



BEZEQ GROUP REPORTS THIRD QUARTER 2021 FINANCIAL RESULTS

- Adjusted EBITDA* increased 2.6% year-over-year to NIS 938 million
- Adjusted net profit* rose 1.7% year-over-year to NIS 295 million
- Free cash flow grew 32.3% year-over-year to NIS 377 million
- CAPEX amounted to NIS 445 million, equal to 20.8% of sales due to massive deployment of fiber optics infrastructure
- Today we are outlining the pillars of the Group's business strategy, which highlight our plans and ambitions to create additional significant growth engines
- Gil Sharon, Bezeq Chairman, "The Group will focus on the accelerated deployment of fiber optics as the Group's main growth engine, which will be supported by yes as the "triple-play" arm following the expected merger with Bezeq International. In cellular, the transition to 5G will serve as an additional growth engine for the Group. Furthermore, we are progressing with the establishment of the ICT company which will focus on growth areas in the Israeli IT market

Holon, Israel – November 30, 2021 – Bezeq – The Israel Telecommunication Corp., Ltd. (TASE: BEZQ), Israel's leading telecommunications provider, today announced its financial results for the three months ended September 30, 2021. Details regarding the investor conference call and webcast to be held today are included later in this press release.

Bezeq Group Third Quarter 2021 Financial Highlights

Q3 2021 results in this earnings release are presented in comparison to the corresponding quarter in 2020 unless stated otherwise.

- Revenues of NIS 2.14 billion, down 1.7%
- Adjusted net profit* totaled NIS 295 million, up 1.7%
- Adjusted EBITDA* totaled NIS 938 million, up 2.6%
- Capital expenditures totaled NIS 445 million, increasing 0.7%
- Free cash flow totaled NIS 377 million, up 32.3%

* 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.



Gil Sharon, Bezeq Chairman, stated, "We continue to post strong financial results for the Bezeq Group. In the first nine months of 2021, the group's revenues reached NIS 6.6 billion, and Adjusted EBITDA grew by 1.0% to NIS 2.8 billion. Adjusted net profit was NIS 898 million, an increase of 3.6% compared to the first nine months of 2020."

Sharon added, "Today we are outlining the pillars of the Group's business strategy, which highlight our plans and ambitions for the medium-term to create additional significant growth engines. We seek to continue to lead and promote Israel's digital revolution by offering our customers advanced infrastructure and services, while maintaining our operational excellence and solid results. We aim to accelerate the deployment of fiber optics as the Group's main growth engine, which will be supported by yes as the "triple-play" arm following the expected merger with Bezeq International. In cellular, the transition to 5G will serve as an additional growth engine for the Group. Furthermore, we are progressing with the establishment of the ICT company which will focus on growth areas in the Israeli IT market."

Sharon added, that "we are working to find additional investment opportunities in complementary areas of the Group. We are striving to increase returns for our shareholders as we move forward to promote additional engines of growth. We will do all this while maintaining a balanced capital structure and strive to return to the distribution of dividends."

Key Strategic Principles

- Fiber as a growth engine - within a few years most homes in Israel will be connected to fiber
- yes will be the "triple-play" arm to accelerate fiber growth following the merger of Bezeq International's consumer operations into yes, which will enable the marketing and sale of a TV and broadband bundle with the complete transition of yes to IP
- 5G as an engine for revenue growth - Pelephone is leading the 5G revolution in Israel, and within a few years almost all its customers will switch to 5G, while increasing the use of data and contributing to ARPU
- Establishment of a leading ICT company - Bezeq International's ICT activity will become an independent and focused company within the growth areas of the IT market, supporting the migration of companies to the public cloud and cyber protection services
- Diversification of the business portfolio to create additional sources of growth - the Group will identify opportunities to enter into new areas close to its core capabilities
- Maintain a balanced capital structure and return to dividend distribution - the Group strives to return to dividend distribution while maintaining an optimal level of leverage and a credit rating in the AA group



Dudu Mizrahi, Bezeq CEO said, "Less than a year after its launch, Bezeq's fiber network already reaches one million households in Israel, the fastest deployment rate in the world. The average broadband speed at Bezeq exceeded the 100-megabytes threshold for the first time, growing within a year by no less than 46%. The results of operations in the business sector are breaking records, relying on an uncompromising level of service and Bezeq's technological power. In the coming year, we will continue to deploy fiber at a rapid pace, with the emphasis now shifting outside city centers, rural localities, the periphery and private homes.

