



BEZEQ GROUP REPORTS FIRST QUARTER 2023 FINANCIAL RESULTS

Holon, Israel – May 17, 2023 – Bezeq – The Israel Telecommunication Corp., Ltd. (TASE: BEZQ), Israel's leading telecommunications provider, today announced its financial results for the three months ended March 31, 2023. Details regarding the investor webcast call to be held today are included later in this press release.

Bezeq Group Q1 2023 Financial Highlights¹

- Revenues of NIS 2.31 billion, up 2.4%, and highest quarterly revenues since 2018
- Adjusted net profit² totaled NIS 321 million, down 0.3%
- Adjusted EBITDA² totaled NIS 936 million, down 2.3%
- Capital expenditures totaled NIS 416 million, or 18% of revenues, down 3.3%
- Free cash flow totaled NIS 345 million, down 39.5%

Gil Sharon, Bezeq Chairman, stated: "We continued implementing our growth strategy, which was reflected in an increase in revenue in all key Group companies, reaching NIS 2.31 billion. The increase was driven by growth in the Group's core activities in fiber optics, 5G in cellular, IPTV in yes and the business sector in Bezeq International. Fiber deployment and the acceleration of fiber take-up will continue to be an important growth engine for the Group in the coming years."

Sharon added, "Recently, Bank of America issued an in-depth report on the effects of AI on the telecom industry, anticipating that artificial intelligence will produce a profound change in the market, triggering an increase in the use of data across the world, which will in turn result in higher demand for communication services. There is an expectation that AI could become the catalyst that redefines the telecom industry among the leaders of the next "industrial revolution," leveraging fiber optic and 5G networks. Ongoing investments in advanced communication infrastructures and our technological leadership in the market will allow us to satisfy those needs."

Tobi Fischbein, Bezeq Group CFO, commented: "In the first quarter of the year, we reduced our net financial debt by 6%, or NIS 331 million, thus strengthening the Company's financial position. This is also reflected in the recent upgrade of our credit rating outlook from "stable" to "positive" announced by the two Israeli rating agencies. Our strong financial profile allows the Group companies to focus on

¹ Q1-2023 results in this earnings release are presented in comparison to Q1-2022 results, respectively, unless stated otherwise.

² 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.



infrastructure-driven growth, while improving profitability. Bezeq Group's business positioning and financial strength allow us to effectively handle challenges in the domestic and global economy."

Bezeq Group Results (Consolidated)

	<u>Q1 2023</u>	<u>Q1 2022</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues	2,308	2,255	2.4%
Operating profit	468	460	1.7%
EBITDA	926	908	2.0%
Adjusted EBITDA ¹	936	958	(2.3%)
Adjusted EBITDA margin	40.6%	42.5%	
Net profit	311	282	10.3%
Adjusted net profit ¹	321	322	(0.3%)
Diluted EPS (NIS)	0.11	0.10	10.0%
Operating cash flow	853	1,096	(22.2%)
CapEx (gross)	416	430	(3.3%)
Free cash flow ²	345	570	(39.5%)
Net debt	5,301	5,632	(5.9%)

¹ 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.

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

Revenues amounted to NIS 2.31 million, up 2.4%, representing the highest quarterly revenues since 2018. The increase stems from higher revenues in all key group segments.

Salary expenses were NIS 491 million, up 3.6%, primarily due to a one-time grant to permanent fixed-line employees following a salary agreement in principle in the public sector, as well as the recruitment of employees for the fiber project in Bezeq Fixed-Line. **Operating expenses** were NIS 884 million, up 6.9%, mainly related to an increase in subcontractor expenses and materials in connection with the fiber project, as well as higher cellular equipment expenses in-line with the increase in revenues, higher payments to telecom operators and content expenses at yes. **Depreciation expenses** were NIS 458 million, an increase of 2.2%. **Other operating expenses** totaled NIS 7 million, down 84.8%, primarily due to higher provisions for legal claims in Q1-2022.

