



BEZEQ GROUP REPORTS FOURTH QUARTER AND FULL YEAR 2020 FINANCIAL RESULTS

Holon, Israel – March 25, 2021 – Bezeq – The Israel Telecommunication Corp., Ltd. (TASE: BEZQ), Israel's leading telecommunications provider, today announced its financial results for the three months and year ended December 31, 2020. Details regarding the investor conference call and webcast to be held today are included later in this press release.

Bezeq Group (consolidated)	Q4 2020	Q4 2019	% change	FY 2020	FY 2019	% change
	(NIS millions)			(NIS millions)		
Revenues	2,203	2,202	0.05%	8,723	8,929	(2.3%)
Operating profit	296	8	3600.0%	1,455	850	71.2%
EBITDA	759	495	53.3%	3,292	2,762	19.2%
EBITDA margin	34.5%	22.5%		37.7%	30.9%	
Adjusted EBITDA ¹	887	870	2.0%	3,659	3,688	(0.8%)
Net profit	174	(87)		796	(1,194)	
Adjusted net profit ¹	277	203	36.5%	1,144	913	25.3%
Diluted EPS (NIS)	0.06	(0.03)		0.29	(0.43)	
Cash flow from operating activities	950	748	27.0%	3,220	2,924	10.1%
Payments for investments	368	324	13.6%	1,499	1,551	(3.4%)
Free cash flow ²	613	344	78.2%	1,478	1,368	8.0%
Net debt	6,836	7,963		6,836	7,963	

¹ Adjusted EBITDA and adjusted net profit exclude other operating income/expenses, net and one-time loss from impairment of assets

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

Gil Sharon, Bezeq Chairman, stated, "2020 marked the beginning of a strategic turnaround for the Bezeq Group, where we focused on intensive preparations due to the changes that the telecom market is undergoing. Last year, especially in the fourth quarter, we built the foundations for our strategy for leading the market in 2021 in all areas of Group operations. Our strategic plan includes key components such as the merger we are examining between Bezeq International and yes and the spin-off of the ICT business division into a separate new company, as well as the launch of the fiber project, all of which are based on our transition from a defensive position to one where we take initiative and lead the market in all areas.

The decision to examine this merger comes against the background of the growing uniformity of service in the sector, growing competition in the subsidiary companies' operating segments, business and regulatory changes occurring and which are expected to occur in Bezeq International and yes and their operations, and the need to examine the possible enhancement of synergies and operational efficiencies of the subsidiary companies in order to maximize and unlock value. The restructuring outline will optimize the match between the subsidiary companies' operations and the structure of the sector and will provide a uniform response to customer sales and service needs, thereby contributing to growth. The process, if completed, will contribute to the subsidiary companies' financial results,



through an improvement in sales capability and in retention of subscribers as well through streamlining and reduction of costs estimated at tens of millions of shekels per year. In addition, the spin-off of the ICT business division may also unlock further value for the Company."

Sharon further added, "On the financial side, we met our 2020 guidance in all categories. Adjusted EBITDA declined only slightly year-over-year, due to increased revenues in Bezeq Fixed-Line as well as significant streamlining in the subsidiaries, despite the decrease in revenues of NIS 200 million mainly from the impact of COVID-19 on roaming revenues in Pelephone and the continued decrease in yes revenues. Free cash flow amounted to NIS 1.48 billion, an increase of NIS 110 million year-over-year, allowing us to continue to reduce the Group's net financial debt."

Bezeq Group Results (Consolidated)

Revenues in 2020 totaled NIS 8.72 billion compared to NIS 8.93 billion in 2019, a decrease of 2.3%. **Revenues** in the fourth quarter of 2020 were NIS 2.20 billion, in-line with the same quarter of 2019. The decrease in revenues in 2020 was due to lower revenues in Pelephone, Bezeq International and yes, partially offset by an increase in revenues in Bezeq Fixed-Line.

Salary expenses in 2020 totaled NIS 1.89 billion compared to NIS 1.93 billion in 2019, a decrease of 2.2%. **Salary expenses** in the fourth quarter of 2020 were NIS 494 million, compared to NIS 478 million in 2019, an increase of 3.3%. The decrease in salary expenses in 2020 was primarily due to lower salary expenses in Pelephone, Bezeq International and yes, partially offset by an increase in Bezeq On-Line and Bezeq Fixed-Line. The increase in salary expenses in the fourth quarter was primarily due to an increase in salary expenses in Bezeq Fixed-Line, due to the recruitment of new employees for the fiber project as well as expenses in connection with the new employee agreement.

Operating expenses in 2020 totaled NIS 3.17 billion compared to NIS 3.31 billion in 2019, a decrease of 4.1%. **Operating expenses** in the fourth quarter of 2020 were NIS 822 million, compared to NIS 854 million in the same quarter of 2019, a decrease of 3.7%. The decrease in operating expenses was due to a reduction in expenses in yes, Pelephone and Bezeq International, partially offset by an increase in expenses in Bezeq Fixed-Line.

Other operating expenses, net in 2020 totaled NIS 74 million compared to income of NIS 221 million in 2019. **Other operating expenses, net** in the fourth quarter of 2020 amounted to NIS 103 million, compared to NIS 179 million in the same quarter of 2019. Other operating expenses was impacted by a decrease in capital gains from the sale of real estate due to capital gains of NIS 403 million from the sale of the "Sakia" complex recorded in 2019. In addition, in 2020 a one-time grant for Bezeq Fixed-Line employees of NIS 40 million was recorded in connection with the new employee agreement. Lower early retirement expenses in Bezeq Fixed-Line and in the subsidiary companies partially offset the above. The decrease in the fourth quarter of 2020 was primarily due to lower early retirement expenses in Bezeq Fixed-Line as well as a provision for early retirement for Pelephone employees recorded in the corresponding quarter.



Depreciation, amortization and ongoing impairment expenses in 2020 totaled NIS 1.84 billion compared to NIS 1.91 billion in 2019, a decrease of 3.9%. **Depreciation, amortization and ongoing impairment expenses** in the fourth quarter of 2020 were NIS 463 million, compared to NIS 487 million in the same quarter of 2019, a decrease of 4.9%.

