



## BEZEQ GROUP REPORTS FIRST QUARTER 2022 FINANCIAL RESULTS

**Holon, Israel – May 24, 2022 – 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, 2022. Details regarding the investor webcast call to be held today are included later in this press release.

### Bezeq Group Q1 2022 Financial Highlights<sup>1</sup>

- Revenues of NIS 2.26 billion, up 1.5%
- Adjusted net profit<sup>2</sup> totaled NIS 322 million, up 7.8%
- Adjusted EBITDA<sup>2</sup> totaled NIS 958 million, up 4.4%
- Capital expenditures totaled NIS 430 million, or 19% of revenues
- Free cash flow totaled NIS 570 million, up 76.5%

**Gil Sharon, Bezeq Chairman**, stated: "We presented excellent group financial results in the first quarter of the year, with improvement in key parameters, attesting to the strategic plan presented recently with a focus on growth. The Group's strong results and financial stability enabled us to return to dividend distributions and for the first time in three and a half years, a dividend of NIS 240 million was distributed to shareholders this month.

**Sharon added:** "The growth trend in revenues and profitability that began in recent quarters is continuing. We successfully grew revenues in the Group's core activities with growth of 4% in Bezeq Fixed-Line and 5% in Pelephone. Looking forward, we have built capabilities to develop and grow in the future while maintaining a solid financial base to ensure the sustained leadership of the group.

**Sharon concluded:** "We recently announced a change in the companies' managements, starting with the appointment of Ran Guron as CEO of Bezeq Fixed-Line. Ran's position as CEO of the subsidiaries will be filled by Ilan Sigal, who will return to the Bezeq Group following his tenure as CEO of Golan Telecom. I am convinced that these appointments will strengthen the group and support our growth. I also want to take this opportunity to thank Dudu again, who has led the company with great success for the past four years."

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<sup>1</sup> Q1-2022 results in this earnings release are presented in comparison to Q1-2021 results unless stated otherwise.

<sup>2</sup> 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.

**Dudu Mizrahi, Bezeq CEO said,** "We posted excellent results in the first quarter of 2022 recording the highest quarterly revenues since the end of 2015, the year when the wholesale market was launched over the company's broadband infrastructure. Fiber deployment and customer connections continued to grow at a high pace; today we have brought fiber optics to 1.25 million households and connected 143,000 customers. This quarter we recorded a sharp increase in the average broadband speed, reaching 151 Mbps as compared to 78 Mbps last year. The increase in the broadband speed and the growth rate of fiber connections, together with the continued penetration of Be routers and Wifi-enhancers allowed for the rapid growth in the average revenue per subscriber (ARPU), which reached NIS 110, compared to NIS 103 a year ago. In addition, the company's business sector activity continued to grow, adding significant revenue increases and activity volume."

**Mizrahi concluded,** "On a personal note, I feel pleased to leave Bezeq with the present growth momentum, following the successful launch of the fiber project, one of the most complex projects the company has implemented, and which has resulted in deployment to more than 1.25 million households so far. I leave behind a growing, stable and solid company with clear leadership in the telecommunications market, and I am proud of that."

**Ran Guron, CEO of Pelephone, yes and Bezeq International stated:** "We posted a strong quarter with exceptional financial results. Pelephone and yes showed significant profitability and free cash flow improvements. Pelephone continued its turnaround that began in 2021 and maintained its positive trends, resulting in an increase in service revenues and the highest quarterly profit level achieved in the past eight years. In yes, we are the largest IPTV player in Israel today while maintaining positive free cash flow. In Bezeq International, we are already operating within the new regulatory reality and are focused on the business ICT sector."

**Guron added:** "This week, we signed a strategic cooperation agreement ahead of the launch of the Disney+ streaming service in Israel. It is another relevant step in yes' turnaround story in recent years, and shows the company's transformation into the leading IPTV company in Israel. We can now offer our customers the most appropriate packages."

