



BEZEQ GROUP REPORTS FIRST QUARTER 2024 FINANCIAL RESULTS

Holon, Israel – May 22, 2024 – Bezeq – The Israeli Telecommunications Corp., Ltd. (TASE: BEZQ), Israel's leading telecommunications provider, today announced its financial results for the three months ended March 31, 2024. Details about the investor earnings presentation webcast to be held today are included below in this press release.

Bezeq Group Q1 2024 Financial Highlights¹

- Reported revenues totaled NIS 2.3 billion, down 2.3%
- Core revenues² totaled NIS 2.0 billion, up 2.1%
- Adjusted EBITDA³ totaled NIS 917 million, down 2.0%
- Adjusted net profit³ totaled NIS 299 million, down 6.9%
- Capital expenditures totaled NIS 410 million, or 18% of revenues, down 1.4%
- Free cash flow totaled NIS 468 million, up 35.7%
- Domestic rating agencies upgraded Bezeq credit ratings to ilAA and Aa2.il

Tomer Raved, Bezeq Chairman, stated: "The results of the first quarter reflect the Group's growth strategy in our core activities, with core revenues growing 2.1% to NIS 2 billion. This increase was delivered while we continued to focus on significant investments in advanced infrastructures, including fiber, 5G in cellular and the transition to an IP platform in yes, which allow the group companies to provide the most advanced telecommunication services to customers.

These are the second financial statements that we are publishing reflecting the impact of the war, which is not material for the Bezeq Group, but reflects a decrease of 2% in adjusted EBITDA due to the decrease in Telephone roaming services and the non-billing of evacuated customers in the line of conflict. Notwithstanding, the quarterly results met our expectations. We continued strengthening the Group's financial profile and reduced net debt to the lowest level since 2010. This ensures our financial stability and the ability to continue investing in the development of innovative technologies and quality services for our customers.

¹ Q1-2024 results in this earnings release are presented in comparison to Q1-2023 results, respectively, unless otherwise stated.

² Group revenues excluding Bezeq Fixed-Line telephony revenues, Telephone 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.



Press Release

Bezeq's strength, even in these complex times, allows us to be an "island of stability" within the Israeli economy. We will continue to act with determination to implement our strategy, while emphasizing innovation, excellent customer service and significant contributions to the Israeli economy."

Tobi Fischbein, Bezeq Group CFO, commented: "Bezeq's financial strength was recognized by the recent decision made by the domestic credit rating agencies, S&P Global Ma'alot and Midroog (a Moody's affiliate), to upgrade our credit rating to 'iAA' and Aa2.il with a Stable outlook, citing the improvement in financial ratios. The rating upgrade, especially in this period, reflects the responsible management of the Group, resulting from the orderly strategic and financial planning, including the adoption of a financial policy focused on maintaining a high credit rating, within the AA group, decreasing financial debt, extending the duration of the debt, careful cash flow management as well as significant capital expenditures and a gradual return to dividend distributions to shareholders. In the first quarter we continued to lower net debt, this time by NIS 582 million, or 11%.

Bezeq Group Results (Consolidated)

	<u>Q1 2024</u>	<u>Q1 2023</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues (reported)	2,255	2,308	(2.3%)
Core revenues ¹	1,983	1,943	2.1%
Operating profit	439	468	(6.2%)
EBITDA	912	926	(1.5%)
Adjusted EBITDA ²	917	936	(2.0%)
Adjusted EBITDA margin	40.7%	40.6%	
Net profit	295	311	(5.1%)
Adjusted net profit ²	299	321	(6.9%)
Diluted EPS (NIS)	0.11	0.11	0.0%
Operating cash flow	1,001	853	17.4%
CapEx (gross)	410	416	(1.4%)
Free cash flow ³	468	345	35.7%
Net debt	4,719	5,301	(11.0%)

¹ Group revenues excluding Bezeq Fixed-Line telephony revenues, Pelephone 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.



Press Release

Revenues amounted to NIS 2.3 billion, down 2.3%. **Core Revenues** (Group revenues excluding Bezeq Fixed-Line telephony revenues, Pelephone interconnect fees and Bezeq International consumer revenues) increased 2.1%, to NIS 2.0 billion, mainly due to higher core revenues in Bezeq Fixed-Line. Core revenues represent approximately 90% of reported revenues.