The decrease in depreciation amortization and ongoing impairment expenses was due to a decrease in Pelephone, Bezeq International and yes, partially offset by an increase in Bezeq Fixed-Line.

Loss from impairment of assets in 2020 totaled NIS 293 million, compared to NIS 1.15 billion in 2019. **Loss from impairment of assets** in the fourth quarter of 2020 was NIS 25 million, compared to NIS 196 million in the same quarter of 2019.

Loss from impairment of assets in 2020 was impacted by a loss of NIS 307 million in Bezeq International and a gain of NIS 14 million in Walla, compared to losses of NIS 196 million in Bezeq International and NIS 951 million in Pelephone in 2019.

Profitability metrics were impacted by changes in impairment loss and in other operating expenses/income.

Operating profit in 2020 totaled NIS 1.46 billion compared to NIS 850 million in 2019, an increase of 71.2%. **Operating profit** in the fourth quarter of 2020 amounted to NIS 296 million, compared to NIS 8 million in the same quarter of 2019.

Reported EBITDA in 2020 totaled NIS 3.29 billion (EBITDA margin of 37.7%) compared to NIS 2.76 billion (EBITDA margin of 30.9%) in 2019, an increase of 19.2%. **Reported EBITDA** in the fourth quarter of 2020 amounted to NIS 759 million (EBITDA margin of 34.5%), compared to NIS 495 million (EBITDA margin of 22.5%) in the same quarter of 2019, an increase of 53.3%.

After adjusting for other operating expenses/income and impairment loss/gain in assets, Adjusted EBITDA in 2020 totaled NIS 3.66 billion (EBITDA margin of 41.9%) compared to NIS 3.69 billion (EBITDA margin of 41.3%) in 2019, a decrease of 0.8%. **Adjusted EBITDA** in the fourth quarter of 2020 was NIS 887 million (Adjusted EBITDA margin of 40.3%) compared to NIS 870 million (Adjusted EBITDA margin of 39.5%) in the same quarter of 2019, an increase of 2.0%.

Financing expenses in 2020 totaled NIS 371 million compared to NIS 549 million in 2019, a decrease of 32.4%. **Financing expenses** in the fourth quarter of 2020 were NIS 98 million, compared to NIS 109 million in the same quarter of 2019, a decrease of 10.1%.

The decrease in financing expenses was primarily due to lower financing expenses in Bezeq Fixed-Line.

Tax expenses in 2020 totaled NIS 288 million compared to NIS 1.49 billion in 2019, a decrease of 80.7%. **Tax expenses** in the fourth quarter of 2020 were NIS 24 million, compared to tax income of NIS 13 million in the same quarter of 2019.

The decrease in tax expenses in 2020 was primarily due to the recognition of tax expenses of NIS 1.17 billion in 2019 due to the write-off of the tax asset in connection with yes accumulated losses.

In addition, in the fourth quarter of 2020 a deferred tax asset of NIS 37 million was recognized in Bezeq Fixed-Line relating to tax losses from the sale of Walla.

Reported net profit in 2020 totaled NIS 796 million compared to a net loss of NIS 1.19 billion in 2019. **Reported net profit** in the fourth quarter of 2020 amounted to NIS 174 million, compared to a net loss of NIS 87 million in the same quarter of 2019.

The increase in net profit was primarily due to the aforementioned changes in loss from impairment of assets, other operating expenses/income and tax expenses.

After adjusting for other operating income/expenses and impairment loss/gain in assets, Adjusted net profit in 2020 totaled NIS 1.14 billion compared to NIS 913 million in 2019, an increase of 25.3%. **Adjusted net profit** in the fourth quarter of 2020 was NIS 277 million, compared to NIS 203 million in the same quarter of 2019, an increase of 36.2%.

Cash flow from operating activities in 2020 totaled NIS 3.22 billion compared to NIS 2.92 billion in 2019, an increase of 10.1%. **Cash flow from operating activities** in the fourth quarter of 2020 was NIS 950 million, compared to NIS 748 million in the same quarter of 2019, an increase of 27.0%.

The increase in cash flow from operating activities was primarily due to an increase in profitability and changes in working capital.

Payments for investments in 2020 totaled NIS 1.50 billion compared to NIS 1.55 billion in 2019, a decrease of 3.4%. **Payments for investments** in the fourth quarter of 2020 amounted to NIS 368 million, compared to NIS 324 million in the same quarter of 2019, an increase of 13.6%.

The increase in payments for investments was primarily due to an increase in investments in Bezeq Fixed-Line and Pelephone.

Free cash flow in 2020 totaled NIS 1.48 billion compared to NIS 1.37 billion in 2019, an increase of 8.0%. **Free cash flow** in the fourth quarter of 2020 was NIS 613 million, compared to NIS 344 million in the same quarter of 2019, an increase of 78.2%.

The increase in free cash flow was due to the aforementioned increase in cash flow from operating activities partially offset by the increase in investments.

Net financial debt of the Group was NIS 6.84 billion as of December 31, 2020 compared to NIS 7.96 billion as of December 31, 2019. As of December 31, 2020, the Group's net financial debt to Adjusted EBITDA ratio was 2.1, compared to 2.4 as of December 31, 2019.

2021 Outlook

Based on the information known to the Bezeq Group today, the Group's Outlook for 2021 is as follows:

Adjusted net profit* attributable to shareholders	NIS 1.0 billion
Adjusted EBITDA*	NIS 3.5 billion
CAPEX**	NIS 1.7 billion

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

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

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

* Adjusted net profit and Adjusted EBITDA – after adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock based compensation. Adjusted EBITDA and Adjusted Net Profit in 2020 were NIS 3.66 billion and NIS 1.14 billion, respectively.

**CAPEX - gross payments for investments in fixed and intangible assets. CAPEX in 2020 amounted to NIS 1.50 billion.



Bezeq Fixed-Line Results

Dudu Mizrahi, Bezeq CEO stated, "In 2020, we achieved the best financial results for Bezeq Fixed-Line in many years, which attest to the significant momentum in all areas of our operations. For the first time in five years, we recorded an increase in annual revenues to NIS 4.16 billion, and 7.1% quarter-over-quarter growth in revenues. Despite the intensifying competition, our revenues from broadband Internet services grew 6.4% quarter-over-quarter and reached NIS 417 million. For the first time since 2014, the number of our retail subscribers increased. In addition, for the first time in many years, telephony revenues grew quarter-over-quarter and totaled NIS 248 million.