**Tobi Fischbein, Bezeq Group CFO,** commented: "The Group's excellent financial results enable us to continue to solidify our financial strength with a year-over-year net debt decrease of almost one billion shekels, to NIS 5.6 billion, the lowest debt level since 2010. Net debt decreased 15% with the net debt to adjusted EBITDA ratio reaching 1.7, the lowest level since 2010. Finally, I want to highlight that the rating agencies have recently reaffirmed the company's high credit rating with a Stable outlook, showing further evidence of the company's financial strength."

## Bezeq Group Results (Consolidated)

<b>Bezeq Group (consolidated)</b>	<u>Q1 2022</u>	<u>Q1 2021</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues	2,255	2,221	1.5%
Operating profit	460	586	(21.5%)
EBITDA	908	1,062	(14.5%)
Adjusted EBITDA <sup>1</sup>	958	918	4.4%
Adjusted EBITDA margin	42.5%	41.3%	
Net profit	282	408	(30.9%)
Adjusted net profit <sup>1</sup>	322	299	7.7%
Diluted EPS (NIS)	0.10	0.15	(33.3%)
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Cash flow from operating activities	1,096	700	56.6%
Payments for investments	430	458	(6.1%)
Free cash flow <sup>2</sup>	570	323	76.5%
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Net debt	5,632	6,609	(14.8%)

<sup>1</sup> 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

<sup>2</sup> Free cash flow is defined as cash flow from operating activities less net payments for investments and leases

**Revenues** were NIS 2.26 billion, increasing 1.5% primarily due to increases in Bezeq Fixed-Line and Pelephone.

**Salary expenses** were NIS 474 million, down 1.3%, primarily due to decreases in Bezeq On-Line and Bezeq International, which were partially offset by an increase in Bezeq Fixed-Line.

**Operating expenses** were NIS 827 million, down 0.5%.

**Depreciation expenses** were NIS 448 million, down 5.9%, mainly due to decreases in the key group segments, which were partially offset by an increase in Bezeq Fixed-Line.

**Other operating expenses** amounted to NIS 46 million, compared to other operating income of NIS 152 million in the corresponding quarter. Other expenses were primarily impacted by an increase in expenses for legal claims compared to a decrease in the said expenses in the corresponding quarter in Bezeq Fixed-Line. In addition, the corresponding quarter included significant capital gains from the sale of real estate of NIS 125 million.

**Reported EBITDA** amounted to NIS 908 million, down 14.5%. **Adjusted EBITDA** was NIS 958 million, up 4.4% (Adjusted EBITDA margin of 42.5%) primarily due to revenue growth together with improved profitability in Pelephone.



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**Reported net profit** amounted to NIS 282 million, down 30.9%. **Adjusted net profit** was NIS 322 million, an increase of 7.7%.

**Free cash flow** was NIS 570 million, an increase of 76.5%, primarily due to timing differences related to working capital in Telephone and Bezeq International.

**Net financial debt** of the Group amounted to NIS 5.63 billion as of March 31, 2022, compared to NIS 6.61 billion as of March 31, 2021. As of March 31, 2022, the Group's net financial debt to adjusted EBITDA ratio was 1.7, compared to 2.0 as of March 31, 2021.

## Bezeq Fixed-Line Results

- Bezeq's fiber optic network already reached 1.25 million households in Israel with 143 thousand connected subscribers
- Revenues grew 4.0% due to a 9.0% increase in broadband Internet revenues and 6.7% higher transmission and data communication revenues. Other revenues increased 17.2% due to revenues from the Blue-Raman submarine cable system project with Google
- Retail broadband ARPU continued to grow and reached NIS 110 in the first quarter of 2022, mainly due to the uptake of fiber services, and the continued implementation of Bezeq's customer premises strategy through the increased penetration of Be routers and Wi-Fi enhancers
- Average broadband speed grew 94% year-over-year to 151 Mbps

