



BEZEQ GROUP REPORTS FIRST QUARTER 2025 FINANCIAL RESULTS

Holon, Israel – May 20, 2025 – Bezeq – The Israeli Telecommunications Corp., Ltd. (TASE: BEZQ), Israel's leading telecommunications provider, today announced its financial results for the three months ended March 31st, 2025. Details about the investor earnings presentation webcast to be held today are included below in this press release.

Bezeq Group Q1 2025 Financial Highlights¹

- Core revenues² increased 2.4% due to growth in Bezeq Fixed-Line and Pelephone
- Double-digit growth recorded in strategic growth drivers: 36% in fiber subscribers reaching 885k today, 18% in 5G subscriber plans and 15% in yes IPTV subscribers
- Adjusted Net Profit³ grew 6.7% to NIS 319 million; stable Adjusted EBITDA of NIS 914 million
- 2025 FY Outlook raised due to the positive impact of the yes-Partner TV agreement: Adjusted Net Profit expected at NIS 1.32 billion, a 10% increase; Adjusted EBITDA expected to reach NIS 3.75 billion, a 1% increase from previous outlook
- Bezeq Fixed-Line revenues totaled NIS 1.1 billion; Core revenues grew 2.6% to NIS 973 million, mainly due to higher revenues from infrastructure projects, broadband internet services and transmission and data communications
- Bezeq Fixed-Line Adjusted Net profit increased 1.2% to NIS 261 million
- Pelephone: Highest quarterly revenues in seven years amounting to NIS 525 million; ARPU grew NIS 2 year-over-year due to the continued growth of 5G subscriber plans and roaming services
- yes: increased revenues and Adjusted Net Profit; Adjusted EBITDA grew 12.2%; Record TV + fiber subscriber net adds in the quarter
- yes: ARPU Subscribers reached NIS 189, a NIS 7 increase year-over-year

Tomer Raved, Bezeq Chairman, stated: "The Bezeq Group reported Q1 2025 results with significant growth in core revenues and net profit - a testament to the successful implementation of our strategy and the Group's strength. We are in the final stages of the five-year investment cycle and, in the

¹ Q1-2025 results in this earnings release are presented in comparison to Q1-2024, unless otherwise stated

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



coming months, we will complete the nationwide rollout of our fiber-optic network, including the reinforcement of our core internet and mobile networks. These investments will enable Israel to implement a major national transformation as we enter the AI era across the private, business, and governmental sectors. This marks a leap forward in operations and cash flow, positioning Bezeq at the forefront of innovation.

We view the recent adjustments in the regulatory environment as a necessary step to align with global trends: investment in infrastructure, accelerated deployment pace, and service innovation. Following the implementation of the yes–Partner agreement, the Group has revised upwards its outlook for Adjusted Net Profit and Adjusted EBITDA. We continue to strengthen our position as the leading telecommunications provider in Israel as a stable, challenge-ready, and focused company on long-term growth. The quarterly results are a testimony of Bezeq’s resilience and stability, especially considering current local and global macroeconomic challenges."

Yohai Benita, Bezeq Group CFO, commented: "I am excited to join the Bezeq management team and lead the Group's financial operations during this pivotal period. The financial results, which include growth of 2.4% in core revenues and 6.7% in Adjusted Net Profit, reflect the solid foundations upon which we are building the Group's future —foundations that were recently reinforced by the Israeli credit rating agencies with the reiteration of our iIAA and Aa2.il ratings, both with a stable outlook. Our goal is to continue creating value for shareholders while maintaining the Group's strong financial structure."

Nir David, Bezeq CEO, stated, "The first quarter results once again demonstrate Bezeq's leading position in Israel's telecommunications market as well as the successful execution of our strategy. We continue to see strong growth across our strategic growth engines, with the number of fiber subscribers steadily increasing and reaching approximately 885 thousand. Adjusted Net Profit increased 1.2% to NIS 261 million, while core revenues grew 2.6% to NIS 973 million. We are also seeing a continued increase in average revenue per user (ARPU).