Mizrahi added, "Our full Wi-Fi strategy, which focuses on improving the broadband experience at home, continued to prove itself, and our revenues continued to grow at high rates. At the end of 2020, more than half a million customers were using the advanced Be router, with another quarter of a million customers benefitting from Wi-fi enhancers. All these, along with the ongoing upgrade in broadband speed, led to an increase in the average revenue from a retail broadband customer to NIS 102 per month in the fourth quarter of 2020. Our broadband Internet is the only product in the Israeli telecommunications market with a growing ARPU, and we are constantly adding new services and products for our customers. In the business sector, we experienced significant growth in all areas of our operations, while deepening integration solutions and cloud services for businesses that represent significant growth engines. Our retail operations also posted a turnaround, with the expansion of sales points and unprecedented growth in e-commerce activities."

"We recently launched our fiber network, and since then we have witnessed significant demand for the new service. I am convinced that we will connect customers to our fiber network at unprecedented rates in Israel, while expanding our deployment at a faster pace. Even today, over a quarter of a million households may connect to our fiber network and every month more and more Israelis can join Bezeq's network revolution all over the country. Today, we offer broadband speeds of 1 Gbs and we will soon launch our 2.5 Gbs plan.

In conclusion, Mizrahi said, "We entered 2021 focused on growth in all segments of our operations, and after a year of outstanding results. I am convinced that we will successfully meet the challenges we have set for ourselves this year."

Revenues in 2020 totaled NIS 4.16 billion compared to NIS 4.07 billion in 2019, an increase of 2.1%. **Revenues** in the fourth quarter of 2020 were NIS 1.06 billion, compared to NIS 985 million in the same quarter of 2019, an increase of 7.1%.

The increase in revenues was due to an increase in most revenue items, partially offset by a moderate decrease in revenues from telephony services in 2020.

Revenues from broadband Internet services in 2020 totaled NIS 1.62 billion compared to NIS 1.58 billion in 2019, an increase of 2.8%. **Revenues from broadband Internet services** in the fourth quarter of 2020 were NIS 417 million, compared to NIS 392 million in the same quarter of 2019, an increase of 6.4%.

The increase in revenues from broadband Internet services was due to an increase in the average revenue per retail subscriber, the update to wholesale broadband Internet tariffs as well as an increase

in retail broadband Internet subscribers. The increase was partially offset by a decrease in wholesale Internet lines.

Revenues from telephony services in 2020 totaled NIS 1.01 billion compared to NIS 1.04 billion in 2019, a decrease of 3.0%. **Revenues from telephony services** in the fourth quarter of 2020 were NIS 248 million, compared to NIS 247 million in the same quarter of 2019, an increase of 0.4%. Revenues from telephony services were impacted by a reduction in the number of access lines, partially offset by an increase in the average revenue per line due to an increase in call revenue as a result of the COVID-19 pandemic.

Revenues from transmission and data communication services in 2020 totaled NIS 1.01 billion compared to NIS 948 million in 2019, an increase of 6.6%. **Revenues from transmission and data communication services** in the fourth quarter of 2020 were NIS 266 million, compared to NIS 219 million in the same quarter of 2019, an increase of 21.5%. The increase in revenues from transmission and data communication services was due to an increase in revenues from transmission services for Internet Service Providers, among other factors. In addition, a one-time provision was recorded in the corresponding quarter of 2019.

Revenues from cloud & digital services in 2020 totaled NIS 288 million compared to NIS 274 million in 2019, an increase of 5.1%. **Revenues from cloud & digital services** in the fourth quarter of 2020 were NIS 75 million, compared to NIS 66 million in the same quarter of 2019, an increase of 13.6%. The increase in revenues from cloud and digital services was primarily due to an increase in revenues from virtual exchanges and cloud services for businesses.

Revenues from other services in 2020 totaled NIS 230 million compared to NIS 234 million in 2019, a decrease of 1.7%. **Revenues from other services** in the fourth quarter of 2020 were NIS 49 million, compared to NIS 61 million in the same quarter of 2019, a decrease of 19.7%. The decrease in revenues from other services was primarily due to the implementation of new agreements with Hot Telecom and the Broadcasting Corporation, partially offset by an increase in revenues from the sale of cellular handsets.

Operating expenses in 2020 totaled NIS 590 million compared to NIS 565 million in 2019, an increase of 4.4%. **Operating expenses** in the fourth quarter of 2020 were NIS 154 million, compared to NIS 147 million in the same quarter of 2019, an increase of 4.8%. The increase in operating expenses was primarily due to an increase in interconnect fees and payments to telecom operators due to an increase in traffic, an increase in sub-contractor expenses, provisions for doubtful debts and advertising expenses. The increase was partially offset by a decrease in building maintenance expenses resulting from credits received for municipal taxes as a result of the pandemic.

Salary expenses in 2020 totaled NIS 919 million compared to NIS 911 million in 2019, an increase of 0.9%. **Salary expenses** in the fourth quarter of 2020 were NIS 241 million, compared to NIS 223 million in the same quarter of 2019, an increase of 8.1%.



The increase in salary expenses in the fourth quarter of 2020 was primarily due to the recruitment of new employees for the fiber project as well as expenses in connection with the new employee agreement.

Other operating expenses, net in 2020 totaled NIS 68 million compared to income of NIS 406 million in 2019. **Other operating expenses, net** in the fourth quarter of 2020 amounted to NIS 79 million, compared to NIS 94 million in the same quarter of 2019.

Other operating expenses was impacted by a decrease in capital gains from the sale of real estate due to capital gains of NIS 403 million from the sale of the "Sakia" complex in 2019. In addition, in 2020, a one-time grant for employees of NIS 40 million was recorded in connection with the new employee agreement. Lower early retirement expenses and capital gains of NIS 22 million for the sale of Walla partially offset the above.