Salary expenses were NIS 486 million, down 1.0%, due to lower salary expenses in the key Group segments. **Operating expenses** totaled NIS 856 million, down 3.2%, due to lower interconnect fees, content and equipment expenses, among other factors. **Depreciation and amortization expenses** were NIS 473 million, up 3.3%, mainly due to the CapEx increase over previous periods, mainly related to the fiber deployment project.

EBITDA amounted to NIS 912 million, down 1.5%. **Adjusted EBITDA** was NIS 917 million (Adjusted EBITDA margin of 40.7%), down 2.0%.

Net profit totaled NIS 295 million, down 5.1%. **Adjusted Net Profit** was NIS 299 million, down 6.9%.

Free cash flow was NIS 468 million, up 35.7%, primarily due to timing differences in working capital.

Net financial debt of the Group amounted to NIS 4.7 billion as of March 31, 2024, compared to NIS 5.3 billion as of March 31, 2023, a decrease of 11.0%. The Group's net financial debt to Adjusted EBITDA ratio was 1.4 times as of March 31, 2024, compared to 1.6 times as of March 31, 2023.

The improvement in financial ratios led to a domestic rating increase in both rating agencies. Midroog wrote, among other things, "The business profile of the company is positive as the leading telecommunications group in Israel, which holds significant market shares in most of the industry sectors, a strong brand, and an integrated business model with high profitability."

Bezeq Fixed-Line Results

- **Record revenues from broadband services of NIS 501 million; Fixed-Line core revenues⁴ grew 2.0% to NIS 948 million**
- **Adjusted net profit reached NIS 258 million shekels, an increase of 1.6%**
- **Record fiber take-up with 664k subscribers, of which 424k retail subscribers today. Total fiber take-up increased by 284k subscribers year-over-year**
- **Free cash flow increased 57.5%, to NIS 449 million**
- **Average broadband speed per subscriber increased 12% quarter-over-quarter, reaching 382 Mbps**

Nir David, Bezeq CEO, stated, "I am proud to present our results for the first time as CEO of Bezeq. During the first quarter of 2024, fixed-line core revenues grew with record broadband service revenues, which crossed the half billion shekel quarterly mark for the first time. Growth in our core revenues led to a 1.6% increase in adjusted net profit to NIS 258 million, together with a decrease in financing expenses, despite lower telephony revenues resulting from the MOC reduction in tariffs. We increased our fiber take-up to 664k and homes passed to 2.25 million, for a take-up rate of approximately 30% today.

We are in a wave of innovation, and this week, for the first time in Israel, we are launching a Wi-Fi 7 router that provides speeds that are three times faster and well above any speed that exists in the market today. In the coming period, along with our focus on fiber deployment and take-up, we will also enter the electricity supply field aiming to also become a leader in the field."

⁴ Total fixed-line revenues excluding telephony revenues

Bezeq Fixed-Line – Financial data	<u>Q1 2024</u>	<u>Q1 2023</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Total revenues	1,091	1,111	(1.8%)
Broadband Internet	501	479	4.6%
Transmission and data	298	286	4.2%
Telephony	143	182	(21.4%)
Cloud & digital services	87	87	0.0%
Other revenues	62	77	(19.5%)
Operating profit	397	403	(1.5%)
EBITDA	649	648	0.2%
Adjusted EBITDA ¹	649	654	(0.8%)
Adjusted EBITDA margin	59.5%	58.9%	
Net profit	258	249	3.6%
Adjusted net profit ²	258	254	1.6%
Operating cash flow	748	608	23.0%
CapEx (gross)	270	312	(13.5%)
Free cash flow ³	449	285	57.5%