As part of our vision, we are positioning Bezeq's infrastructure as the national infrastructure enabling Israel's AI revolution. The significant investments made in the fiber network ensure our ability to deliver the bandwidth and speeds required for the new era, while we continue to develop and implement innovative solutions—both to enhance the network and to better serve our customers. We are confident in our ability to continue to lead the market and grow in the coming years."

Ilan Sigal, CEO of Pelephone and yes, stated, "The strategic processes implemented are bearing fruit and are clearly reflected in the excellent results of both companies. Revenues and profitability metrics grew, driven by core activities—5G at Pelephone and fiber at yes. Pelephone recorded a seven-year record in terms of total quarterly revenue, growth in service revenue, significant increase in ARPU as well as growth in EBITDA and net profit, mainly due to continued growth in 5G subscriber plans and roaming services.

yes completed an excellent quarter, reflected in our business focus along the measures implemented to reduce expenses and increase revenues. We continue to grow our bundled TV and fiber packages,



representing a key growth driver for the company, with a record number of new subscribers this quarter, a significant increase in subscriber ARPU, and stable total subscriber numbers overall.

Ron Glav, CEO of Bezeq International TECH, commented, "We continue to undergo a profound business and organizational transformation, including the separation from our consumer operations and closing non-core services. This process is progressing in accordance with management's assessment and is reflected in the Company's results for the first quarter of 2025."

Bezeq Group Results (Consolidated)

	<u>Q1 2025</u>	<u>Q1 2024</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues (reported)	2,235	2,255	(0.9%)
Core revenues	1,978	1,932	2.4%
EBITDA	897	912	(1.6%)
Adjusted EBITDA	914	917	(0.3%)
Adjusted EBITDA margin	40.9%	40.7%	
Net profit	303	295	2.7%
Adjusted net profit	319	299	6.7%
CapEx (gross)	419	410	2.2%
Free cash flow ¹	262	468	(44%)
Net debt	4,688	4,719	(0.7%)

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

Revenues amounted to NIS 2.24 billion, down 0.9%. **Core Revenues** increased 2.4%, to NIS 1.98 billion, mainly due to higher core revenues at Bezeq Fixed-Line and Telephone.

EBITDA amounted to NIS 897 million, down 1.6%. **Adjusted EBITDA** was NIS 914 million (Adjusted EBITDA margin of 40.9%), down 0.3%.

Net profit totaled NIS 303 million, up 2.7%. **Adjusted Net Profit** was NIS 319 million, up 6.7%, mainly due to lower impairment losses in yes.

Free cash flow was NIS 262 million, down 44%, mainly due to Bezeq Fixed-Line tax assessments paid in the current quarter and a tax refund received in the corresponding quarter.

Net financial debt for the Group amounted to NIS 4.69 billion as of March 31, 2025, compared to NIS 4.72 billion as of March 31, 2024, a decrease of 0.7%. The Group's net financial debt to Adjusted EBITDA ratio was 1.4 times as of March 31, 2025, same as at March 31, 2024.



Bezeq

2025 Outlook

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Based on the upgrade published by the Company on May 11, 2025, the Group's Outlook for 2025 is as follows:

	2025 Original Outlook (published Mar 12, 2025)	2025 Revised Outlook (published May 11, 2025)
Adjusted net profit	Approx. NIS 1.2 billion	Approx. NIS 1.32 billion
Adjusted EBITDA	NIS 3.7 billion	Approx. NIS 3.75 billion
CapEx	NIS 1.75 billion	Unchanged
Financial Stability	Maintain High Credit Rating, within the AA group	Unchanged
Fiber deployment (Homes Passed)	2.9 million	Unchanged

The Company will report, as required, deviations of more/less than 10% of the financial amounts stated in the revised outlook (Adjusted net profit, Adjusted EBITDA and CapEx).