Depreciation expenses in 2020 totaled NIS 877 million compared to NIS 861 million in 2019, an increase of 1.9%. **Depreciation expenses** in the fourth quarter of 2020 were NIS 225 million, in-line with the same quarter of 2019.

Profitability metrics in 2020 were impacted by the aforementioned changes to other operating expenses.

Operating profit in 2020 totaled NIS 1.71 billion compared to NIS 2.14 billion in 2019, a decrease of 20.4%. **Operating profit** in the fourth quarter of 2020 amounted to NIS 356 million, compared to NIS 296 million in the same quarter of 2019, an increase of 20.3%.

Reported EBITDA in 2020 totaled NIS 2.58 billion (EBITDA margin of 62.1%) compared to NIS 3.00 billion (EBITDA margin of 73.7%) in 2019, a decrease of 14.0%. **Reported EBITDA** in the fourth quarter of 2020 was NIS 581 million (EBITDA margin of 55.1%), compared to NIS 521 million (EBITDA margin of 52.9%) in the same quarter of 2019, an increase of 11.5%.

After adjusting for other operating expenses/income, Adjusted EBITDA in 2020 totaled NIS 2.65 billion (EBITDA margin of 63.7%) compared to NIS 2.60 billion (EBITDA margin of 63.8%) in 2019, an increase of 2.0%. **Adjusted EBITDA** in the fourth quarter of 2020 was NIS 660 million (EBITDA margin of 62.6%), compared to NIS 615 million (EBITDA margin of 62.4%) in the same quarter of 2019, an increase of 7.3%.

Financing expenses in 2020 totaled NIS 403 million compared to NIS 569 million in 2019, a decrease of 29.2%. **Financing expenses** in the fourth quarter of 2020 were NIS 100 million, compared to NIS 115 million in the same quarter of 2019, a decrease of 13.0%.

The decrease in financing expenses was primarily due to a decrease in financing expenses for employee benefits, a decrease in interest expense due to the repayment (including early repayment) of debt, a decrease in financing expenses in respect of debentures due to a decrease in the consumer price index as well as lower fees relating to the early repayment of debt compared with 2019.



Reported net profit in 2020 totaled NIS 1.04 billion compared to NIS 1.19 billion in 2019, a decrease of 12.8%. **Reported net profit** in the fourth quarter of 2020 amounted to NIS 216 million, compared to NIS 134 million in the same quarter of 2019, an increase of 61.2%.

After adjusting for other operating expenses/income, Adjusted net profit in 2020 totaled NIS 1.09 billion compared to NIS 879 million in 2019, an increase of 24.2%. **Adjusted net profit** in the fourth quarter of 2020 was NIS 277 million, compared to NIS 206 million in the same quarter of 2019, an increase of 34.5%.

Cash flow from operating activities in 2020 totaled NIS 2.11 billion compared to NIS 1.85 billion in 2019, an increase of 14.0%. **Cash flow from operating activities** in the fourth quarter of 2020 amounted to NIS 600 million, compared to NIS 476 million in the same quarter of 2019, an increase of 26.1%.

The increase in cash flow from operating activities was primarily due to an increase in profitability and changes in working capital.

Payments for investments in 2020 totaled NIS 910 million compared to NIS 881 million in 2019, an increase of 3.3%. **Payments for investments** in the fourth quarter of 2020 were NIS 237 million, compared to NIS 193 million in the same quarter of 2019, an increase of 22.8%.

The increase in investments was due to the launch of the fiber deployment project in the fourth quarter of 2020.

Free cash flow in 2020 totaled NIS 1.23 billion compared to NIS 1.26 billion in 2019, a decrease of 2.2%. **Free cash flow** in the fourth quarter of 2020 was NIS 455 million, compared to NIS 269 million in the same quarter of 2019, an increase of 69.1%.

The increase in free cash flow in the fourth quarter was due to the aforementioned increase in cash flow from operating activities partially offset by the increase in investments.

The number of **broadband Internet lines** (retail and wholesale) at the end of the fourth quarter of 2020 totaled 1.56 million, a decrease of 9,000 lines compared to the third quarter of 2020, and a decrease of 19,000 compared to the fourth quarter of 2019.

Retail broadband Internet lines grew for the third consecutive quarter and reached 999,000 at the end of the fourth quarter of 2020, a sequential increase of 4,000 lines. Total retail broadband lines grew by 16,000 in 2020, representing the first yearly increase since 2014.

The number of **wholesale broadband Internet** lines amounted to 557,000 lines, representing a sequential decrease of 13,000 lines.

During the fourth quarter of 2020, **average broadband speeds** reached 74.2 Mbps, compared to 71.6 sequentially, and 67.8 Mbps in the fourth quarter of 2019, representing a year-over-year increase of 9.4%.

Average revenue per retail Internet subscriber (ARPU) in the fourth quarter of 2020 was NIS 102, compared to NIS 100 sequentially and NIS 98 in the fourth quarter of 2019.



Press Release

The number of **telephony access lines** totaled 1.639 million at the end of the fourth quarter of 2020, compared to 1.653 million sequentially and 1.718 million at the end of the fourth quarter of 2019.

Average revenue per line (ARPL) in the fourth quarter of 2020 totaled NIS 50, compared to NIS 51 sequentially, and NIS 48 in the fourth quarter of 2019.

Bezeq Fixed-Line - Financial data	Q4 2020	Q4 2019	% change	FY 2020	FY 2019	% change
	(NIS millions)			(NIS millions)		
Total revenues	1,055	985	7.1%	4,159	4,073	2.1%
Broadband Internet revenues	417	392	6.4%	1,622	1,578	2.8%
Telephony revenues	248	247	0.4%	1,008	1,039	(3.0%)
Transmission and data revenues	266	219	21.5%	1,011	948	6.6%
Cloud & digital services revenues	75	66	13.6%	288	274	5.1%
Other revenues	49	61	(19.7%)	230	234	(1.7%)
Operating profit	356	296	20.3%	1,705	2,142	(20.4%)
EBITDA	581	521	11.5%	2,582	3,003	(14.0%)
EBITDA margin	55.1%	52.9%		62.1%	73.7%	
Adjusted EBITDA ²	660	615	7.3%	2,650	2,597	2.0%
Net profit ¹	216	134	61.2%	1,040	1,192	(12.8%)
Adjusted net profit ²	277	206	34.5%	1,092	879	24.2%
Cash flows from operating activities	600	476	26.1%	2,106	1,847	14.0%
Payments for investments	237	193	22.8%	910	881	3.3%
Free cash flow ³	455	269	69.1%	1,231	1,259	(2.2%)