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 2024</u>	<u>Q4 2023</u>	<u>Q1 2023</u>
Total broadband lines (retail and wholesale, end of the period, in thousands)	1,489	1,495	1,505
Of which: Total fiber optic subscribers (retail and wholesale, in thousands)	635	565	351
Total retail broadband lines (fiber and copper, end of the period, in thousands)	1,019	1,028	1,031
Of which: Retail fiber optic subscribers (in thousands)	407	367	246
Total wholesale broadband lines (end of the period, in thousands)	470	467	474
Of which: Wholesale fiber optic subscribers (in thousands)	228	198	105
Of which: yes fiber subscribers	46	37	14
Fiber optics deployed – Homes passed (end of the period, in thousands)	2,191	2,070	1,689
Average monthly revenue per broadband Internet subscriber (NIS) – Retail ¹	127	125	120
Average broadband bandwidth per subscriber (Mbps)	382	341	250
Active telephony subscriber lines (end of the period, in thousands) ²	1,419	1,442	1,488
Average monthly telephony revenue per line (NIS) ³	33	33	41
Telephony churn rate (%) ⁴	3.1%	2.3%	2.5%

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 1.1 billion, down 1.8%. **Fixed-Line core revenues** (total revenues excluding telephony revenues) increased 2.0% to NIS 948 million, due to higher revenues from broadband services and transmission and data communications.



Salary expenses totaled NIS 260 million, down 1.1%, mainly due to the reimbursement received from National Insurance for employees in military reserve duty together with a one-time grant in the corresponding quarter for tenured employees following the public sector wage agreement.

Operating expenses were NIS 183 million, down 6.2%, primarily due to lower materials and sub-contractor expenses for the fiber project as well as a decrease in interconnect fees, which were partially offset by higher advertising expenses. **Depreciation and amortization expenses** were NIS 252 million, up 2.9%, due to the CapEx increase over previous periods related to the fiber deployment project, among other factors.

Adjusted EBITDA was in-line with reported EBITDA and totaled NIS 649 million (Adjusted EBITDA margin of 59.5%), down 0.8%.

Adjusted Net Profit was in-line with reported Net Profit and amounted to NIS 258 million, up 1.6%, mainly due to lower financing expenses.

Free cash flow was NIS 449 million, up 57.5%, primarily due to timing differences in working capital.

Subsidiary results

Ilan Sigal, CEO of Pelephone and yes, stated, "Pelephone and yes continued to promote investments and lead innovation that will bear fruit in the coming years.

Pelephone posted growth in key parameters compared to the previous quarter and continued growing cellular service revenues resulting from an increase in the number of subscribers and continued growth in 5G subscriber plans, which represent over 50% of our postpaid subscribers today. We recently activated, for the first time in Israel, our 5G core network and we are proud to lead 5G in Israel. We continued to deliver growth in equipment revenues for the third consecutive quarter due to the strategic actions implemented.

yes continues to solidify its position as a fiber player in the market with approximately 50 thousand subscribers today, alongside its agreements with international content providers which reached 150 thousand customers today. We are investing numerous resources in the transition from satellite to the Internet and in the digital transformation that will bear fruit in the medium term. We continued to lead the IPTV market with over 420 thousand customers, representing 75% of our customer base today."

Ron Glav, CEO of Bezeq International TECH, commented, "We continued to strengthen our focus on growth drivers in the ICT business sector. In addition, and in line with the company's plans, the consumer ISP activity continued to decrease. We are focused on efficiency and savings trends in the company's expenses, leading to improved financial metrics. During the quarter we were awarded several projects in the fields of integration and data centers that will be reflected later this year.

We continued to develop and innovate with new solutions that suit the needs of organizations of all sizes. We launched new business services based on joint ventures with leading companies in their fields: Trend Micro, a global cyber security company, an advanced cloud work environment in partnership with Microsoft and a unified communication solution in partnership with Cisco. These joint ventures show the strength of Bezeq International, which is seen as a leading partner among the technology leaders in the world."

