconnected (except for a subscriber who did not pay his balance due to the Company in the first three months of collection proceedings).

³ Based on average lines for the period.

⁴ Churn rate is calculated according to the number of telephone subscribers who disconnected from the Company's services during the period divided by the average number of telephone subscribers.

Revenues were NIS 1.08 billion, down 4.9%. **Fixed-Line core revenues** (total revenues excluding telephony revenues) decreased 1.8% to NIS 937 million, due to lower revenues from infrastructure projects, and were partially offset by higher revenues from broadband services as well as transmission and data communications. Core revenues in the first half of 2024 amounted to NIS 1.89 billion, up 0.1%.



EBITDA was NIS 638 million, down 5.3%. **Adjusted EBITDA** totaled NIS 633 million (Adjusted EBITDA margin of 58.9%), down 7.0%, mainly due to lower revenues. Adjusted EBITDA in the first half of 2024 was NIS 1.28 billion (Adjusted EBITDA margin of 59.2%), down 4.0%.

Net Profit was NIS 238 million. **Adjusted Net Profit** amounted to NIS 235 million, down 12.0%. Adjusted Net Profit in the first half of 2024 was NIS 493 million, down 5.4%.

Free cash flow was NIS 192 million, down 33.1%, primarily due to timing differences in working capital. Free cash flow in the first half of 2024 was NIS 641 million, up 12.1%.

Subsidiary results

Ilan Sigal, CEO of Pelephone and yes, stated, "Pelephone posted excellent results and continued to grow despite the effects of the war, which are a sign of resilience and strength of the company. We grew revenues and adjusted EBITDA, driven by growth in 5G subscriber plans and an increase in postpaid subscribers. 5G subscriber plans reached approximately 1.2 million today and represent 52% of the company's postpaid subscribers. The strategic actions taken have led to growth in our operations since the beginning of the year, despite the effects of the war.

yes continues to grow in TV/fiber bundles with approximately 60k fiber customers today, along with a sequential increase in TV ARPU, despite the impact of the war and increased competition. We continued to invest in the transition from satellite to IP broadcasting, which will enable our continued success in the future. yes continues to lead the Internet TV market with over 440k customers, representing approximately 80% of total subscribers today."

Ron Glav, CEO of Bezeq International TECH, commented, "We continued the long-term process of transitioning from the consumer ISP activity, impacted by regulatory changes, to focusing on the development of our ICT business. As expected, we posted lower revenues due to the change in focus, and recorded higher revenues from our subsidiary CloudEdge, data center and integration activities, together with efficiency measures that have led to a decrease in expenses."

Telephone Results⁵

- Revenues increased 1.2% to NIS 489 million, driven by growth in revenues from equipment sales
- Adjusted EBITDA rose 2.1% to NIS 191 million. Free cash flow totaled NIS 27 million, compared to negative free cash flow of NIS 33 million in the corresponding quarter Negative N
- ARPU declined by NIS 1 year-over-year, and increased by NIS 1 sequentially to NIS 44. This is the second consecutive quarter with an increase in ARPU
- 5G subscriber plans grew by 60k, reaching approximately 1.2 million as of today. 5G subscriber plans represent 52% of postpaid subscribers
- Postpaid subscribers grew by 15k and total subscribers continued to grow and reached 2.615 million as of June 30, 2024. Decrease in subscriber churn in Q2 2024

⁵ Telephone revenues and ARPU in this earnings release are presented excluding interconnect fees, unless stated otherwise

Telephone – Financial data	<u>Q2 2024</u>	<u>Q2 2023</u>	<u>% change</u>	<u>H1 2024</u>	<u>H1 2023</u>	<u>% change</u>
	<i>(NIS millions)</i>			<i>(NIS millions)</i>		
Total revenues (exc. interconnect fees)	489	483	1.2%	991	988	0.3%
Service revenues (exc. interconnect fees)	348	350	(0.6%)	683	684	(0.1%)
Equipment revenues	141	133	6.0%	308	304	1.3%
Operating profit	55	49	12.2%	95	100	(5.0%)
EBITDA	189	184	2.7%	367	368	(0.3%)
Adjusted EBITDA ¹	191	187	2.1%	376	369	1.9%
Adjusted EBITDA margin	34.0%	32.0%		32.9%	30.7%	
Net profit	39	41	(4.9%)	69	85	(18.8%)
Adjusted net profit ¹	41	44	(6.8%)	77	87	(11.5%)
Operating cash flow	161	98	64.3%	283	231	22.5%
CapEx (gross)	82	83	(1.2%)	164	140	17.1%
Free cash flow ²	27	(33)	NM	(12)	(27)	(55.6%)

¹ Excluding other operating income/expenses, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation.