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

² Excluding other operating expenses/income, net

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

Bezeq Fixed-Line - KPIs	Q4 2020	Q3 2020	Q4 2019
Active subscriber lines (end of period, in thousands) ¹	1,639	1,653	1,718
Average monthly revenue per line (NIS) ²	50	51	48
Outgoing minutes (millions)	1,004	1,019	820
Incoming minutes (millions)	1,326	1,368	1,046
Churn rate (%) ³	3.2%	3.4%	2.9%
Total broadband Internet lines (retail and wholesale, end of period, in thousands) ⁴	1,556	1,565	1,575
Retail broadband Internet lines (end of period, in thousands) ⁴	999	995	983
Wholesale broadband Internet lines (end of period, in thousands) ⁴	557	570	592
Average monthly revenue per broadband Internet subscriber (NIS) - Retail ⁵	102	100	98
Average broadband speed per subscriber (Mbps)	74.2	71.6	67.8

¹ 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).

² Based on average lines for the period.

³ 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.

⁴ 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.

⁵ ARPU - Revenues from retail broadband Internet services divided by the average number of retail subscribers in the period.

Subsidiary Company Results (Project Alpha)

(Pelephone / Bezeq International / yes)

In 2020, we deepened the synergies between the subsidiary companies, continued the streamlining processes and successfully dealt with the COVID-19 pandemic. All three companies grew their subscribers while meeting financial targets and leading technological innovation in each industry - mobile, television and Internet. The following are the key highlights of the annual results:

- Total subsidiary company revenues amounted to NIS 4.74 billion in 2020
- Combined decrease in operating expenses of NIS 366 million
- 1,300 decrease in headcount of all three companies together since streamlining began
- yes completed a turnaround in key financial metrics with operating profit of NIS 39 million, net profit of NIS 24 million and cash flow from operating activities of NIS 163 million
- Each of the three companies took a significant technology leap forward:
 - ✓ Pelephone was the first to launch 5G services after winning the tender for high quality frequencies;
 - ✓ yes is continuing to lead in moving customers to IP broadcasting and in another year, it expects to be the largest IP TV operator
 - ✓ Bezeq International launched its Fiber+ service over fiber optics for ultra-fast broadband Internet in Israel
- All three companies posted subscriber growth: yes returned to subscriber growth with 25% of its customers viewing TV broadcasts over IP, Pelephone added 115 thousand subscribers and Bezeq International continued to lead as the largest ISP operator in Israel

Ran Guron, CEO of Pelephone, Bezeq International and yes stated, "After two years into the Alpha Project, we are pleased to report that it has been a tremendous success and has resulted in savings of NIS 230 million since 2018. Today, we announced the next stage of Alpha, in which we are examining the merger of Bezeq International into yes, in order to consolidate the service and business operations of the companies and to provide added value to our customers. In addition, we will continue to realize synergies between the companies while utilizing existing resources and personnel in the best way possible".

Guron added, "this year we took a significant technology leap forward in each of the three companies, while continuing to lead in innovation in each industry: At Pelephone, we were the first to launch and operate our 5G network which constitutes a future growth engine of the Israeli economy. At yes, we completed a turnaround and recorded profits, balanced cash flow and a return to subscriber growth.



Within a year, we expect to be the largest TV company broadcasting through the Internet. At Bezeq International, this month we launched our Fiber+ plan for broadband Internet over fiber optics. We will continue to operate and ensure that we are the technological leader of the telecommunications market in Israel."

Telephone Results

Revenues from services in 2020 totaled NIS 1.591 billion compared to NIS 1.709 billion in 2019, a decrease of 6.9%. **Revenues from services** in the fourth quarter of 2020 were NIS 396 million, compared to NIS 416 million in the same quarter of 2019, decrease of 4.8%.

The decrease in revenues from services was primarily due to a decrease in roaming revenues as a result of the impact of the COVID-19 pandemic, partially offset by an increase in revenues from incoming calls.

Revenues from equipment sales in 2020 totaled NIS 595 million compared to NIS 653 million in 2019, a decrease of 8.9%. **Revenues from equipment sales** in the fourth quarter of 2020 were NIS 137 million, compared to NIS 186 million in the same quarter of 2019, a decrease of 26.3%.

The decrease in revenues from equipment sales was primarily due to the impact of the COVID-19 pandemic that led to the closing of sales points, partially offset by an increase in sales of equipment in wholesale, as well as the postponed launch of the iPhone 12 to December 2020.

Total revenues in 2020 totaled NIS 2.186 billion compared to NIS 2.362 billion in 2019, a decrease of 7.5%. **Total revenues** in the fourth quarter of 2020 were NIS 533 million, compared to NIS 602 million in the same quarter of 2019, a decrease of 11.5%.

Operating expenses in 2020 totaled NIS 2.27 billion compared to NIS 2.46 billion in 2019, an improvement of NIS 191 million.

Operating loss in 2020 totaled NIS 84 million compared to NIS 99 million in 2019, an improvement of NIS 15 million. **After adjusting for the impact of the one-time expense for synergies and early retirement of employees for the years 2019-2021, Adjusted Operating Loss** totaled NIS 68 million compared to NIS 21 million in 2019.

Operating loss in the fourth quarter of 2020 was NIS 36 million, compared to NIS 97 million in the same quarter of 2019, a decrease of 62.9%.

EBITDA in 2020 totaled NIS 515 million (EBITDA margin of 23.6%) compared to NIS 534 million (EBITDA margin of 22.6%) in 2019, a decrease of 3.6%. **After adjusting for the impact of the one-time expense for synergies and early retirement of employees for the years 2019-2021, Adjusted EBITDA** totaled NIS 531 million (EBITDA margin of 24.3%) compared to NIS 612 million (EBITDA margin of 25.9%) in 2019, a decrease of 13.2%.