Telephone Results ⁵

- **Service revenues** were stable at NIS 335 million, driven by growth in 5G subscriber plans and postpaid subscribers and despite the impact of the war
- **5G subscriber plans** grew by 60k, reaching over 1.1 million as of today. Pelephone activated its independent 5G core network. 5G subscriber plans were over 50% of postpaid subscribers today
- **ARPU** increased by NIS 1 quarter-over-quarter to NIS 43, and in-line with the corresponding quarter
- **Postpaid subscribers** grew by 11k, and total subscribers reached 2.611 million as of March 31st, 2024
- **Adjusted net profit** totaled NIS 36 million, down 16.3%. Adjusted EBITDA rose 1.6% to NIS 185 million

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

Telephone – Financial data	<u>Q1 2024</u>	<u>Q1 2023</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Total revenues (exc. interconnect fees)	502	505	(0.6%)
Service revenues (exc. interconnect fees)	335	334	0.3%
Equipment revenues	167	171	(2.3%)
Operating profit	40	51	(21.6%)
EBITDA	178	184	(3.3%)
Adjusted EBITDA ¹	185	182	1.6%
Adjusted EBITDA margin	31.7%	29.5%	
Net profit	30	44	(31.8%)
Adjusted net profit ¹	36	43	(16.3%)
Operating cash flow	122	133	(8.3%)
CapEx (gross)	82	57	43.9%
Free cash flow ²	(39)	6	NM

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	<u>Q1 2024</u>	<u>Q4 2023</u>	<u>Q1 2023</u>
Total subscribers (end of period, in thousands) ¹	2,611	2,618	2,585
Postpaid subscribers (end of period, in thousands) ¹	2,213	2,202	2,159
Prepaid subscribers (end of period, in thousands) ^{1,2}	398	416	426
5G subscriber plans (end of period, in thousands)	1,092	1,034	834
Average revenue per user, excluding interconnect fees (ARPU, NIS) ²	43	42	43
Churn rate ³	6.5%	5.9%	6.7%

¹ Subscriber data includes Telephone subscribers (excluding subscribers of operators that Telephone hosts on its network as well as IOT subscribers) and does not include inactive subscribers who are connected to Telephone'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 Telephone 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 Telephone subscribers and from other telecommunications operators, including revenues from cellular operators who use Telephone's network, and repair and warranty services in the period by average Telephone active subscribers in the same period.

³ Churn rate is calculated according to the proportion of subscribers who have disconnected from Telephone'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 335 million, up 1.5% sequentially, and 0.3% year-over-year, primarily related to continued growth in 5G subscriber plans and postpaid subscribers, despite the impact of the war on roaming revenues.

Revenues from equipment sales were NIS 167 million, down 2.3%. This is the third consecutive quarter with sequential increases in revenues from equipment sales.

Total revenues were NIS 502 million, down 0.6%.

Operating expenses were NIS 537 million, down 5.5%, mainly due to lower interconnect expenses in-line with the decrease in interconnect revenues.

EBITDA was NIS 178 million, down 3.3%. **Adjusted EBITDA** was NIS 185 million (Adjusted EBITDA margin of 31.7%), up 1.6%, despite the impact of the war on roaming revenues.

Net profit was NIS 30 million, down 31.8%. **Adjusted Net Profit** was NIS 36 million, down 16.3%, mainly due to the impact of the war on roaming revenues as well as lower interest income from Bezeq Fixed-Line.

Negative free cash flow was NIS 39 million, compared to positive free cash flow of NIS 6 million in the corresponding quarter, mainly due to timing differences in working capital.

yes Results

- Continued growth in fiber subscribers with over 50k today
- Approximately 150k subscribers with international streaming services through agreements with yes
- Revenues totaled NIS 315 million, down 4.3%, due to impact of the war (non-billing of customers in the line of conflict) as well as a change in the mix of customers from premium to discount, partially offset by higher revenues from the TV + fiber bundle
- Continuing to lead the Israeli IPTV market with over 420k subscribers, 75% of total subscribers today
- Free cash flow totaled NIS 38 million, down 32.1% due to timing differences in working capital

yes – Financial data	<u>Q1 2024</u>	<u>Q1 2023</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues	315	329	(4.3%)
Operating profit (loss)	(18)	-	NM
EBITDA	40	50	(20.0%)
Adjusted EBITDA ¹	41	50	(18.0%)
Adjusted EBITDA margin	13.0%	15.2%	
Net profit	(13)	5	NM
Adjusted net profit (loss) ¹	(12)	5	NM
Operating cash flow	93	92	1.1%
CapEx (gross)	49	31	58.1%
Free cash flow ²	38	56	(32.1%)