<b>Bezeq Fixed-Line – Financial data</b>	<u>Q1 2022</u>	<u>Q1 2021</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Total revenues	1,096	1,054	4.0%
Broadband Internet revenues	434	398	9.0%
Telephony revenues	220	242	(9.1%)
Transmission and data revenues	286	268	6.7%
Cloud & digital services revenues	81	82	(1.2%)
Other revenues	75	64	17.2%
Operating profit	386	593	(34.9%)
EBITDA	625	816	(23.4%)
Adjusted EBITDA <sup>1</sup>	674	671	0.4%
Adjusted EBITDA margin	61.5%	63.7%	
Net profit <sup>2</sup>	218	400	(45.5%)
Cash flows from operating activities	634	510	24.3%
Payments for investments (gross)	285	312	(8.7%)
Free cash flow <sup>3</sup>	327	351	(6.8%)

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

<sup>2</sup> Excluding share in profits/losses of equity-accounted investees

<sup>3</sup> Free cash flow is defined as cash flow from operating activities less net payments for investments and leases

<b>Bezeq Fixed-Line – KPIs</b>	<u>Q1 2022</u>	<u>Q4 2021</u>	<u>Q1 2021</u>
Total broadband Internet lines (retail and wholesale, end of the period, in thousands) <sup>1</sup>	1,519	1,524	1,540
Retail broadband Internet lines (end of the period, in thousands) <sup>1</sup>	1,024	1,023	1,001
Wholesale broadband Internet lines (end of the period, in thousands) <sup>1</sup>	495	501	539
Fiber optics deployed – Homes passed (end of the period, in thousands)	1,193	1,064	310
Fiber optic subscribers connected (end of the period, in thousands)	124	84	1
Average monthly revenue per broadband Internet subscriber (NIS) - Retail <sup>2</sup>	110	109	103
Average broadband speed per subscriber (Mbps)	151	130	78
Active telephony subscriber lines (end of the period, in thousands) <sup>3</sup>	1,563	1,583	1,630
Average monthly revenue per line (NIS) <sup>4</sup>	47	46	49
Churn rate (%) <sup>5</sup>	3.0%	2.8%	2.8%
Outgoing minutes (millions)	801	811	965
Incoming minutes (millions)	1,058	1,096	1,284

<sup>1</sup> 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.

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

<sup>3</sup> 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).

<sup>4</sup> Based on average lines for the period.

<sup>5</sup> 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** increased 4.0% to NIS 1.1 billion, the highest since the end of 2015. The increase was due to growth in broadband Internet services, transmission & data communications, as well as other revenues, which were partially offset by the continued decrease in telephony revenues.

**Salary expenses** were NIS 246 million, up 5.6% due to the recruitment of employees for the fiber project, among other factors.

**Operating expenses** were NIS 178 million, an increase of 14.8%, primarily driven by an increase in sub-contractor expenses and equipment expenses in-line with the increase in revenues due to the deployment of fiber, among other factors.

**Depreciation expenses** were NIS 239 million, up 7.2%, driven by the increase in CapEx, among other factors.



**Other operating expenses** amounted to NIS 47 million, compared to other operating income of NIS 150 million in the corresponding quarter. Other expenses were impacted by an increase in expenses for legal claims compared to a decrease in the said expenses in the corresponding quarter. In addition, the corresponding quarter included significant capital gains from the sale of a real estate of NIS 125 million.

**Reported EBITDA** was NIS 625 million, down 23.4%. **Adjusted EBITDA** was NIS 674 million (EBITDA margin of 61.5%), an increase of 0.4%.

**Net profit** was NIS 218 million, down 45.5%. **Adjusted Net Profit** was NIS 256 million, down 11.7%. The decrease was primarily due to the aforementioned changes in expenses and a 38.2% increase in financing expenses primarily due to CPI-linkage differences and one-time fees for the early repayment of debt, partially offset by financing income from employee benefits.