² Free cash flow is defined as cash flow from operating activities less net payments for investments and leases.

Telephone – KPIs	Q2 2024	Q1 2024	Q2 2023
Total subscribers (end of period, in thousands) ¹	2,615	2,611	2,593
Postpaid subscribers (end of period, in thousands) ¹	2,228	2,213	2,166
Prepaid subscribers (end of period, in thousands) ^{1,2}	387	398	427
5G subscriber plans (end of period, in thousands)	1,152	1,092	898
Average revenue per user, exc. interconnect fees (ARPU, NIS) ²	44	43	45
Churn rate ³	5.6%	6.5%	5.9%

¹ Subscriber data includes Pelephone subscribers (excluding subscribers of operators that Pelephone hosts on its network as well as IOT subscribers) and does not include inactive subscribers who are connected to Pelephone's services for six months or more. An inactive subscriber is one who, in the past six months, has not received at least one call, not made at least one call/SMS, did not take one Internet action, nor paid for any Pelephone services. Prepaid subscribers are included in the number of active subscribers from the date on which the subscriber loaded his device and are removed from the list of active subscribers if the subscriber makes no outgoing use of the device for six months or more. It should be noted that a customer may have more than one subscriber number ("line"). Subscribers include subscribers who use various services (such as data for vehicle media systems), with an average revenue that is significantly lower than for other subscribers.

² Average monthly revenue per subscriber (postpaid and prepaid) is calculated by dividing the average monthly consolidated revenue including cellular services, both from Pelephone subscribers and from other telecommunications operators, including revenues from cellular operators who use Pelephone's network, and repair and warranty services in the period by average Pelephone active subscribers in the same period.

³ Churn rate is calculated according to the proportion of subscribers who have disconnected from Pelephone's services and subscribers who have become inactive during the period, divided by the total number of average active subscribers during the period.

Revenues from services totaled NIS 348 million, down 0.6% year-over-year, and up 3.9% sequentially. Revenues from services were impacted by continued growth in 5G subscriber plans and postpaid subscribers, despite the impact of the war on roaming revenues.

Revenues from equipment sales were NIS 141 million, up 6.0%, driven by an increase in prices as well as a higher number of handsets sold.

Total revenues (exc. interconnect fees) were NIS 489 million, up 1.2%. Total revenues in the first half of 2024 were NIS 991 million, up 0.3%.

EBITDA was NIS 189 million, up 2.7%. **Adjusted EBITDA** was NIS 191 million (Adjusted EBITDA margin of 34.0%), up 2.1%, despite the impact of the war on roaming revenues. Adjusted EBITDA in the first half of 2024 totaled NIS 376 million (EBITDA margin of 32.9%), up 1.9%.

Net profit was NIS 39 million, down 4.9%. **Adjusted Net Profit** was NIS 41 million, down 6.8%, mainly due to lower interest income from Bezeq Fixed-Line. Adjusted Net Profit in the first half of 2024 was NIS 77 million, down 11.5%.

Free cash flow was NIS 27 million, compared to negative free cash flow of NIS 33 million in the corresponding quarter. Free cash flow was positively impacted by the payment of frequency fees for all of 2023 in the corresponding quarter compared to quarterly payments in 2024. Negative free cash flow in the first half of 2024 was NIS 12 million, an improvement of 55.6% compared to the corresponding period.

yes Results

- Continued growth in fiber subscribers with over 60k today
- TV ARPU declined NIS 11 year-over-year, and grew by NIS 1 sequentially to NIS 174
- Revenues totaled NIS 316 million, down 6.0%, due to increased competition, the impact of the war (non-billing of customers in the line of conflict) and higher content sales in the corresponding quarter, partially offset by higher revenues from the TV + fiber bundle
- Continued acceleration of migration from satellite to IP with 440k customers watching TV through IP broadcasting (~80% of total subscribers)
- Agreement with Partner for the distribution of STING+ to its customers, subject to certain approvals