EBITDA in the fourth quarter of 2020 was NIS 115 million (EBITDA margin of 21.6%), compared to NIS 66 million (EBITDA margin of 11.0%) in the same quarter of 2019, an increase of 74.2%.

Net loss in 2020 totaled NIS 25 million compared to NIS 47 million in 2019, an improvement of NIS 22 million. **After adjusting for the impact of the one-time expense for synergies and early**



retirement of employees for the years 2019-2021, Adjusted Net Loss totaled NIS 13 million compared to Adjusted Net Income of NIS 13 million in 2019.

Net loss in the fourth quarter of 2020 was NIS 12 million, compared to NIS 69 million in the same quarter of 2019.

Cash flow from operating activities in 2020 totaled NIS 697 million compared to NIS 677 million in 2019, an increase of 3.0%. **Cash flow from operating activities** in the fourth quarter of 2020 was NIS 241 million, compared to NIS 146 million in the same quarter of 2019, an increase of 65.1%.

Free cash flow in 2020 totaled NIS 149 million compared to NIS 143 million in 2019, an increase of 4.2%. **Free cash flow** in the fourth quarter of 2020 was NIS 113 million, compared to NIS 20 million in the same quarter of 2019.

Telephone's subscriber base increased by 115,000 subscribers in 2020 and total subscribers were 2.442 million at December 31, 2020.

Average revenue per subscriber (ARPU) in 2020 was NIS 56 compared to NIS 63 in 2019, a decrease of NIS 7 primarily due to the impact of the COVID-19 pandemic on roaming revenues.

Telephone - Financial data	Q4 2020	Q4 2019	% change	FY 2020	FY 2019	% change
	(NIS millions)			(NIS millions)		
Total revenues	533	602	(11.5%)	2,186	2,362	(7.5%)
Service revenues	396	416	(4.8%)	1,591	1,709	(6.9%)
Equipment revenues	137	186	(26.3%)	595	653	(8.9%)
Operating loss	(36)	(97)	62.9%	(84)	(99)	15.2%
EBITDA	115	66	74.2%	515	534	(3.6%)
EBITDA margin	21.6%	11.0%		23.6%	22.6%	
Net profit (loss)	(12)	(69)	82.6%	(25)	(47)	46.8%
Cash flows from operating activities	241	146	65.1%	697	677	3.0%
Payments for investments	81	75	8.0%	319	293	8.9%
Free cash flow ¹	113	20	465.0%	149	143	4.2%

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

Telephone - KPIs	Q4 2020	Q3 2020	Q4 2019
Total subscribers (end of period, in thousands) ¹	2,442	2,396	2,327
Postpaid subscribers (end of period, in thousands) ¹	2,004	1,976	1,902
Prepaid subscribers (end of period, in thousands) ¹	438	420	425
Average revenue per user (ARPU, NIS) ²	55	56	60
Churn rate ³	5.9%	7.0%	7.3%

¹ Subscriber data includes Pelephone subscribers (excluding subscribers of operators that Pelephone hosts on its network as well as IOT subscribers) and do not include inactive subscribers who are connected to Pelephone's services for six months or more. An inactive subscriber is one who in the past six months has not received at least one call, not made at least one call/SMS, did not take one Internet action nor pay for any Pelephone services. Prepaid subscribers are included in the list of active subscribers from the date on which the subscriber loaded his device, and are removed from the list of active subscribers if he makes no outgoing use of his device for six months or more. A customer may have more than one subscriber line. Subscriber data includes subscribers who use different services (such as data for car media systems), whose average revenue is significantly lower than other subscribers. Subscriber data includes a retroactive reclassification of postpaid subscribers to IOT subscribers (who are not included in Pelephone subscribers). As a result, the number of postpaid subscribers decreased in 2019 and 2020 by 9,000 and 12,000 respectively, with no change in yearly ARPU.

² Average monthly revenue per subscriber (postpaid and prepaid) is calculated by dividing average monthly revenue from cellular services, both from Pelephone subscribers and from other communications operators, including revenues from cellular operators who use Pelephone's network, and repair and warranty services in the period by average Pelephone active subscribers in the same period.

³ Churn rate is calculated according to the proportion of subscribers who have disconnected from Pelephone's services and subscribers who have become inactive during the period divided by the total number of average active subscribers during the period.

Bezeq International Results

The financial results were impacted by one-time expenses from the impairment of assets of NIS 307 million in 2020 and NIS 196 million in 2019. In the fourth quarter of 2020, a revised valuation was prepared following the MOC published hearing for the provision of full broadband Internet services (infrastructure and ISP) that led to an impairment of NIS 25 million.

Revenues in 2020 totaled NIS 1.27 billion compared to NIS 1.34 billion in 2019, a decrease of 5.1%. **Revenues** in the fourth quarter of 2020 were NIS 325 million compared to NIS 330 million in the same quarter of 2019, a decrease of 1.5%.

The decrease in revenues was primarily due to the decrease in revenues from Internet services, sales of communication equipment to businesses and international calls, partially offset by an increase in revenues from business communication services.

Operating expenses in 2020 totaled NIS 1.51 billion compared to NIS 1.54 billion in 2019, an improvement of 1.5%. **Operating expenses** in the fourth quarter of 2020 were NIS 347 million, compared to NIS 519 million in the same quarter of 2019, an improvement of 33.1%.

After adjusting for the one-time expenses from the impairment of assets, Adjusted Operating Expenses in 2020 totaled NIS 1.21 billion in 2020 and NIS 1.34 billion in 2019, a decrease of 10.0%. In the fourth quarter of 2020, Adjusted Operating Expenses totaled NIS 322 million, compared to NIS 323 million.

The year-over-year decrease in operating expenses was primarily due to a decrease in variable expenses together with a decrease in the relevant revenues as well as from the continued streamlining of operating and salary expenses.

Operating loss in 2020 totaled NIS 241 million compared to NIS 196 million in 2019, an increase of 23.0%. **Operating loss** in the fourth quarter of 2020 was NIS 22 million, compared to NIS 189 million in the same quarter of 2019. **After adjusting for the one-time expenses from the impairment of assets, Adjusted Operating Loss** in 2020 totaled NIS 66 million compared to break even in 2019. Adjusted Operating Profit in the fourth quarter of 2020 totaled NIS 3 million, compared to Adjusted Operating Profit of NIS 7 million in the corresponding quarter.