**Free cash flow** was NIS 327 million, down 6.8%, due to significant proceeds from the sale of real estate in the corresponding quarter.

## Telephone Results

**Telephone posted excellent results with the highest revenues from services since 2019, net profit growth of 7 times and an increase of NIS 200 million in free cash flow**

- Net profit grew 7 times to NIS 56 million, the highest quarterly profit recorded since 2014
- Revenues from services were the highest since 2019, reaching NIS 437 million, representing an increase of 11.5% year-over-year, the result was driven by a significant recovery in roaming revenues, growth in 5G plans and total subscribers
- Net subscribers grew by 7 thousand and the number of 5G subscribers reached 624 thousand as of today
- Free cash flow improved over NIS 200 million on a year-over-year basis, reaching NIS 145 million compared to NIS negative free cash flow of NIS 59 million in the corresponding quarter
- ARPU in Q1 2022 increased by NIS 4 on a year-over-year basis to NIS 57, a year-over-year increase of 7.5% and a quarter-over-quarter increase of 3.6%

<b>Telephone – Financial data</b>	<u>Q1 2022</u>	<u>Q1 2021</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Total revenues	600	570	5.3%
Service revenues	437	392	11.5%
Equipment revenues	163	178	(8.4%)
Operating profit (loss)	64	(3)	
EBITDA	186	139	33.8%
Adjusted EBITDA <sup>1</sup>	185	140	32.1%
Adjusted EBITDA margin	30.8%	24.6%	
Net profit (loss)	56	8	600.0%
Cash flows from operating activities	278	72	286.1%
Payments for investments (gross)	72	71	1.4%
Free cash flow <sup>2</sup>	145	(59)	

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

<sup>2</sup> Free cash flow is defined as cash flow from operating activities less net payments for investments and leases



<b>Pelephone – KPIs</b>	<u>Q1 2022</u>	<u>Q4 2021</u>	<u>Q1 2021</u>
Total subscribers (end of the period, in thousands) <sup>1</sup>	2,583	2,576	2,492
Postpaid subscribers (end of the period, in thousands) <sup>1</sup>	2,093	2,096	2,030
Prepaid subscribers (end of the period, in thousands) <sup>1</sup>	490	480	462
Average revenue per user (ARPU, NIS) <sup>2</sup>	57	55	53
Churn rate <sup>3</sup>	6.8%	5.8%	5.8%

<sup>1</sup> 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 paid 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), and whose average revenue is significantly lower than other subscribers.

<sup>2</sup> 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.

<sup>3</sup> 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.

**Total revenues** were NIS 600 million, an increase of 5.3%. **Revenues from services** were NIS 437 million, up 11.5%, primarily due to an increase in roaming revenues, as well as growth in 5G plans and total subscribers.

**Revenues from equipment sales** were NIS 163 million, down 8.4%, primarily due to the change in the mix of handset sales in light of the different launch dates of new handset models.

**Operating expenses** were NIS 537 million, down 6.3%.

**Reported EBITDA** was NIS 186 million, up 33.8%. **Adjusted EBITDA** was NIS 185 million (Adjusted EBITDA margin of 30.8%), an increase of 32.1%.

**Net profit** was NIS 56 million, compared to NIS 8 million in the corresponding quarter.

**Free cash flow** was NIS 145 million, compared to a negative free cash flow of NIS 59 million in the corresponding quarter. The increase was primarily due to timing differences related to customer debt collection due to employee sanctions in the second half of 2021.