Bezeq Fixed-Line Results

Bezeq Fixed-Line – Financial data	<u>Q1 2025</u>	<u>Q1 2024</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Total revenues	1,101	1,091	0.9%
Core revenues ¹	973	948	2.6%
Broadband Internet	505	501	0.8%
Transmission and data	302	298	1.3%
Telephony	128	143	(10.5%)
Cloud & digital services	87	87	0.0%
Other revenues	79	62	27%
EBITDA	642	649	(1.1%)
Adjusted EBITDA	648	649	(0.2%)
Adjusted EBITDA margin	58.9%	59.5%	
Net profit	256	258	(0.8%)
Adjusted net profit	261	258	1.2%
CapEx (gross)	294	270	8.9%
Free cash flow	220	449	(51%)

¹ Total fixed-line revenues excluding telephony revenues

Bezeq Fixed-Line – KPIs	<u>Q1 2025</u>	<u>Q4 2024</u>	<u>Q1 2024</u>
Total broadband lines (retail and wholesale, end of the period, in thousands)	1,477	1,479	1,489
Of which: Total fiber optic subscribers (retail and wholesale, in thousands)	863	810	635
Total retail broadband lines (fiber and copper, end of the period, in thousands)	1,003	1,008	1,019
Of which: Retail fiber optic subscribers (in thousands)	554	521	407
Total wholesale broadband lines (end of period, in thousands)	474	471	470
Of which: Wholesale fiber optic subscribers (in thousands)	309	289	228
Fiber optics deployed – Homes passed (end of the period, in thousands)	2,671	2,571	2,191
Average monthly revenue per broadband Internet subscriber (NIS) – Retail	134	133	127



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Revenues were NIS 1.10 billion, up 0.9%. **Fixed-Line core revenues** increased 2.6% to NIS 973 million, driven by higher revenues from infrastructure projects, broadband services and transmission and data communications.

EBITDA was NIS 642 million, down 1.1%. **Adjusted EBITDA** totaled NIS 648 million (Adjusted EBITDA margin of 58.9%), down 0.2%.

Net Profit was NIS 256 million, down 0.8%. **Adjusted Net Profit** amounted to NIS 261 million, up 1.2%, mainly due to a decrease in financing expenses.

Free cash flow was NIS 220 million, down 51%, primarily due to tax assessments paid in the current quarter and a tax refund received in the corresponding quarter.

Telephone Results⁴

Telephone – Financial data	<u>Q1 2025</u>	<u>Q1 2024</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Total revenues	525	502	4.6%
Service revenues	360	335	7.5%
Equipment revenues	165	167	(1.2%)
EBITDA	184	178	3.4%
Adjusted EBITDA	186	185	0.5%
Adjusted EBITDA margin	32.9%	31.7%	
Net profit	31	30	3.3%
Adjusted net profit	33	36	(8.3%)
CapEx (gross)	84	82	2.4%
Free cash flow	(5)	(39)	(87%)

Telephone – KPIs	<u>Q1 2025</u>	<u>Q4 2024</u>	<u>Q1 2024</u>
Total subscribers (end of period, in thousands)	2,631	2,633	2,611
Postpaid subscribers (end of period, in thousands)	2,265	2,257	2,213
Prepaid subscribers (end of period, in thousands)	366	376	398
5G subscriber plans (end of period, in thousands)	1,276	1,237	1,086
Average revenue per user, exc. interconnect fees (ARPU, NIS)	45	45	43

⁴ Telephone revenues and ARPU in this earnings release are presented excluding interconnect fees, unless stated otherwise



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Revenues from services totaled NIS 360 million, up 7.5%, due to continued growth in 5G subscriber plans and postpaid subscribers as well as growth in revenues from roaming services due to a recovery from the effects of the war.

Revenues from equipment sales were NIS 165 million, down 1.2%.

Total revenues reached NIS 525 million, up 4.6%, representing the highest quarterly revenues since Q4-2017.

EBITDA was NIS 184 million, up 3.4%. **Adjusted EBITDA** was NIS 186 million (Adjusted EBITDA margin of 32.9%), up 0.5%.

Net profit was NIS 31 million, up 3.3%. **Adjusted Net Profit** was NIS 33 million, down 8.3%, mainly due to an increase in depreciation and financing expenses.