EBITDA amounted to NIS 926 million, up 2.0%. **Adjusted EBITDA** was NIS 936 million (Adjusted EBITDA margin of 40.6%), down 2.3%.

Net profit totaled NIS 311 million, up 10.3%. **Adjusted net profit** was NIS 321 million, down 0.3%.

Free cash flow was NIS 345 million, down 39.5%, primarily due to timing differences in working capital which resulted in a higher than normative free cash flow for the corresponding quarter.

Net financial debt of the Group amounted to NIS 5.30 billion as of March 31, 2023, compared to NIS 5.63 billion as of March 31, 2022, a decrease of 5.9%. The Group's net financial debt to adjusted EBITDA ratio was 1.6 times as of March 31, 2023, compared to 1.7 times as of March 31, 2022.

Bezeq Fixed-Line Results

- **The fiber acceleration plan continues to deliver results with record take-up of 263k retail fiber customers today, and 246k as of the end of Q1-23, 2.6 times above the take-up a year ago**
- **Bezeq is leading the fiber transformation in Israel, with total retail and wholesale fiber customer take-up reaching 380k today. Fiber network deployment reached 1.75 million households as of today, the largest fiber network in Israel**
- **Growth of 10.4% in broadband Internet revenues and 7.4% higher cloud and digital service revenues**

Ran Guron, Bezeq CEO, stated, "We accelerated retail fiber take-up by more than 160% year-over-year. In addition, we significantly increased the number of wholesale customers, leading to an increase in broadband revenues. With the highest growth rate in the Israeli telecommunications market, we are today the largest fiber operator in Israel with the most widespread network. We expect to reach 2 million Israeli households with our fiber network by the end of the year."

Guron added, "We recently conducted a pilot with Nokia in which we demonstrated the ability to provide broadband speeds of up to 25 gigabytes using advanced technologies. At the same time, we announced the future road map for the development of broadband bandwidth and services. In 2024, we expect to launch multi-gig rates of up to 10 gigabytes and the most advanced standard of WiFi 7. We will continue to provide customers an horizon that will allow them to experience technological progress to meet the exponential growing needs in the use of the network."

Bezeq Fixed-Line – Financial data	<u>Q1 2023</u>	<u>Q1 2022</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Total revenues	1,111	1,096	1.4%
Broadband Internet	479	434	10.4%
Transmission and data	286	286	0.0%
Telephony	182	220	(17.3%)
Cloud & digital services	87	81	7.4%
Other revenues	77	75	2.7%
Operating profit	403	386	4.4%
EBITDA	648	625	3.7%
Adjusted EBITDA ¹	654	674	(3.0%)
Adjusted EBITDA margin	58.9%	61.5%	
Net profit	249	218	14.2%
Adjusted net profit ²	254	256	(0.8%)
Operating cash flow	608	634	(4.1%)
CapEx (gross)	312	285	9.5%
Free cash flow ³	285	327	(12.8%)

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

² Excluding share in profits/losses of equity-accounted investees.

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

Bezeq Fixed-Line – KPIs	<u>Q1 2023</u>	<u>Q4 2022</u>	<u>Q1 2022</u>
Total broadband Internet lines (retail and wholesale, end of the period, in thousands)	1,505	1,504	1,519
Of which: Total fiber optic subscribers (retail and wholesale, in thousands)	351	267	124
Total retail broadband Internet lines (fiber and copper, end of the period, in thousands)	1,031	1,032	1,024
Of which: Retail fiber optic subscribers (in thousands)	246	198	93
Total wholesale broadband Internet lines (end of the period, in thousands)	474	472	495
Of which: Wholesale fiber optic subscribers (in thousands)	105	69	31
Fiber optics deployed – Homes passed (end of the period, in thousands)	1,689	1,526	1,193
Average monthly revenue per broadband Internet subscriber (NIS) – Retail ¹	120	117	110
Average broadband bandwidth per subscriber (Mbps)	250	220	151
Active telephony subscriber lines (end of the period, in thousands) ²	1,488	1,503	1,563
Average monthly revenue per line (NIS) ³	41	40	47
Telephony Churn rate (%) ⁴	2.5%	2.5%	3.0%
Outgoing minutes (millions)	705	682	801
Incoming minutes (millions)	918	921	1,080