## yes Results

**yes is Israel's largest IPTV operator with 265 thousand IP subscribers, of which 91 thousand are STINGTV subscribers; continued positive free cash flow**

- yes is now the largest IPTV operator in Israel with 265 thousand subscribers
- Net subscribers grew for the sixth consecutive quarter. In Q1 2022, net subscriber adds totaled one thousand; 47% of the total subscribers are IP customers, of which 91 thousand are STINGTV customers
- Reported net profit was NIS 10 million compared to break-even in the corresponding quarter. EBITDA increased 9.1% year-over-year to NIS 60 million
- Free cash flow grew to NIS 26 million from NIS 13 million in the corresponding quarter
- ARPU in Q1 2022 was NIS 186

<b>yes – Financial data</b>	<u>Q1 2022</u>	<u>Q1 2021</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues	316	315	0.3%
Operating profit	10	(6)	
EBITDA	60	55	9.1%
Adjusted EBITDA <sup>1</sup>	60	53	13.2%
Adjusted EBITDA margin	19.0%	16.8%	
Net profit	10	-	
Cash flows from operating activities	78	62	25.8%
Payments for investments (gross)	47	43	9.3%
Free cash flow <sup>2</sup>	26	13	100%

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

<sup>2</sup> 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 2022	Q4 2021	Q1 2021
Total number of subscribers (end of the period, in thousands) <sup>1</sup>	564	563	559
IP subscribers <sup>2</sup>	253	226	147
Average revenue per user (ARPU, NIS) <sup>3</sup>	186	190	187
Churn rate (%) <sup>4</sup>	3.7%	3.4%	4.3%

<sup>1</sup> 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.

<sup>2</sup> The rate of yes subscribers using yes+ and STINGTV services broadcast via the Internet is approximately 47% of all yes subscribers as of the date of approval of the reports. This rate includes subscribers who also use satellite services at the same time.

<sup>3</sup> ARPU includes total yes revenues (excluding the sale of content to external broadcasters and revenues from terminal equipment) divided by average subscribers for the period.

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

**Revenues** were NIS 316 million, an increase of NIS 1 million compared to the corresponding quarter.

**Operating expenses** were NIS 306 million, down 4.7%.

**Reported EBITDA** was NIS 60 million, an increase of 9.1%. **Adjusted EBITDA** was NIS 60 million (Adjusted EBITDA margin of 19.0%), an increase of 13.2%.

**Net profit** was NIS 10 million, compared to break-even in the corresponding quarter.

**Free cash flow** was NIS 26 million, an increase of 100%, primarily due to changes in working capital.

## Bezeq International Results

**Bezeq International continues to grow in business services with an increase in cloud activity, business applications and data centers in a growing and developing market**

- Revenues amounted to NIS 307 million, a 1.6% decrease
- Net loss was NIS 5 million compared to NIS 8 million in the corresponding quarter
- Free cash flow of NIS 77 million compared to NIS 23 million a year ago
- Continued growth in cloud activity and server farms in growing and developing markets

<b>Bezeq International – Financial data</b>	<u>Q1 2022</u>	<u>Q1 2021</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues	307	312	(1.6%)
Operating profit	(4)	(8)	50.0%
EBITDA	34	41	(17.1%)
Adjusted EBITDA <sup>1</sup>	35	42	(16.7%)
Adjusted EBITDA margin	11.4%	13.5%	
Net profit	(5)	(8)	37.5%
Cash flows from operating activities	112	61	83.6%
Payments for investments (gross)	26	30	(13.3%)
Free cash flow <sup>2</sup>	77	23	234.8%

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

<sup>2</sup> Free cash flow is defined as cash flow from operating activities less net payments for investments and leases compensation

**Revenues** were NIS 307 million, down 1.6%, primarily due to a decrease in revenues from the sale of communication equipment to businesses as a result of the supply chain delays worldwide, together with lower Internet revenues. The decrease was partially offset by an increase in revenues from business services.

**Operating expenses** were NIS 310 million, down 3.2%, primarily due to a decrease in salary expenses as well as expenses relating to the sale of communication equipment to businesses.

**EBITDA** amounted to NIS 34 million, down 17.1%. **Adjusted EBITDA** was NIS 35 million (Adjusted EBITDA margin of 11.4%), down 16.7%.