Mizrahi added that, "We recently received a license to supply electricity, and we will soon take our first steps in the field, while at the same time we are engaged in the search and development of additional new growth engines for the company."

Ran Guron, CEO of Pelephone, Bezeq International and yes stated, "We are moving ahead with our plan to restructure the subsidiaries with the goal of establishing a separate ICT company and merge Bezeq International's Internet activity into yes. This will allow us to offer significant value to customers, while increasing competition in the communications market and ensuring the companies' positioning. Recently, an agreement in principle was signed with the workers' representatives, to anchor the program.

Guron added, "We closed the quarter with strong results in all three companies: Pelephone and yes posted increases in the financial metrics, along a steady increase in the number of subscribers, while Bezeq International recorded growth in its business services. Together with the results, there was rapid progress in the deployment of new technologies in the companies – 5G in Pelephone, which included about half a million subscribers, further migration to IP services at yes with 213,000 customers who view TV broadcasts over the Internet, while Bezeq International signed an agreement to establish the sixth server farm in Israel."

Tobi Fischbein, Bezeq Group CFO, commented: "We posted strong financial results in the third quarter of 2021, which indicate the stability of the foundations on which the Group is built. At the same time, we continue to reduce our debt, with a decrease of over NIS 1 billion in net debt compared to the corresponding quarter, as well as an improvement in the ratio of net debt to Adjusted EBITDA from 2.2 in the corresponding quarter to 1.9. We have set ourselves the goal of maintaining a high credit rating in the AA group while adjusting our debt repayments to cash flow generation. We aim to maintain significant liquidity, while at the same time to return to dividend distributions to shareholders. The ability to increase investments for the benefit of the Group's development, to improve financial results along with an improvement in the debt coverage ratio testify to Bezeq's financial strength."



Bezeq Group Results (Consolidated)

2021 Outlook

The Group's Outlook for 2021 is as follows:

	Updated Outlook	Previous Outlook
Adjusted net profit⁽¹⁾ attributable to shareholders	NIS 1.1 billion	NIS 1.0 billion
Adjusted EBITDA⁽¹⁾	NIS 3.65 billion	NIS 3.5 billion
CAPEX⁽²⁾	NIS 1.8 billion	NIS 1.7 billion

(1) Adjusted Net Profit and Adjusted EBITDA – after adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock based compensation.

(2) CAPEX – gross payments for investments in fixed and intangible assets.

The Company's forecasts in this section are forward-looking information, as defined in the Securities Law. Forecasts are based on the Company's estimates, assumptions and expectations.

The Group's forecasts are based, among other things, on its estimates regarding the structure of competition in the telecommunications market and regulation in this sector, the economic situation and accordingly, the Group's ability to implement its plans in 2021. Actual results may differ from these estimates considering changes that may occur in the future business conditions, and the effects of regulatory decisions, technology changes and developments in the structure of the telecommunications market, and so forth, as well as the realization of one or more of the risk factors listed in the Periodic Report of 2020. In addition, there is no certainty that the outlook will be fully or partially fulfilled, among other things, due to the COVID-19 pandemic and the resulting uncertainty.

The Company shall report, as required, deviations of more/less than 10% of the amounts stated in the outlook.