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 rose 1.4% to NIS 1.1 billion, driven by the growth in broadband Internet services as well as cloud and digital services, which was partially offset by a decrease in telephony revenues mainly related to the MOC tariff reduction beginning April 2022.

Salary expenses were NIS 263 million, up 6.9%, mainly due to a one-time grant to permanent employees following a salary agreement in principle in the public sector, as well as the recruitment of employees for the fiber project. **Operating expenses** were NIS 195 million, increasing 9.6%, primarily



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driven by increased sub-contractor and materials expenses for the fiber project and various infrastructure work. **Depreciation expenses** were NIS 245 million, up 2.5%, as CapEx rose over previous periods due to the fiber deployment project. **Other operating expenses** were NIS 5 million, down 89.4%, mainly due to higher provisions for legal claims in Q1-2022.

EBITDA was NIS 648 million, up 3.7%. **Adjusted EBITDA** was NIS 654 million (Adjusted EBITDA margin of 58.9%), down 3.0%.

Net profit was NIS 249 million, up 14.2%. **Adjusted Net Profit** was NIS 254 million, down 0.8%.

Free cash flow was NIS 285 million, down 12.8%, primarily due to changes in working capital.

Subsidiary results

Ilan Sigal, CEO of Pelephone and yes, stated, "Pelephone continues to establish itself as a leader of 5G in Israel, and yes is completing its strategic preparedness as it enters the world of fiber. yes posted higher revenues, free cash flow and operating metrics together with subscriber growth for the tenth consecutive quarter. This is an extraordinary achievement in the Israeli TV market, especially considering the current fierce competition. Our entry into the field of fiber and the agreements with international streaming companies had a positive impact, which is reflected in the increase in revenues. yes continues to lead the IPTV market with 356 thousand customers, representing 61% of our customer base today. Pelephone posted record quarterly revenues since 2018, with an increase in equipment revenues and consistent growth in the subscriber base with 5G plans, reaching 860 thousand subscribers today. We continue to invest in growth drivers for the companies, which will be reflected in the coming years and will enable Pelephone and yes to move forward."

Ron Glav, CEO of Bezeq International, commented, "We concluded a strong quarter with an increase in revenues and profitability metrics mainly due to an increase in revenues from ICT services to the business sector, including higher cyber, data centers, public cloud and integration activities. Our focus on the business sector and cloud activities is paying off and we are investing significant resources in these sectors, which will continue to be the growth engine of the company in the coming years."

Telephone Results

- Highest quarterly revenues since 2018, increasing 2.7% to NIS 616 million, driven by growth in roaming revenues, 5G subscriber plans and total subscribers
- Equipment revenues grew 13.2% sequentially and 4.9% year-over-year, reaching NIS 171 million
- Postpaid subscribers grew 11k, together with consistent subscriber growth in 5G plans, which totaled 860k as of today. Total Telephone subscribers as of March 31, 2023, reached 2.585 million
- ARPU excluding interconnect fees increased by NIS 1 year-over-year, to NIS 43
- Increase in profitability metrics after adjusting for an update in estimated right-of-use assets for past periods recorded in Q1-22

Telephone – Financial data	<u>Q1 2023</u>	<u>Q1 2022</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Total revenues	616	600	2.7%
Service revenues	445	437	1.8%
Equipment revenues	171	163	4.9%
Operating profit	51	64	(20.3%)
EBITDA	184	186	(1.1%)
Adjusted EBITDA ¹	182	185	(1.6%)
Adjusted EBITDA margin	29.5%	30.8%	
Net profit	44	56	(21.4%)
Adjusted net profit ¹	43	55	(21.8%)
Operating cash flow	133	278	(52.2%)
CapEx (gross)	57	72	(20.8%)
Free cash flow ²	6	145	(95.9%)

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.