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	Q1 2024	Q4 2023	Q1 2023
Total number of TV subscribers (end of the period, in thousands) ¹	571	574	580
IP subscribers (end of the period, in thousands) ²	412	392	348
Fiber customers (end of period, in thousands)	46	37	14
Average revenue per user (ARPU, NIS) ³	173	175	185
Churn rate (%) ⁴	3.9%	3.1%	3.5%

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 75% 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 315 million, down 4.3%, primarily due to the non-billing of customers in the line of conflict due to the war as well as a change in the mix of customers from premium to discount, partially offset by higher revenues from the TV + Bezeq fiber bundle.

Operating expenses were NIS 333 million, up NIS 3 million, mainly due to an increase in fiber activity expenses in-line with the increase in fiber revenues.

EBITDA was NIS 40 million, down 20.0%. **Adjusted EBITDA** was NIS 41 million (Adjusted EBITDA margin of 13.0%), down 18.0%.

Net Loss was NIS 13 million, compared to Net Profit of NIS 5 million in the corresponding quarter. **Adjusted Net Loss** was NIS 12 million, compared to Adjusted Net Profit of NIS 5 million in the corresponding quarter.

Free cash flow was NIS 38 million, down 32.1%, primarily due to timing differences in working capital.

The number of **yes TV subscribers** as of March 31st, 2024, was 571k, a decrease of 3k sequentially.



Bezeq International TECH Results

- Continued growth in business sector activities: integration, cloud and data centers
- Revenues were NIS 289 million, a decrease of 7.4%, due to lower consumer ISP revenues mainly offset by higher revenues from business sector activities
- Free cash flow amounted to NIS 23 million, compared to negative free cash flow of NIS 1 million in the corresponding quarter

Bezeq International – Financial data	Q1 2024	Q1 2023	% change
	<i>(NIS millions)</i>		
Revenues	289	312	(7.4%)
Operating profit	20	14	42.9%
EBITDA	47	44	6.8%
Adjusted EBITDA ¹	44	51	(13.7%)
Adjusted EBITDA margin	15.2%	16.3%	
Net profit	18	13	38.5%
Adjusted net profit ¹	15	20	(25.0%)
Operating cash flow	49	19	157.9%
CapEx (gross)	14	13	7.7%
Free cash flow ²	23	(1)	NM

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 289 million, down 7.4%, due to lower consumer ISP revenues resulting from a decrease in ISP subscribers following the MOC regulatory reform for unified Internet service, which was mainly offset by an increase in ICT revenues driven by higher revenues from integration, cloud and data centers.

Operating expenses were NIS 273 million, a decrease of NIS 19 million, or 6.5%, primarily due to a decrease in consumer ISP activity, as well as a decrease in marketing and G&A expenses.

EBITDA was NIS 47 million, up 6.8%. **Adjusted EBITDA** was NIS 44 million (Adjusted EBITDA margin of 15.2%), down 13.7%. **Net profit** was NIS 18 million, up 38.5%. **Adjusted Net Profit** was NIS 15 million, down 25.0%.

The increase in reported EBITDA and Net Profit versus the decrease in Adjusted EBITDA and Adjusted Net Profit was due to other income in the current quarter versus other expenses in the corresponding quarter.

Free cash flow reached NIS 23 million, compared to negative free cash flow of NIS 1 million in the corresponding quarter, mainly due to payments for employee retirement in the corresponding quarter.



Conference Call & Webcast Information

Bezeq will conduct its First Quarter 2024 earnings webcast call on Wednesday, May 22, 2024, at 9:00 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/85997326508>

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

Condensed Consolidated Interim Statements of Income

	Three months ended March 31		Year ended December 31
	2024	2023	2023
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Revenues	2,255	2,308	9,103
Costs of activity			
General and operating expenses	856	884	3,374
Salaries	486	491	1,922
Depreciation, amortization, and impairment losses	473	458	1,867
Other operating expenses (income), net	1	7	161
Total operating expenses	1,816	1,840	7,324
Operating profit	439	468	1,779
Financing expenses (income)			
Financing expenses	97	98	408
Financing income	(51)	(33)	(164)
Financing expenses, net	46	65	244
Profit before income tax	393	403	1,535
Income tax	98	92	346
Profit for the period	295	311	1,189
Basic and diluted earnings per share (in NIS)	0.11	0.11	0.43