yes – Financial data	<u>Q2 2024</u>	<u>Q2 2023</u>	<u>% change</u>	<u>H1 2024</u>	<u>H1 2023</u>	<u>% change</u>
	<i>(NIS millions)</i>			<i>(NIS millions)</i>		
Revenues	316	336	(6.0%)	631	665	(5.1%)
Operating profit (loss)	(12)	26	NM	(30)	26	NM
EBITDA	36	72	(50.0%)	76	122	(37.7%)
Adjusted EBITDA ¹	41	72	(43.1%)	82	122	(32.8%)
Adjusted EBITDA margin	13.0%	21.4%		13.0%	18.3%	
Net profit	(5)	30	NM	(18)	35	NM
Adjusted net profit (loss) ¹	-	30	NM	(12)	35	NM
Operating cash flow	46	31	48.4%	139	123	13.0%
CapEx (gross)	67	61	9.8%	116	92	26.1%
Free cash flow ²	(27)	(35)	(22.9%)	11	21	(47.6%)

¹ Excluding other operating income/expenses, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation.

² Free cash flow is defined as cash flow from operating activities less net payments for investments and leases.

yes – KPIs	Q2 2024	Q1 2024	Q2 2023
Total number of TV subscribers (end of the period, in thousands) ¹	567	571	579
IP subscribers (end of the period, in thousands) ²	431	412	364
Fiber customers (end of period, in thousands)	55	46	21
Average revenue per user (ARPU, NIS) ³	174	173	185
Churn rate (%) ⁴	3.9%	3.9%	3.3%

¹ TV Subscriber – one household or small business customer. The number of subscribers is standardized for a business customer with numerous set-top boxes (such as a hotel, kibbutz or gym). The number of business customers that are not small businesses is calculated by dividing the total payment received from all the business customers that are not small businesses by the average revenue per small business customer, which is determined once every period.

² The rate of yes subscribers using yes+ and STINGTV services broadcast via the Internet is approximately 80% of all yes subscribers as of the date of the report. This rate includes subscribers who also use satellite services at the same time.

³ ARPU includes total yes revenues (excluding the sale of content to external broadcasters, revenues from terminal equipment and revenues from Internet services) divided by average subscribers for the period.

⁴ Churn rate - the number of yes subscribers who left yes during the period divided by the average number of registered yes subscribers for the period.

Revenues were NIS 316 million, down 6.0%, primarily due to increased competition, the non-billing of customers in the line of conflict due to the war and higher content sales in the corresponding quarter, which were partially offset by higher revenues from the TV + Bezeq fiber bundle. Revenues in the first half of 2024 were NIS 631 million, down 5.1%.

EBITDA was NIS 36 million, down 50.0%. **Adjusted EBITDA** was NIS 41 million (Adjusted EBITDA margin of 13.0%), down 43.1%. Adjusted EBITDA in the first half of 2024 was NIS 82 million (EBITDA margin of 13%), down 32.8%.

Net Loss was NIS 5 million, compared to Net Profit of NIS 30 million in the corresponding quarter. **Adjusted Net Profit** was breakeven, compared to Adjusted Net Profit of NIS 30 million in the corresponding quarter. Adjusted Net Loss in the first half of 2024 was NIS 12 million, compared to Adjusted Net Profit of NIS 35 million in the corresponding period.

Negative free cash flow was NIS 27 million, compared to NIS 35 million in the corresponding quarter, an improvement of 22.9%, due to timing differences in working capital. Free cash flow in the first half of 2024 was positive NIS 11 million, compared to NIS 21 million in the corresponding period.

The number of **yes TV subscribers** as of June 30th, 2024, was 567k, a decrease of 4k sequentially, and 12k year-over-year.

Bezeq International TECH Results

- Revenues were NIS 261 million, a decrease of 10.9%, due to lower consumer and business ISP revenues as well as a decrease in ILD revenues, mainly offset by higher revenues from cloud services and data centers
- Adjusted Net Profit increased to NIS 19 million, up from NIS 13 million in the corresponding quarter

Bezeq International – Financial data	Q2 2024	Q2 2023	% change	H1 2024	H1 2023	% change
	(NIS millions)			(NIS millions)		
Revenues	261	293	(10.9%)	550	605	(9.1%)
Operating profit	18	16	12.5%	38	30	26.7%
EBITDA	44	49	(10.2%)	91	93	(2.2%)
Adjusted EBITDA ¹	45	49	(8.2%)	89	100	(11.0%)
Adjusted EBITDA margin	17.2%	16.7%		16.2%	16.5%	
Net profit	18	13	38.5%	36	26	38.5%
Adjusted net profit ¹	19	13	46.2%	34	33	3.0%
Operating cash flow	19	57	(66.7%)	68	76	(10.5%)
CapEx (gross)	19	20	(5.0%)	33	33	0.0%
Free cash flow ²	(10)	28	NM	13	27	(51.9%)

¹ Excluding other operating income/expenses, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation.