Pelephone – KPIs	<u>Q1 2023</u>	<u>Q4 2022</u>	<u>Q1 2022</u>
Total subscribers (end of the period, in thousands) ¹	2,585	2,580	2,583
Postpaid subscribers (end of the period, in thousands) ¹	2,159	2,149	2,093
Prepaid subscribers (end of the period, in thousands) ¹	426	431	490
Average revenue per user (ARPU, NIS) ²	57	57	57
Average revenue per user, excluding interconnect fees (ARPU, NIS) ²	43	43	42
Churn rate ³	6.7%	6.1%	6.8%

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. In a review carried out by the company of prepaid subscribers 96 thousand subscribers who did not meet the definition of an active subscriber were removed in Q4-22.

² Average monthly revenue per subscriber (postpaid and prepaid) is calculated by dividing the 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. The one-time removal of prepaid subscribers in Q4-22 led to an increase of NIS 2 in ARPU for the fourth quarter of 2022 and no change in the churn rate in the quarter.

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 grew 1.8% to NIS 445 million, primarily due to higher roaming revenues, continued growth in 5G plans and an increase in total subscribers.

Revenues from equipment sales were NIS 171 million, up 13.2% sequentially, and 4.9% year-over-year, primarily due to a change in the mix of handsets sold.

Total revenues were NIS 616 million, up 2.7% year-over-year.

Operating expenses were NIS 568 million, up 5.8%, due to the update in estimated right-of-use assets for past periods recorded in Q1-22, an increase in equipment costs in-line with the increase in revenues as well as an increase in network costs and frequency fees due to the increase in electricity tariffs and inflation, among other factors.

EBITDA was NIS 184 million, down 1.1%. **Adjusted EBITDA** was NIS 182 million (Adjusted EBITDA margin of 29.5%), down 1.6%.

Net profit was NIS 44 million, down 21.4% year-over-year. **Adjusted Net Profit** was NIS 43 million, down 21.8% year-over-year.

Free cash flow was NIS 6 million, compared to NIS 145 million in Q1-22. The decrease was due to the deferral of customer debt collections from 2021 to 2022 due to employee sanctions.

yes Results

- Revenues grew 4.1% to NIS 329 million, driven by the launch of the TV + Bezeq fiber bundle, together with agreements with leading international content providers
- ARPU grew NIS 4 sequentially to NIS 185, which is 0.5% lower y-o-y
- Continued growth in net subscribers for the tenth consecutive quarter. Total subscribers as of March 31, 2023, reached 580k
- yes is the largest IPTV operator in Israel with continued growth in IPTV subscribers reaching 356k today, representing 61% of total subscribers
- Free cash flow grew 115% and reached NIS 56 million

yes – Financial data	<u>Q1 2023</u>	<u>Q1 2022</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues	329	316	4.1%
Operating profit	-	10	NA
EBITDA	50	60	(16.7%)
Adjusted EBITDA ¹	50	60	(16.7%)
Adjusted EBITDA margin	15.2%	19.0%	
Net profit	5	10	(50.0%)
Adjusted net profit ¹	5	10	(50.0%)
Operating cash flow	92	78	17.9%
CapEx (gross)	31	47	(34.0%)
Free cash flow ²	56	26	115.4%

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.



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yes – KPIs	Q1 2023	Q4 2022	Q1 2022
Total number of subscribers (end of the period, in thousands) ¹	580	579	564
IP subscribers (end of the period, in thousands) ²	348	329	253
Average revenue per user (ARPU, NIS) ³	185	181	186
Churn rate (%) ⁴	3.5%	3.0%	3.7%

¹ 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 61% 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 ISP 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 grew 4.1% to NIS 329 million, driven by the launch of the TV + Bezeq fiber bundle, together with agreements with leading international content providers.