"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Financial Position

	March 31, 2024	March 31, 2023	December 31, 2023
	(Unaudited)	(Unaudited)	(Audited)
Assets	NIS million	NIS million	NIS million
Cash and cash equivalents	1,097	1,065	563
Investments	2,243	1,346	1,205
Trade receivables	1,494	1,510	1,477
Other receivables	216	207	162
Inventory	118	141	82
Total current assets	5,168	4,269	3,489
Trade and other receivables	448	458	446
Right-of-use assets	1,761	1,719	1,870
Fixed assets	6,928	6,629	6,828
Intangible assets	939	910	941
Deferred expenses and non-current investments	305	298	304
Total non-current assets	10,381	10,014	10,389
Total assets	15,549	14,283	13,878



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"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Financial Position (Contd.)

	March 31, 2024	March 31, 2023	December 31, 2023
	(Unaudited)	(Unaudited)	(Audited)
Liabilities and equity	NIS million	NIS million	NIS million
Debentures, loans and borrowings	1,074	923	1,074
Current maturities of liabilities for leases	418	443	433
Trade and other payables	2,111	1,846	1,750
Employee benefits	341	371	332
Provisions	86	97	91
Total current liabilities	4,030	3,680	3,680
Loans and debentures	6,985	6,789	5,889
Liability for leases	1,504	1,428	1,608
Employee benefits	253	198	251
Derivatives and other liabilities	173	147	160
Provisions	29	34	29
Liabilities for deferred taxes	76	66	64
Total non-current liabilities	9,020	8,662	8,001
Total liabilities	13,050	12,342	11,681
Total equity	2,499	1,941	2,197
Total liabilities and equity	15,549	14,283	13,878

"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Cash Flows

	Three months ended March 31		Year ended December 31
	2024	2023	2023
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Cash flows from operating activities			
Profit for the period	295	311	1,189
Adjustments:			
Depreciation, amortization and impairment loss	473	458	1,867
Capital gain, net	(2)	(1)	(2)
Financing expenses, net	49	69	258
Stock-based compensation	4	3	10
Income tax expenses	98	92	346
Change in trade and other receivables	(65)	(104)	(7)
Change in inventory	(44)	(56)	(15)
Change in trade and other payables	163	173	60
Change in provisions	(2)	4	(2)
Change in employee benefits	11	(31)	(3)
Change in other liabilities	13	-	23
Net income tax paid	8	(65)	(269)
Net cash from operating activities	1,001	853	3,455



Press Release

"Bezeq" The Israel Telecommunication Corp., Limited

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

	Three months ended March 31		Year ended December 31
	2024	2023	2023
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Cash flow used for investing activities			
Purchase of fixed assets	(312)	(335)	(1,333)
Investment in intangible assets and deferred expenses	(98)	(81)	(375)
Investment in bank deposits and other investments	(1,222)	(640)	(1,419)
Proceeds from bank deposits and other investments	200	209	1,134
Proceeds from sale of fixed assets	3	33	39
Interest from bank deposits	23	7	72
Purchase of subsidiary less cash acquired	-	-	(14)
Miscellaneous	-	2	17
Net cash used in investing activities	(1,406)	(805)	(1,879)
Cash flows for financing activities			
Issue of debentures and receipt of loans	1,084	415	515
Repayment of debentures and loans	-	-	(912)
Payments of principal and interest for leases	(126)	(125)	(484)
Interest paid	(19)	(14)	(236)
Dividend paid	-	-	(638)
Payment for expired hedging transactions	-	-	4
Miscellaneous	-	-	(3)
Net cash used for financing activities	939	276	(1,754)
Increase (decrease) in cash and cash equivalents, net	534	324	(178)
Cash and cash equivalents at the beginning of the period	563	741	741
Cash and cash equivalents at the end of the period	1,097	1,065	563