Press Release

Bezeq Fixed-Line Results

- Less than a year after its launch, the company's fiber optic network already reaches one million households in Israel
- Revenues were stable due to the significant increase in revenues from transmission and data communications and cloud & digital services, despite the decrease in telephony revenues
- Broadband Internet services revenues were stable due to the increase in retail broadband Internet revenues, despite the sharp reduction in wholesale tariffs
- Retail broadband ARPU continued to grow and reached NIS 107 due to the deployment of fiber optics and the continued implementation of Bezeq's customer premises strategy, through the increased penetration of Be routers and Wi-Fi enhancers
- Retail broadband Internet lines grew for the sixth consecutive quarter
- For the first time, Bezeq's average broadband speed exceeded the 100-megabytes threshold, while growing by 46% year-over-year

Bezeq Fixed-Line - Financial data	<u>Q3</u> <u>2021</u> <i>(NIS millions)</i>	<u>Q3</u> <u>2020</u> <i>(NIS millions)</i>	<u>%</u> <u>change</u>	<u>9M</u> <u>2021</u> <i>(NIS millions)</i>	<u>9M</u> <u>2020</u> <i>(NIS millions)</i>	<u>%</u> <u>change</u>
Total revenues	1,037	1,042	(0.5%)	3,130	3,104	0.8%
Broadband Internet revenues	407	408	(0.2%)	1,208	1,205	0.2%
Telephony revenues	220	254	(13.4%)	691	760	(9.1%)
Transmission and data revenues	270	250	8.0%	814	745	9.3%
Cloud & digital services revenues	80	71	12.7%	238	213	11.7%
Other revenues	60	59	1.7%	179	181	(1.1%)
Operating profit	390	446	(12.6%)	1,390	1,349	3.0%
EBITDA	629	668	(5.8%)	2,083	2,001	4.1%
EBITDA margin	60.7%	64.1%		66.5%	64.5%	
Adjusted EBITDA ²	640	663	(3.5%)	1,960	1,990	(1.5%)
Net profit ¹	219	300	(27.0%)	857	824	4.0%
Cash flows from operating activities	567	561	1.1%	1,431	1,506	(5.0%)
Payments for investments (gross)	314	272	15.4%	911	673	35.4%
Free cash flow ³	226	264	(14.4%)	622	776	(19.8%)

¹ Excluding share in profits/losses of equity-accounted investees

² Excluding other operating expenses/income, net 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>Q3 2021</u>	<u>Q2 2021</u>	<u>Q3 2020</u>
Total broadband Internet lines (retail and wholesale, end of period, in thousands) ¹	1,524	1,529	1,565
Retail broadband Internet lines (end of period, in thousands) ¹	1,014	1,009	995
Wholesale broadband Internet lines (end of period, in thousands) ¹	510	520	570
Average monthly revenue per broadband Internet subscriber (NIS) - Retail ²	107	106	100
Average broadband speed per subscriber (Mbps)	104.2	87.8	71.6
Active telephony subscriber lines (end of period, in thousands) ³	1,602	1,615	1,653
Average monthly revenue per line (NIS) ⁴	46	47	51
Churn rate (%) ⁵	2.4%	2.6%	3.4%
Outgoing minutes (millions)	781	827	1,019
Incoming minutes (millions)	1,151	1,095	1,368

¹ The total number of broadband Internet lines includes retail and wholesale lines. Retail - direct Internet subscriber of the Company; Wholesale - Internet line through Bezeq's wholesale service for telecom operators.

² ARPU - Revenues from retail broadband Internet services divided by the average number of retail subscribers in the period.

³ 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).

⁴ Based on average lines for the period.

⁵ Churn rate is calculated according to the number of telephone subscribers who have disconnected from the Company's services during the period divided by the average number of telephone subscribers during the period.

Revenues were relatively stable at NIS 1.04 billion with revenues from transmission and data communications increasing as well as cloud and digital services but were offset by a decrease in telephony revenues due to the moderating effect of COVID-19. Revenues in the first nine months of 2021 increased 0.8% compared to the corresponding period.

Salary expenses were NIS 237 million, up 5.3% due to the recruitment of employees for the fiber project and the recognition of stock-based compensation in the current quarter, among other factors. **Operating expenses** totaled NIS 163 million, increasing 5.8% primarily due to recognition of expenses for the universal fund for fiber deployment as well as an increase in sub-contractor expenses. **Depreciation expenses** were NIS 239 million, up 7.7% due to the increase in capital expenditures, among other factors.

Reported EBITDA was NIS 629 million (EBITDA margin of 60.7%), down 5.8%. **Reported EBITDA** in the first nine months of 2021 increased 4.1% compared to the corresponding period.