Negative EBITDA in 2020 totaled NIS 92 million compared to NIS 6 million in 2019. **EBITDA** in the fourth quarter of 2020 amounted to NIS 4 million, compared to negative EBITDA of NIS 138 million in the same quarter of 2019.

After adjusting for the one-time expenses from the impairment of assets, Adjusted EBITDA in 2020 totaled NIS 215 million, compared to NIS 190 million in the corresponding quarter, an increase of 13.2%.

Net loss in 2020 totaled NIS 275 million compared to NIS 157 million in 2019, an increase of 75.2%. **Net loss** in the fourth quarter of 2020 was NIS 13 million, compared to NIS 149 million in the same quarter of 2019. **After adjusting for the one-time expenses from the impairment of assets, Adjusted Net Profit** in 2020 totaled NIS 32 million compared to net loss of NIS 6 million in 2019. **Adjusted Net Profit** in the fourth quarter of 2020 totaled NIS 12 million compared to NIS 2 million in the corresponding quarter.

Cash flow from operating activities in 2020 totaled NIS 230 million compared to NIS 255 million in 2019, a decrease of 9.8%. **Cash flow from operating** activities in the fourth quarter of 2020 was NIS 75 million, compared to NIS 87 million in the same quarter of 2019, a decrease of 13.8%.

The decrease in cash flow from operating activities was due to changes in working capital, primarily from payments for the early retirement of employees.

Free cash flow in 2020 totaled NIS 84 million compared to NIS 95 million in 2019, a decrease of 11.6%. **Free cash flow** in the fourth quarter of 2020 was NIS 47 million, compared to NIS 58 million in the same quarter of 2019, a decrease of 19.0%.

Bezeq International	<u>Q4 2020</u>	<u>Q4 2019</u>	<u>% change</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>% change</u>
	<i>(NIS millions)</i>			<i>(NIS millions)</i>		
Revenues	325	330	(1.5%)	1,271	1,339	(5.1%)
Operating profit	(22)	(189)	88.4%	(241)	(196)	(23.0%)
EBITDA	4	(138)		(92)	(6)	(1433.3%)
EBITDA margin	1.2%	(41.8%)		(7.2%)	(0.4%)	
Net profit	(13)	(149)	91.3%	(275)	(157)	(75.2%)
Cash flows from operating activities	75	87	(13.8%)	230	255	(9.8%)
Payments for investments	21	21	0.0%	116	128	(9.4%)
Free cash flow ¹	47	58	(19.0%)	84	95	(11.6%)

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

yes Results

Revenues from services in 2020 totaled NIS 1.29 billion compared to NIS 1.35 billion in 2019, a decrease of 4.3%. **Revenues** in the fourth quarter of 2020 were NIS 317 million, compared to NIS 331 million the same quarter of 2019, a decrease of 4.2%.

The decrease in revenues was primarily due to a reduction in the average revenue per subscriber partially offset by an increase in revenues from content services (pay per view, and other).

Operating expenses in 2020 totaled NIS 1.25 billion compared to NIS 1.40 billion in 2019, an improvement of NIS 152 million. **After adjusting for the impact of the one-time expense for synergies and early retirement of employees**, operating expenses totaled NIS 1.26 billion compared to NIS 1.36 billion, an improvement of NIS 101 million.

Operating expenses in the fourth quarter of 2020 were NIS 328 million, compared to NIS 337 million in the same quarter of 2019.

The decrease in operating expenses was primarily due to the continued streamlining in operating and salary expenses as well as savings from the effect of the COVID-19 pandemic.

Operating profit in 2020 totaled NIS 39 million compared to operating loss of NIS 55 million in 2019.

Operating loss in the fourth quarter of 2020 was NIS 11 million, compared to NIS 6 million in the same quarter of 2019.

EBITDA in 2020 totaled NIS 242 million (EBITDA margin of 18.8%) compared to NIS 164 million (EBITDA margin of 12.2%), an increase of 47.6%. **EBITDA** in the fourth quarter of 2020 amounted to NIS 48 million (EBITDA margin of 15.1%), compared to NIS 40 million (EBITDA margin of 12.1%) in the same quarter of 2019, an increase of 20.0%.

Net profit in 2020 totaled NIS 24 million compared to net loss of NIS 69 million in 2019. **Net loss** in the fourth quarter of 2020 was NIS 24 million, compared to NIS 7 million in the same quarter of 2019.

Cash flow from operating activities in 2020 totaled NIS 163 million compared to NIS 143 million in 2019, an increase of 14.0%. **Cash flow from operating activities** in the fourth quarter of 2020 was NIS 14 million, compared to NIS 31 million in the same quarter of 2019, a decrease of 54.8%.

Negative free cash flow in 2020 totaled NIS 4 million compared to NIS 125 million in 2019, an improvement of 96.8%. **Negative free cash flow** in the fourth quarter of 2020 was NIS 18 million, compared to NIS 8 million in the same quarter of 2019, an increase of 125.0%.

ARPU in the fourth quarter of 2020 was NIS 186, compared to NIS 187 sequentially and NIS 195 in the same quarter of 2019.

The number of yes **subscribers** increased in 2020 by 2,600 and reached 557,000 on December 31, 2020.

yes - Financial data	Q4 2020	Q4 2019	% change	FY 2020	FY 2019	% change
	(NIS millions)			(NIS millions)		
Revenues	317	331	(4.2%)	1,287	1,345	(4.3%)
Operating profit (loss)	(11)	(6)	(83.3%)	39	(55)	
EBITDA	48	40	20.0%	242	164	47.6%
EBITDA margin	15.1%	12.1%		18.8%	12.2%	
Net profit (loss)	(24)	(7)	(242.9%)	24	(69)	
Cash flows from operating activities	14	31	(54.8%)	163	143	14.0%
Payments for investments	26	32	(18.8%)	142	239	(40.6%)
Free cash flow ¹	(18)	(8)	(125.0%)	(4)	(125)	(96.8%)

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

yes - KPIs	Q4 2020	Q4 2019	Q4 2019
Number of subscribers (end of period, in thousands) ¹	557	556	555
Average revenue per user (ARPU, NIS) ²	186	187	195
Churn rate (%) ³	4.9%	5.4%	5.2%

¹ Subscriber – one household or small business customer. For a business customer with numerous set top boxes (such as a hotel, kibbutz or gym), the number of subscribers is standardized. The number of business customers that are not small businesses, is calculated by dividing the total payment received from all the business customers that are not small businesses by the average revenue per small business customer, which is determined once every period.