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**Net loss** was NIS 5 million, compared to NIS 8 million in the corresponding quarter.

**Free cash flow** was NIS 77 million, representing an increase of 234.8%, primarily due to changes in working capital related to delays in customer debt collection in the fourth quarter of 2021 due to employee sanctions, as well as increased trade payable balances.



## Conference Call & Webcast Information

Bezeq will conduct its First Quarter Earnings 2022 webcast call on Tuesday, May 24, 2022, at 8:00 AM EST /3:00 PM Israel time, hosted by Mr. Gil Sharon, Bezeq's Chairman, Mr. Dudu Mizrahi, Bezeq's CEO, Mr. Ran Guron, CEO of Pelephone, yes and Bezeq International, and Mr. Tobi Fischbein, Bezeq's Chief Financial Officer. Participants are invited to join the webcast by clicking [https://yooki-co-il.zoom.us/j/83470591219?pwd=rwe19jCZvC0le18JmuOUGsDGaDiH\\_G.1](https://yooki-co-il.zoom.us/j/83470591219?pwd=rwe19jCZvC0le18JmuOUGsDGaDiH_G.1)

## 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 domestic and international cellular phone services, broadband Internet, other data communications, cloud and digital 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 reports can be accessed at the Israeli Securities Authority's website, [www.magna.isa.gov.il](http://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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### **Investor Relations Contact:**

Mr. Naftali Sternlicht  
Bezeq  
Phone: +972-2-539-5441  
Email: [ir@bezeq.co.il](mailto:ir@bezeq.co.il)

### **Media Relations Contact:**

Mr. Guy Hadass  
Bezeq  
Phone: +972-3-626-2600  
Email: [pr@bezeq.co.il](mailto:pr@bezeq.co.il)



# Press Release

## "Bezeq" The Israel Telecommunication Corp., Limited

### Condensed Consolidated Interim Statements of Income

	Three months ended March 31		Year ended December 31
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
<b>Revenues</b>	<b>2,255</b>	2,221	8,821
<b>Costs of activity</b>			
General and operating expenses	827	831	3,257
Salaries	474	480	1,882
Depreciation, amortization, and impairment losses	448	476	1,889
Other operating expenses (income), net	46	(152)	(77)
<b>Total operating expenses</b>	<b>1,795</b>	1,635	6,951
<b>Operating profit</b>	<b>460</b>	586	1,870
<b>Financing expenses (income)</b>			
Financing expenses	119	77	349
Financing income	(34)	(26)	(44)
Financing expenses, net	85	51	305
<b>Profit before income tax</b>	<b>375</b>	535	1,565
<b>Income tax</b>	<b>93</b>	127	382
<b>Profit for the period</b>	<b>282</b>	408	1,183
<b>Basic and diluted earnings per share (in NIS)</b>	<b>0.10</b>	0.15	0.43

## "Bezeq" The Israel Telecommunication Corp., Limited

### Condensed Consolidated Interim Statements of Financial Position

	March 31, 2022	March 31, 2021	December 31, 2021
	(Unaudited)	(Unaudited)	(Audited)
<b>Assets</b>	NIS million	NIS million	NIS million
Cash and cash equivalents	<b>1,226</b>	1,124	973
Investments	<b>865</b>	663	954
Trade receivables	<b>1,593</b>	1,648	1,859
Other receivables	<b>400</b>	209	279
Inventory	<b>108</b>	87	74
Assets held for sale	-	2	-
<b>Total current assets</b>	<b>4,192</b>	3,733	4,139
Trade and other receivables	<b>431</b>	512	433
Broadcasting rights	<b>62</b>	62	60
Right-of-use assets	<b>1,816</b>	1,735	1,828
Fixed assets	<b>6,400</b>	6,182	6,312
Intangible assets	<b>931</b>	937	912
Deferred expenses and non-current investments	<b>235</b>	330	226
Deferred tax assets	-	57	24
<b>Total non-current assets</b>	<b>9,875</b>	9,815	9,795
<b>Total assets</b>	<b>14,067</b>	13,548	13,934