² Free cash flow is defined as cash flow from operating activities less net payments for investments and leases compensation.

Revenues totaled NIS 261 million, down 10.9%, due to lower consumer and business ISP revenues as well as a decrease in ILD revenues, which were mainly offset by higher revenues from cloud services and data centers. Revenues in the first half of 2024 totaled NIS 550 million, down 9.1%.

EBITDA was NIS 44 million, down 10.2%. **Adjusted EBITDA** was NIS 45 million (Adjusted EBITDA margin of 17.2%), down 8.2%. Adjusted EBITDA in the first half of 2024 was NIS 89 million (Adjusted EBITDA margin of 16.2%), down 11.0%.

Net profit was NIS 18 million, up 38.5%. **Adjusted Net Profit** was NIS 19 million, up from NIS 13 million in the corresponding quarter. **Adjusted Net Profit** in the first half of 2024 was NIS 34 million, up 3.0%, primarily due to a decrease in depreciation expenses.



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Negative free cash flow was NIS 10 million, compared to positive free cash flow of NIS 28 million in the corresponding quarter, mainly due to timing differences in working capital and employee severance payments. Free cash flow in the first half of 2024 was positive NIS 13 million, compared to NIS 27 million in the corresponding period.

Conference Call & Webcast Information

Bezeq will conduct its Second Quarter 2024 earnings webcast call on Wednesday, August 7, 2024, at 8:00 AM EST / 3:00 PM Israel time, hosted by Mr. Tomer Raved, Bezeq's Chairman, Mr. Nir David, Bezeq's CEO, Mr. Ilan Sigal, CEO of Pelephone and yes and Mr. Tobi Fischbein, Bezeq Group's Chief Financial Officer. Participants are invited to join the webcast by clicking:

<https://us06web.zoom.us/j/88379801808>

About "Bezeq" The Israeli Telecommunications Corp., Ltd.

Bezeq, Israel's leading telecommunications service provider, was established in 1984. The Company has led Israel into the new era of telecommunications by focusing on the most advanced technologies and services. Bezeq and its subsidiaries offer a full range of telecommunications services, including broadband Internet, other data communications, cloud and digital services, domestic and international phone services, cellular services, satellite and Internet-based multi-channel TV, and corporate networks.

For more information about Bezeq, please visit the corporate website at <http://ir.bezeq.co.il>.

This press release contains partial information from the public reports of Bezeq under the Israeli Securities Law, which can be accessed at the Israeli Securities Authority's website, www.magna.isa.gov.il. A review of this press release is not a substitute for a review of the detailed reports of Bezeq under the Securities Law and is not meant to replace or qualify them; rather, the press 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.

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Press Release

"Bezeq" The Israel Telecommunication Corp., Limited

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited) NIS million	(Unaudited) NIS million	(Unaudited) NIS million	(Unaudited) NIS million	(Audited) NIS million
Revenues	4,447	4,607	2,192	2,299	9,103
Costs of activity					
General and operating expenses	1,668	1,727	812	843	3,374
Salaries	963	964	477	473	1,922
Depreciation, amortization, and impairment losses	935	926	462	468	1,867
Other operating expenses (income), net	(3)	16	(4)	9	161
Total operating expenses	3,563	3,633	1,747	1,793	7,324
Operating profit	884	974	445	506	1,779
Financing expenses (income)					
Financing expenses	235	212	138	114	408
Financing income	(118)	(84)	(67)	(51)	(164)
Financing expenses, net	117	128	71	63	244
Profit after financing expenses, net	767	846	374	443	1,535
Loss in investee company	3	-	3	-	-
Profit before income tax	764	846	371	443	1,535
Income tax	182	192	84	100	346
Profit for the period	582	654	287	343	1,189
Basic and diluted earnings per share (in NIS)	0.21	0.24	0.10	0.12	0.43