Net profit in the third quarter of 2021 amounted to NIS 219 million, down 27.0%. The decrease was primarily due to the aforementioned changes in revenues and expenses and an increase of 20.9% in financing expenses due to fees for the early repayment of debt in the current quarter. **Net profit** in the first nine months of 2021 increased 4.0% compared to the corresponding period.

Free cash flow was NIS 226 million, down 14.4% due to increased capital expenditures related to the deployment of fiber optics.

Telephone Results

- Continued growth in subscriber adds – 26k subscribers were added in Q3 2021 and 105k since the beginning of the year. This is the fifth consecutive year of subscriber growth
- Revenues from cellular services grew 5.3% to NIS 417 million due to the partial recovery from COVID, a partial return of flights abroad and roaming service revenues as well as growth in the number of post-paid subscribers, including about half a million subscribers with 5G packages. Revenues from cellular services have been growing consistently since the beginning of the year
- Profitability metrics rose - operating profit was NIS 22 million compared to a loss of NIS 27 million. Net profit was NIS 23 million compared to net loss of NIS 12 million.
- EBITDA was NIS 166 million, up 4.4% from the previous quarter and 38.3% year-over-year. EBITDA has shown a steady upward trend since the beginning of the year
- ARPU reached NIS 55, an NIS 1 increase from the previous quarter

Telephone - Financial data	Q3			9M		
	Q3 2021	2020	% change	2021	2020	% change
	(NIS millions)			(NIS millions)		
Total revenues	541	545	(0.7%)	1,687	1,653	2.1%
Service revenues	417	396	5.3%	1,218	1,195	1.9%
Equipment revenues	124	149	(16.8%)	469	458	2.4%
Operating profit (loss)	22	(27)		34	(48)	
EBITDA	166	120	38.3%	464	400	16.0%
EBITDA margin	30.7%	22.0%		27.5%	24.2%	
Net profit (loss)	23	(12)		51	(13)	
Cash flows from operating activities	185	143	29.4%	406	456	(11.0%)
Payments for investments (gross)	68	100	(32.0%)	199	238	(16.4%)
Free cash flow ¹	65	(24)		42	36	16.7%

¹ Free cash flow is defined as cash flow from operating activities less net payments for investments and leases

Telephone - KPIs	Q3 2021	Q2 2021	Q3 2020
Total subscribers (end of period, in thousands) ¹	2,547	2,521	2,396
Postpaid subscribers (end of period, in thousands) ¹	2,074	2,050	1,976
Prepaid subscribers (end of period, in thousands) ¹	473	471	420
Average revenue per user (ARPU, NIS) ²	55	54	56
Churn rate ³	5.5%	5.8%	7.0%

¹ Subscriber data includes Pelephone subscribers (excluding subscribers of operators that Pelephone hosts on its network as well as IOT subscribers) and do 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 pay for any Pelephone services. Prepaid subscribers are included in the list of active subscribers from the date on which the subscriber loaded his device, and are removed from the list of active subscribers if he makes no outgoing use of his device for six months or more. A customer may have more than one subscriber line. Subscriber data includes subscribers who use different services (such as data for car media systems), whose average revenue is significantly lower than other subscribers.

² Average monthly revenue per subscriber (postpaid and prepaid) is calculated by dividing average monthly revenue from cellular services, both from Pelephone subscribers and from other communications 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.



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Total revenues were NIS 541 million, down 6.1% from the previous quarter and 0.7% year-over-year.

Revenues from services were NIS 417 million, up 5.3%, primarily due to a partial recovery from the effects of COVID-19, which resulted in an increase in roaming revenues although still far from reaching 2019 levels. The increase was partially offset by lower revenues from incoming calls. In addition, there was an increase in postpaid subscribers, including subscribers on 5G plans.

Revenues from equipment sales were NIS 124 million, down 25.7% from the previous quarter and 16.8% year-over-year due to the global computer chip shortage and supply chain delays.

Operating expenses were NIS 519 million, down 9.3%.