## "Bezeq" The Israel Telecommunication Corp., Limited

<b>Condensed Consolidated Interim Statements of Financial Position (Contd.)</b>			
	<b>March 31, 2022</b>	<b>March 31, 2021</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Liabilities and equity</b>	<b>NIS million</b>	<b>NIS million</b>	<b>NIS million</b>
Debentures, loans and borrowings	949	785	980
Current maturities of liabilities for leases	449	402	466
Trade and other payables	1,915	1,793	1,748
Employee benefits	424	442	510
Provisions	188	87	69
<b>Total current liabilities</b>	<b>3,925</b>	<b>3,509</b>	<b>3,773</b>
Loans and debentures	6,774	7,611	7,082
Liability for leases	1,494	1,438	1,511
Employee benefits	218	337	243
Derivatives and other liabilities	147	282	142
Provisions	45	49	49
Liabilities for deferred taxes	44	34	38
<b>Total non-current liabilities</b>	<b>8,722</b>	<b>9,751</b>	<b>9,065</b>
<b>Total liabilities</b>	<b>12,647</b>	<b>13,260</b>	<b>12,838</b>
<b>Total equity</b>	<b>1,420</b>	<b>288</b>	<b>1,096</b>
<b>Total liabilities and equity</b>	<b>14,067</b>	<b>13,548</b>	<b>13,934</b>



# Press Release

## "Bezeq" The Israel Telecommunication Corp., Limited

### Condensed Consolidated Interim Statements of Cash Flows

	Three months ended March 31		Year ended December 31
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>	<b>282</b>	<b>408</b>	<b>1,183</b>
<b>Adjustments:</b>			
Depreciation, amortization and impairment loss	448	476	1,889
Capital (gain) loss, net	2	(125)	(175)
Financing expenses, net	106	56	324
Stock-based compensation	4	8	27
Income tax expenses	93	127	382
Change in trade and other receivables	218	(59)	(229)
Change in inventory	(37)	(18)	(19)
Change in trade and other payables	89	26	(41)
Change in provisions	43	(29)	(47)
Change in employee benefits	(83)	(37)	(65)
Change in other liabilities	(2)	2	(5)
Net income tax paid	(67)	(135)	(385)
<b>Net cash from operating activities</b>	<b>1,096</b>	<b>700</b>	<b>2,839</b>



# 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
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
<b>Cash flow used for investing activities</b>			
Purchase of fixed assets	(335)	(356)	(1,328)
Investment in intangible assets and deferred expenses	(95)	(102)	(363)
Investment in bank deposits	(409)	(511)	(1,031)
Proceeds from bank deposits	499	474	800
Proceeds from the sale of fixed assets	15	183	278
Miscellaneous	(2)	3	(2)
<b>Net cash used in investing activities</b>	<b>(327)</b>	<b>(309)</b>	<b>(1,646)</b>



# 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
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
<b>Cash flows for financing activities</b>			
Payments of principal and interest for leases	(111)	(102)	(387)
Interest paid	(9)	(5)	(254)
Issue of debentures and receipt of loans	-	-	695
Repayment of debentures and loans	(370)	-	(1,067)
Costs for early repayment of loans and debentures	(26)	-	(15)
Payment for hedging transactions	-	-	(30)
Miscellaneous	-	-	(2)
<b>Net cash used for financing activities</b>	<b>(516)</b>	<b>(107)</b>	<b>(1,060)</b>
<b>Increase in cash and cash equivalents, net</b>			
Cash and cash equivalents at the beginning of the period	973	840	840
<b>Cash and cash equivalents at the end of the period</b>	<b>1,226</b>	<b>1,124</b>	<b>973</b>