Operating expenses were NIS 330 million, up 7.8%, mainly due to higher content expenses and expenses related to the fiber offering.

EBITDA was in-line with **Adjusted EBITDA** and amounted to NIS 50 million (Adjusted EBITDA margin of 15.2%), a decrease of 16.7%.

Net profit was in-line with **Adjusted Net Profit** and amounted to NIS 5 million, down 50.0%.

Free cash flow increased 115.4% to NIS 56 million, primarily due to timing differences in working capital.

Bezeq International Results

- Continued increase in business sector activities: communication services, integration, public cloud and data centers
- Revenues grew 1.6% to NIS 312 million, driven by revenue growth in ICT services to the business sector, which was partially offset by lower consumer ISP revenues due to the MOC regulatory reform
- Adjusted EBITDA grew 45.7% to NIS 51 million. Adjusted net profit was NIS 20 million, compared to an adjusted net loss of NIS 4 million in Q1-2022

Bezeq International – Financial data ³	Q1 2023	Q1 2022	% change
	<i>(NIS millions)</i>		
Revenues	312	307	1.6%
Operating profit	14	(4)	NA
EBITDA	44	34	29.4%
Adjusted EBITDA ¹	51	35	45.7%
Adjusted EBITDA margin	16.3%	11.4%	
Net profit	13	(5)	NA
Adjusted net profit ¹	20	(4)	NA
Operating cash flow	19	112	(83.0%)
CapEx (gross)	13	26	(50.0%)
Free cash flow ²	(1)	77	NA

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.

³ The financial results in Q1 2022 do not include the consolidation of CloudEdge, which began in Q2 2022.



Revenues totaled NIS 312 million, up 1.6%, due to the increase in ICT revenues driven by activity growth and the CloudEdge acquisition, which were partially offset by a decrease in consumer ISP revenues following the MOC regulatory reform for unified Internet service.

Operating expenses were NIS 292 million, down 5.8%, primarily due to a decrease in consumer ISP expenses driven by a decline in the number of ISP subscribers.

EBITDA grew 29.4% to NIS 44 million. **Adjusted EBITDA** grew 45.7% to NIS 51 million (Adjusted EBITDA margin – 16.3%).

Net profit was NIS 13 million, compared to a net loss of NIS 5 million in the corresponding quarter. **Adjusted Net Profit** was NIS 20 million, compared to an adjusted net loss of NIS 4 million in the corresponding quarter.

Negative free cash flow was NIS 1 million, compared to positive free cash flow of NIS 77 million in the corresponding quarter. The decrease in free cash flow was primarily due to timing differences in working capital resulting from the deferral of customer debt collections from 2021 to 2022 due to employee sanctions as well as severance payments for early retirement in the current quarter.



Conference Call & Webcast Information

Bezeq will conduct its First Quarter 2023 earnings webcast call on Wednesday, May 17, 2023, at 8:00 AM EST / 3:00 PM Israel time, hosted by Mr. Gil Sharon, Bezeq's Chairman, Mr. Ran Guron, 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/82288292581>.

About "Bezeq" The Israel Telecommunication Corp.

Bezeq, Israel's leading telecommunications service provider, was established in 1984. The Company has led Israel into the new era of communications 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 5728-1968 (the "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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"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Income

	Three months ended March 31		Year ended December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Revenues	2,308	2,255	8,986
Costs of activity			
General and operating expenses	884	827	3,389
Salaries	491	474	1,872
Depreciation, amortization, and impairment losses	458	448	1,868
Other operating expenses (income), net	7	46	220
Total operating expenses	1,840	1,795	7,349
Operating profit	468	460	1,637
Financing expenses (income)			
Financing expenses	98	119	424
Financing income	(33)	(34)	(123)
Financing expenses, net	65	85	301
Profit before income tax	403	375	1,336
Income tax	92	93	336
Profit for the period	311	282	1,000
Basic and diluted earnings per share (in NIS)	0.11	0.10	0.36