Operating profit was NIS 22 million compared to a loss of NIS 27 million in the corresponding quarter. **EBITDA** was NIS 166 million (EBITDA margin of 30.7%), up 4.4% from the prior quarter and 38.3% year-over-year. **Net profit** was NIS 23 million, compared to a loss of NIS 12 million in the same previous year quarter.

Operating cash flow was NIS 185 million, up 29.4%. **Free cash flow** was NIS 65 million, compared to negative free cash flow of NIS 24 million in the same previous year quarter.

The number of **subscribers** continued to grow adding 26k net in the third quarter of 2021. As of Sept 30, 2021, Pelephone had 2.547 million subscribers, including 500k subscribers with "5G" plans.

ARPU was NIS 55, or NIS 1 above the prior quarter.

yes Results

- Revenues grew 1.6% to NIS 318 million
- Profitability metrics continued to improve significantly with operating profit growing 66.7% to NIS 30 million, while EBITDA rose 10.3% to NIS 75 million and Net profit grew 81.3% to NIS 29 million
- Continued growth in subscribers, 3,100 net subscribers were added since the beginning of the year while IP subscribers with yes+ and STING TV rose to 213k customers, or 38% of total subscribers
- Free cash flow amounted to NIS 49 million in the first nine months of 2021 compared to NIS 14 million in the same previous year period
- ARPU grew NIS 2 sequentially to NIS 188



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yes - Financial data	Q3 2021	Q3 2020	% change	9M 2021	9M 2020	% change
	(NIS millions)			(NIS millions)		
Revenues	318	313	1.6%	948	970	(2.3%)
Operating profit	30	18	66.7%	46	50	(8.0%)
EBITDA	75	68	10.3%	197	194	1.5%
EBITDA margin	23.6%	21.7%		20.8%	20.0%	
Net profit	29	16	81.3%	47	48	(2.1%)
Cash flows from operating activities	73	69	5.8%	191	149	28.2%
Payments for investments (gross)	39	38	2.6%	125	116	7.8%
Free cash flow ¹	29	25	16.0%	49	14	250.0%

¹ Free cash flow is defined as cash flow from operating activities less net payments for investments and leases

yes - KPIs	Q3 2021	Q2 2021	Q3 2020
Number of subscribers (end of period, in thousands) ¹	560	560	556
Average revenue per user (ARPU, NIS) ²	188	186	187
Churn rate (%) ³	3.7%	3.7%	5.4%

¹ Subscriber – one household or small business customer. For a business customer with numerous set top boxes (such as a hotel, kibbutz or gym), the number of subscribers is standardized. 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. As at the date of approval of the reports, the rate of yes subscribers who use the yes+ and STING TV services broadcasted through the Internet is approximately 38% of all subscribers. This rate also includes subscribers who use satellite services simultaneously.

² ARPU includes total yes revenues (excluding the sale of content to external broadcasters) divided by average subscribers for the period.

³ Churn rate - the number of yes subscribers who left yes during the period divided by the average number of registered yes subscribers in the period.

Revenues grew 1.6% to NIS 318 million, primarily due to higher revenues from sports content as there was no in person sporting events in the previous year period due to COVID-19.

Operating expenses were NIS 288 million, compared to NIS 295 million in the previous year period, decreasing NIS 7 million. The decrease was primarily due to a decrease in salary expenses as well as lower depreciation, amortization and impairment expenses.

Operating profit was NIS 30 million, up 36.4% from previous quarter and 66.7% year-over-year due lower depreciation, amortization and impairment expenses.

EBITDA amounted to NIS 75 million (EBITDA margin of 23.6%), up 11.9% from prior quarter and 10.3% year-over-year. EBITDA has been growing consistently since the beginning of the year.



Net profit was NIS 29 million, up 81.3% year-over-year.

Operating cash flow grew 5.8% to NIS 73 million. **Free cash flow** grew 16.0% to NIS 29 million.

ARPU increased by NIS 2 to NIS 188 from the previous quarter.

The number of **subscribers** remained stable during the third quarter of 2021 totaling 560k, of which 213k were on the IP broadcasting platform with STING TV or yes+. Since the beginning of the year, 3,100 net subscribers were added.