Negative free cash flow was NIS 5 million, compared to NIS 39 million in the corresponding quarter. Free cash flow was positively impacted by timing differences in working capital.

yes Results

yes – Financial data	<u>Q1 2025</u>	<u>Q1 2024</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues	319	315	1.3%
EBITDA	37	40	(7.5%)
Adjusted EBITDA	46	41	12.2%
Adjusted EBITDA margin	14.4%	13.0%	
Net profit	3	(13)	NM
Adjusted net profit (loss)	12	(12)	NM
CapEx (gross)	36	49	(26%)
Free cash flow	33	38	(13.2%)

yes – KPIs	<u>Q1 2025</u>	<u>Q4 2024</u>	<u>Q1 2024</u>
Total number of TV subscribers (end of period, in thousands)	561	562	571
IP subscribers (end of period, in thousands)	475	467	412
Fiber customers (end of period, in thousands)	85	73	46
ARPU Subscribers, NIS ¹	189	186	182

¹ ARPU Subscribers is calculated by dividing yes' total revenue (excluding revenue from content sales to external broadcasters and revenue from terminal equipment) by the average number of relevant subscribers during the period.

Revenues were NIS 319 million, up 1.3%, due to higher revenues from the TV + Bezeq fiber bundle.

EBITDA was NIS 37 million, down 7.5%. **Adjusted EBITDA** was NIS 46 million (Adjusted EBITDA margin of 14.4%), up 12.2%, mainly due to the increase in revenues.

Net Profit was NIS 3 million, compared to a loss of NIS 13 million in the corresponding quarter. **Adjusted Net Profit** was NIS 12 million, compared to a loss of NIS 12 million in the corresponding quarter. Adjusted Net Profit was positively impacted by higher EBITDA and lower impairment losses.

Free cash flow was NIS 33 million, down 13.2%, mainly due to timing differences in working capital.

The number of **yes TV subscribers** as of March 31st, 2025, was 561k, a decrease of 1k compared to December 31st, 2024, and a decrease of 10k compared to March 31st, 2024.

Bezeq International TECH Results

Bezeq International – Financial data	<u>Q1 2025</u>	<u>Q1 2024</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues	273	289	(5.5%)
EBITDA	33	47	(30%)
Adjusted EBITDA	34	44	(23%)
Adjusted EBITDA margin	12.5%	15.2%	
Net profit	11	18	(39%)
Adjusted net profit	12	15	(20%)
CapEx (gross)	12	14	(14.3%)
Free cash flow	19	23	(17.4%)



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Revenues totaled NIS 273 million, down 5.5%, due to lower consumer and business ISP revenues as well as a decrease in integration service revenues. The decrease was partially offset by higher revenues from cloud services.

EBITDA was NIS 33 million, down 30%. **Adjusted EBITDA** was NIS 34 million (Adjusted EBITDA margin of 12.5%), down 23%, mainly due to lower revenues.

Net profit was NIS 11 million, down 39%. **Adjusted Net Profit** was NIS 12 million, compared to NIS 15 million in the corresponding quarter.

Free cash flow was NIS 19 million, down 17.4%, mainly due to a decrease in net profit.



Conference Call & Webcast Information

Bezeq will conduct its First Quarter 2025 earnings webcast call on Tuesday, May 20, 2025, 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. Yohai Benita, Bezeq Group's Chief Financial Officer. Participants are invited to join the webcast by clicking:

<https://us06web.zoom.us/j/81644693291>

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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"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Income

	Three months ended		Year ended
	March 31		December 31
	2025	2024	2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Revenues	2,235	2,255	8,884
Costs of activity			
General and operating expenses	829	856	3,257
Salaries	496	486	1,932
Depreciation, amortization, and impairment losses	456	473	1,844
Other operating expenses, net	13	1	199
Total operating expenses	1,794	1,816	7,232
Operating profit	441	439	1,652
Financing expenses (income)			
Financing expenses	105	97	446
Financing income	(60)	(51)	(196)
Financing expenses, net	45	46	250
Profit after financing expenses	396	393	1,402
Loss in investee company	3	-	8
Profit before income tax	393	393	1,394
Income tax	90	98	321
Profit for the period	303	295	1,073
Basic and diluted earnings per share (in NIS)	0.11	0.11	0.39



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"Bezeq" The Israeli Telecommunications Corp., Ltd.