"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Financial Position

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	December 31, 2022 (Audited)
Assets	NIS million	NIS million	NIS million
Cash and cash equivalents	1,065	1,226	741
Investments	1,346	865	910
Trade receivables	1,510	1,593	1,440
Other receivables	207	400	288
Inventory	141	108	85
Total current assets	4,269	4,192	3,464
Trade and other receivables	458	431	460
Broadcasting rights	53	62	57
Right-of-use assets	1,719	1,816	1,746
Fixed assets	6,629	6,400	6,542
Intangible assets	910	931	912
Deferred expenses and non-current investments	245	235	231
Total non-current assets	10,014	9,875	9,948
Total assets	14,283	14,067	13,412



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Condensed Consolidated Interim Statements of Financial Position (Contd.)

	March 31, 2023	March 31, 2022	December 31, 2022
	(Unaudited)	(Unaudited)	(Audited)
Liabilities and equity	NIS million	NIS million	NIS million
Debentures, loans and borrowings	923	949	921
Current maturities of liabilities for leases	443	449	456
Trade and other payables	1,846	1,915	1,590
Employee benefits	371	424	399
Provisions	97	188	168
Total current liabilities	3,680	3,925	3,534
Loans and debentures	6,789	6,774	6,352
Liability for leases	1,428	1,494	1,452
Employee benefits	198	218	201
Derivatives and other liabilities	147	147	151
Provisions	34	45	37
Liabilities for deferred taxes	66	44	61
Total non-current liabilities	8,662	8,722	8,254
Total liabilities	12,342	12,647	11,788
Total equity	1,941	1,420	1,624
Total liabilities and equity	14,283	14,067	13,412



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"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Cash Flows

	Three months ended March 31		Year ended December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Cash flows from operating activities			
Profit for the period	311	282	1,000
Adjustments:			
Depreciation, amortization and impairment loss	458	448	1,868
Capital (gain) loss, net	(1)	2	(8)
Financing expenses, net	69	106	351
Stock-based compensation	3	4	11
Income tax expenses	92	93	336
Change in trade and other receivables	(104)	218	342
Change in inventory	(56)	(37)	(21)
Change in trade and other payables	173	89	(56)
Change in provisions	4	43	24
Change in employee benefits	(31)	(83)	(91)
Change in other liabilities	-	(2)	18
Net income tax paid	(65)	(67)	(271)
Net cash from operating activities	853	1,096	3,503

"Bezeq" The Israel Telecommunication Corp., Limited

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

	Three months ended March 31		Year ended December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Cash flow used for investing activities			
Purchase of fixed assets	(335)	(335)	(1,353)
Investment in intangible assets and deferred expenses	(81)	(95)	(346)
Investment in bank deposits	(640)	(409)	(1,835)
Proceeds from bank deposits	209	499	1,895
Proceeds from sale of fixed assets	33	15	40
Payment to Ministry of Communications for frequencies	-	-	(88)
Government grant received for frequencies	-	-	74
Miscellaneous	9	(2)	28
Net cash used in investing activities	(805)	(327)	(1,585)
Cash flows for financing activities			
Payments of principal and interest for leases	(125)	(111)	(420)
Interest paid	(14)	(9)	(232)
Issue of debentures and receipt of loans	415	-	400
Repayment of debentures and loans	-	(370)	(1,320)
Dividend paid	-	-	(534)
Costs for early repayment of loans and debentures	-	(26)	(26)
Payment for expired hedging transactions	-	-	(18)
Net cash used for financing activities	276	(516)	(2,150)
Increase (decrease) in cash and cash equivalents, net	324	253	(232)
Cash and cash equivalents at the beginning of the period	741	973	973
Cash and cash equivalents at the end of the period	1,065	1,226	741