Bezeq International Results

- Revenues amounted to NIS 287 million, an 8.9% decrease
- Operating profit was NIS 13 million compared to NIS 7 million in the previous year quarter (after adjusting for the impairment loss in the corresponding quarter)
- Operating cash flow was NIS 96 million, up 104.3%

Bezeq International	Q3			9M		
	Q3 2021	2020	% change	2021	2020	% change
	(NIS millions)			(NIS millions)		
Revenues	287	315	(8.9%)	909	946	(3.9%)
Operating profit	13	(275)	(104.7%)	21	(219)	(109.6%)
EBITDA	51	(233)	(121.9%)	154	(96)	(260.4%)
EBITDA margin	17.8%	(74.0%)		16.9%	(10.1%)	
Net profit	10	(305)	(103.3%)	13	(262)	(105.0%)
Cash flows from operating activities	96	47	104.3%	183	155	18.1%
Payments for investments (gross)	27	28	(3.6%)	85	95	(10.5%)
Free cash flow ¹	60	12	400.0%	73	37	97.3%

¹ Free cash flow is defined as cash flow from operating activities less net payments for investments and leases

Revenues were NIS 287 million, down 8.9% primarily due to a decrease in sales of communication equipment to businesses as a result of the labor sanctions during the third quarter of 2021 as well as a decrease in revenues from Internet services.

Operating profit was NIS 13 million, compared to NIS 7 million in the previous year quarter (after adjusting for the impairment loss in the corresponding quarter).

EBITDA amounted to NIS 51 million (EBITDA margin of 17.8%), down 17.7% compared to the prior quarter and in-line year-over-year.



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Net profit was NIS 10 million, compared to NIS 11 million in the previous quarter, and a loss of NIS 23 million from the prior year quarter (after adjusting for the impairment loss in the corresponding quarter).

Operating cash flow was NIS 96 million, up 104.3% due to working capital changes. **Free cash flow** was NIS 60 million, compared to NIS 12 million in the prior year quarter.



Conference Call & Webcast Information

Bezeq will conduct a conference call hosted by Mr. Gil Sharon, Bezeq Chairman, Mr. Dudu Mizrahi, Bezeq CEO, Mr. Ran Guron, CEO of Pelephone, Bezeq International and yes and Mr. Tobi Fischbein, Bezeq CFO, on November 30, 2021, at 5:00 PM Israel Time / 10:00 AM Eastern Time. Participants may join the live conference call by dialing:

International Phone Number: + 972-3-918-0685

Israel Phone Number: 03-918-0685

A live webcast of the conference call will be available on the investor relations section of the Bezeq corporate website at www.bezeq.co.il. Please visit the website at least 15 minutes early to register for the webcast and download any necessary audio software.

A webcast replay will be made available on the investor relations section of Bezeq's corporate website. An automated telephone replay will also be available approximately three hours after the completion of the live call through Monday, December 6, 2021. Participants can access and listen to the conference call replay by dialing:

International Phone Number: + 972-3-925-5918

Israel Phone Number: 03-925-5918



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About "Bezeq" The Israel Telecommunication Corp.

Bezeq is Israel's leading telecommunications service provider. Established in 1984, the Company has led Israel into the new era of communications, based on the most advanced technologies and services. Bezeq and its subsidiaries offer the full range of telecommunications services including domestic, international and cellular phone services; broadband Internet, cloud and digital services, and other data communications, 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 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 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 as to the accuracy or completeness of the information contained herein.