"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Financial Position			
	June 30, 2024	June 30, 2023	December 31, 2023
	(Unaudited)	(Unaudited)	(Audited)
Assets	NIS million	NIS million	NIS million
Cash and cash equivalents	916	752	563
Investments	1,948	1,524	1,205
Trade receivables	1,475	1,501	1,477
Other receivables	221	274	162
Inventory	107	125	82
Total current assets	4,667	4,176	3,489
Trade and other receivables	435	411	446
Right-of-use assets	1,765	1,924	1,870
Fixed assets	6,977	6,725	6,828
Intangible assets	934	909	941
Deferred expenses and non-current investments	324	299	304
Total non-current assets	10,435	10,268	10,389
Total assets	15,102	14,444	13,878



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"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Financial Position (Contd.)			
	June 30, 2024	June 30, 2023	December 31, 2023
	(Unaudited)	(Unaudited)	(Audited)
Liabilities and equity	NIS million	NIS million	NIS million
Debentures, loans and borrowings	1,064	1,088	1,074
Current maturities of liabilities for leases	426	447	433
Trade and other payables	1,909	1,756	1,750
Employee benefits	294	320	332
Provisions	88	94	91
Total current liabilities	3,781	3,705	3,680
Loans and debentures	6,820	6,603	5,889
Liability for leases	1,517	1,651	1,608
Employee benefits	254	194	251
Derivatives and other liabilities	203	152	160
Liabilities for deferred taxes	81	70	64
Provisions	27	34	29
Total non-current liabilities	8,902	8,704	8,001
Total liabilities	12,683	12,409	11,681
Total equity	2,419	2,035	2,197
Total liabilities and equity	15,102	14,444	13,878



Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Cash Flows					
	Six months ended June 30		Three months ended June 30		Year ended December 31
	2024	20223	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flows from operating activities					
Profit for the period	582	654	287	343	1,189
Adjustments:					
Depreciation, amortization, and impairment losses	935	926	462	468	1,867
Financing expenses, net	118	142	69	73	258
Capital gain, net	(12)	(2)	(10)	(1)	(2)
Stock-based compensation	11	7	7	4	10
Income tax expenses	182	192	84	100	346
Change in trade and other receivables	(29)	(116)	36	(12)	(7)
Change in inventory	(38)	(45)	6	11	(15)
Change in trade and other payables	69	44	(107)	(125)	63
Change in provisions	-	2	2	(2)	(2)
Change in employee benefits	(34)	(87)	(45)	(56)	(3)
Loss in investee company	3	-	3	-	-
Miscellaneous	3	4	3	-	20
Net income tax paid	(80)	(93)	(88)	(28)	(269)
Net cash from operating activities	1,710	1,628	709	775	3,455



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"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Cash Flows (Cont'd)

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited) NIS million	(Unaudited) NIS million	(Unaudited) NIS million	(Unaudited) NIS million	(Audited) NIS million
Cash flows for investing activities					
Purchase of fixed assets	(645)	(675)	(333)	(340)	(1,333)
Investment in intangible assets and deferred expenses	(196)	(182)	(98)	(101)	(375)
Investment in bank deposits and other financial investments	(1,375)	(1,110)	(153)	(470)	(1,419)
Proceeds from bank deposits and other financial investments	671	509	471	300	1,134
Proceeds from the sale of fixed assets	7	35	4	2	39
Interest received from bank deposits	41	28	18	21	72
Acquisition of a subsidiary net of cash acquired	-	-	-	-	(14)
Miscellaneous	3	6	3	4	17
Net cash used for investing activities	(1,494)	(1,389)	(88)	(584)	(1,879)



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"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Cash Flows (Cont'd)

	Six months ended June 30		Three months ended June 30		Year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flow from financing activities					
Issue of debentures and receipt of loans	1,084	415	-	-	515
Repayment of debentures and loans	(220)	(58)	(220)	(58)	(912)
Payments of principal and interest for leases	(230)	(223)	(104)	(98)	(484)
Interest paid	(123)	(116)	(104)	(102)	(236)
Dividends paid	(374)	(246)	(374)	(246)	(638)
Payment for expired hedging transactions	-	-	-	-	4
Miscellaneous	-	-	-	-	(3)
Net cash from (used for) financing activities	137	(228)	(802)	(504)	(1,754)
Increase (decrease) in cash and cash equivalents, net	353	11	(181)	(313)	(178)
Cash and cash equivalents at beginning of period	563	741	1,097	1,065	741
Cash and cash equivalents at end of period	916	752	916	752	563