Condensed Consolidated Interim Statements of Financial Position

	March 31, 2025	March 31, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
Assets	NIS million	NIS million	NIS million
Cash and cash equivalents	724	1,097	784
Investments	2,250	2,243	1,917
Trade receivables	1,427	1,494	1,395
Other receivables	220	216	172
Inventory	141	118	162
Assets of a held for sale disposal group	83	-	83
Total current assets	4,845	5,168	4,513
Trade and other receivables	408	448	410
Right-of-use assets	1,774	1,761	1,762
Fixed assets	7,241	6,928	7,160
Intangible assets	945	939	948
Deferred expenses and non-current investments	366	305	368
Total non-current assets	10,734	10,381	10,648
Total assets	15,579	15,549	15,161

"Bezeq" The Israeli Telecommunications Corp., Ltd.

Condensed Consolidated Interim Statements of Financial Position (Contd.)

	March 31, 2025	March 31, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
Liabilities and equity	NIS million	NIS million	NIS million
Debentures, loans and borrowings	1,124	1,074	1,123
Current maturities of liabilities for leases	417	418	438
Trade and other payables	1,995	2,111	1,935
Employee benefits	389	341	400
Provisions	90	86	84
Liabilities of a held for sale disposal group	34	-	34
Total current liabilities	4,049	4,030	4,014
Loans and debentures	6,538	6,985	6,523
Liability for leases	1,530	1,504	1,530
Employee benefits	312	253	300
Derivatives and other liabilities	261	173	214
Provisions	30	29	30
Liabilities for deferred taxes	52	76	46
Total non-current liabilities	8,723	9,020	8,643
Total liabilities	12,772	13,050	12,657
Total equity	2,807	2,499	2,504
Total liabilities and equity	15,579	15,549	15,161

"Bezeq" The Israeli Telecommunications Corp., Ltd.

Condensed Consolidated Interim Statements of Cash Flows

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)
	NIS million	NIS million	NIS million
Cash flows from operating activities			
Profit (loss) for the period	303	295	1,073
Adjustments:			
Depreciation, amortization and impairment loss	456	473	1,844
Capital gain, net	(5)	(2)	(17)
Financing expenses, net	57	49	269
Loss from investee company	3	-	8
Impairment loss of a held for sale disposal group	2	-	9
Stock-based compensation	4	4	21
Income tax expenses	90	98	321
Change in trade and other receivables	(85)	(65)	67
Change in inventory	15	(44)	(109)
Change in trade and other payables	163	163	147
Change in provisions	6	(2)	(5)
Change in employee benefits	(1)	11	115
Change in other liabilities	1	13	(53)
Income tax received (paid), net	(178)	8	(244)
Net cash from operating activities	831	1,001	3,446



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

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)
	NIS million	NIS million	NIS million
Cash flow used for investing activities			
Purchase of fixed assets	(325)	(312)	(1,356)
Investment in intangible assets and deferred expenses	(94)	(98)	(390)
Investment in bank deposits and other financial investments	(568)	(1,222)	(2,045)
Proceeds from bank deposits and other financial investments	257	200	1,381
Proceeds from the sale of fixed assets	3	3	16
Government grant received for frequencies	-	-	4
Interest from bank deposits	17	23	90
Investment in investee company	(11)	-	(10)
Miscellaneous	1	-	8
Net cash used in investing activities	(720)	(1,406)	(2,302)



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

	Three months ended March 31		Year ended December 31
	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)
	NIS million	NIS million	NIS million
Cash flows from financing activities			
Issue of debentures and receipt of loans	-	1,084	1,648
Repayment of debentures and loans	-	-	(1,071)
Payments of principal and interest for leases	(153)	(126)	(449)
Interest paid	(25)	(19)	(249)
Dividend paid	-	-	(781)
Proceeds for expired hedging transactions	-	-	7
Net cash from (used for) financing activities	(178)	939	(895)
Increase (decrease) in cash and cash equivalents, net			
	(67)	534	249
Cash and cash equivalents as at January 1	784	563	563
Cash balance held for sale	7	-	(28)
Cash and cash equivalents as at year-end	724	1,097	784