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Press Release

"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Income

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues	6,563	6,520	2,142	2,178	8,723
Costs of activity					
General and operating expenses	2,370	2,351	742	790	3,173
Salaries	1,415	1,397	468	474	1,891
Depreciation, amortization, and impairment losses	1,407	1,374	466	464	1,837
Other operating expenses (income), net	(143)	(29)	7	(7)	74
Impairment loss	-	268	-	268	293
Total operating expenses	5,049	5,361	1,683	1,989	7,268
Operating profit	1,514	1,159	459	189	1,455
Financing expenses (income)					
Financing expenses	273	314	109	94	416
Financing income	(38)	(41)	(9)	(14)	(45)
Financing expenses, net	235	273	100	80	371
Profit before income tax	1,279	886	359	109	1,084
Income tax	293	264	75	83	288
Profit (loss) for the period	986	622	284	26	796
Basic and diluted earnings per share (in NIS)	0.36	0.23	0.10	0.01	0.29



"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Financial Position

	September 30, 2021	September 30, 2020	December 31, 2020
	(Unaudited)	(Unaudited)	(Audited)
Assets	NIS million	NIS million	NIS million
Cash and cash equivalents	1,019	897	840
Investments	771	1,306	724
Trade receivables	1,672	1,692	1,621
Other receivables	192	332	178
Inventory	70	96	73
Assets held for sale	36	46	10
Total current assets	3,760	4,369	3,446
Trade and other receivables	496	525	514
Broadcasting rights	57	67	67
Right-of-use assets	1,763	1,276	1,804
Fixed assets	6,266	6,069	6,131
Intangible assets	927	952	929
Deferred expenses and non-current investments	226	233	242
Deferred tax assets	37	53	108
Total non-current assets	9,772	9,175	9,795

Total assets	13,532	13,544	13,241
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"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Financial Position (Contd.)

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	December 31, 2020 (Audited)
Liabilities and equity	NIS million	NIS million	NIS million
Debentures, loans and borrowings	745	957	786
Current maturities of liabilities for leases	440	387	415
Trade and other payables	1,699	1,715	1,759
Employee benefits	439	441	482
Provisions	83	113	117
Total current liabilities	3,406	3,613	3,559
Loans and debentures	7,279	8,507	7,614
Liability for leases	1,457	971	1,492
Employee benefits	228	334	335
Derivatives and other liabilities	178	342	307
Liabilities for deferred taxes	44	48	32
Provisions	49	54	52
Total non-current liabilities	9,235	10,256	9,832
Total liabilities	12,641	13,869	13,391
Total equity (deficit)	891	(325)	(150)
Total liabilities and equity	13,532	13,544	13,241



"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Cash Flows

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited) NIS million	(Unaudited) NIS million	(Unaudited) NIS million	(Unaudited) NIS million	(Audited) NIS million
Cash flows from operating activities					
Profit for the period	986	622	284	26	796
Adjustments:					
Depreciation, amortization, and impairment losses	1,407	1,374	466	464	1,837
Impairment loss of assets	-	268	-	268	293
Financing expenses, net	245	291	104	82	403
Capital loss (gain), net	(123)	(11)	4	(6)	(40)
Stock-based compensation	22	-	6	-	-
Income tax expenses	293	264	75	83	288
Change in trade and other receivables	(30)	(18)	17	26	57
Change in inventory	(14)	(10)	1	10	13
Change in trade and other payables	(98)	(91)	60	34	17
Change in provisions	(34)	(11)	(2)	(8)	(8)
Change in employee benefits	(150)	(232)	(20)	(66)	(192)
Change in other liabilities	6	(12)	3	(5)	(1)
Net income tax paid	(302)	(164)	(84)	(78)	(243)
Net cash from operating activities	2,208	2,270	914	830	3,220



"Bezeq" The Israel Telecommunication Corp., Limited

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

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flow from financing activities					
Repayment of debentures and loans	(409)	(772)	(306)	(3)	(1,828)
Issue of debentures and receipt of loans	-	718	-	-	718
Payments of principal and interest for leases	(291)	(305)	(97)	(106)	(391)
Interest paid	(135)	(164)	(7)	(5)	(314)
Costs for early repayment of loans and debentures	(15)	(51)	(15)	-	(65)
Payments for hedging transactions	-	-	-	-	(57)
Miscellaneous	-	(5)	-	(5)	(4)
Net cash used for financing activities	(850)	(579)	(425)	(119)	(1,941)
Increase in cash and cash equivalents, net					
	179	497	112	189	440
Cash and cash equivalents at beginning of period	840	400	907	708	400
Cash and cash equivalents at end of period	1,019	897	1,019	897	840