² ARPU includes total yes revenues (excluding the sale of content to external broadcasters) divided by average subscribers for the period. In Q1 2020, yes updated its ARPU definition so that ARPU does not include revenue from content sales to external broadcasters. As a result, ARPU data for the previous periods were restated.

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



Press Release

Conference Call & Webcast Information

Bezeq will conduct a conference call hosted by Mr. Gil Sharon, Bezeq Chairman, Mr. Dudu Mizrahi, Bezeq CEO and Mr. Ran Guron, CEO of Pelephone, Bezeq International and yes, on March 25, 2021, at 3:00 PM Israel Time / 9:00 AM Eastern Time. Participants may join the live conference call by dialing:

International Phone Number: + 972-3-918-0609

Israel Phone Number: 03-918-0609

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

A webcast replay will be made available on the investor relations section of Bezeq's corporate website. An automated telephone replay will also be available approximately three hours after the completion of the live call through Wednesday, March 31, 2021. Participants can access and listen to the conference call replay by dialing:

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

Israel Phone Number: 03-925-5918



About "Bezeq" The Israel Telecommunication Corp.

Bezeq is Israel's leading telecommunications service provider. Established in 1984, the Company has led Israel into the new era of communications, based on the most advanced technologies and services. Bezeq and its subsidiaries offer the full range of telecommunications services including domestic, international and cellular phone services; broadband Internet, cloud and digital services, and other data communications; satellite and Internet based multi-channel TV; and corporate networks.

For more information about Bezeq please visit the corporate website at <http://ir.bezeq.co.il>.

This press release contains partial information from the public reports of Bezeq under the Israeli Securities Law 5728-1968 (the "Securities Law"), which reports can be accessed at the Israeli Securities Authority's website, www.magna.isa.gov.il. A review of this press release is not a substitute for a review of the detailed reports of Bezeq under the Securities Law and is not meant to replace or qualify them; rather, the press release is prepared merely for the convenience of the reader, with the understanding that the detailed reports are being reviewed simultaneously. No representation is made as to the accuracy or completeness of the information contained herein.

This press release does not constitute an offer or invitation to purchase or subscribe for any securities, and neither this presentation nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

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"Bezeq" The Israel Telecommunication Corp., Limited

Consolidated Statements of Income for the Year Ended December 31			
	2020	2019	2018
	NIS million	NIS million	NIS million
Revenues	8,723	8,929	9,321
Costs of activity			
General and operating expenses	3,173	3,308	3,413
Salaries	1,891	1,933	1,992
Depreciation, amortization, and impairment losses	1,837	1,912	2,189
Impairment loss	293	1,147	1,675
Other operating expenses (income), net	74	(221)	634
	7,268	8,079	9,903
Operating profit (loss)	1,455	850	(582)
Financing expenses			
Financing expenses	416	624	516
Financing income	(45)	(75)	(81)
Financing expenses, net	371	549	435
Profit (loss) after financing expenses, net	1,084	301	(1,017)
Share in losses of equity-accounted investees	-	(2)	(3)
Profit (loss) before income tax	1,084	299	(1,020)
Income tax	288	1,493	72
Profit (loss) for the year attributable to shareholders of the Company	796	(1,194)	(1,092)
Earnings (loss) per share (NIS)			
Basic and diluted earnings (loss) per share	0.29	(0.43)	(0.39)

"Bezeq" The Israel Telecommunication Corp., Limited

Consolidated Statements of Financial Position as at December 31

	2020	2019
Assets	NIS million	NIS million
Cash and cash equivalents	840	400
Investments	724	1,195
Trade receivables	1,621	1,677
Other receivables	178	342
Inventory	73	96
Assets held for sale	10	43
Total current assets	3,446	3,753
Trade and other receivables	514	477
Broadcasting rights	67	59
Right-of-use assets	1,804	1,308
Fixed assets	6,131	6,039
Intangible assets	929	916
Deferred expenses and non-current investments	242	358
Deferred tax assets	108	81
Total non-current assets	9,795	9,238
Total assets	13,241	12,991

"Bezeq" The Israel Telecommunication Corp., Limited

Consolidated Statements of Financial Position as at December 31 (Cont'd)

	2020	2019
Liabilities and equity	NIS million	NIS million
Debtures, loans and borrowings	786	1,007
Current maturities of liabilities for leases	415	416
Trade and other payables	1,759	1,614
Employee benefits	482	654
Provisions	117	125
Total current liabilities	3,559	3,816
Loans and debtures	7,614	8,551
Liability for leases	1,492	969
Employee benefits	335	356
Derivatives and other liabilities	307	139
Liabilities for deferred taxes	32	43
Provisions	52	49
Total non-current liabilities	9,832	10,107
Total liabilities	13,391	13,923
Total equity (deficit)	(150)	(932)
Total liabilities and equity	13,241	12,991

"Bezeq" The Israel Telecommunication Corp., Limited

Consolidated statements of cash flows for the year ended December 31			
	2020	2019	2018
	NIS million	NIS million	NIS million
Cash flows from operating activities			
Profit (loss) for the year	796	(1,194)	(1,092)
Adjustments:			
Depreciation and amortization	1,837	1,912	2,189
Impairment loss of assets	293	1,147	1,675
Capital gain, net	(40)	(508)	(15)
Share in losses of equity-accounted investees	-	2	3
Financing expenses, net	403	497	445
Income tax expenses	288	1,493	72
Change in trade and other receivables	57	103	269
Change in inventory	13	(19)	(5)
Change in trade and other payables	17	(77)	(132)
Change in provisions	(8)	(49)	81
Change in employee benefits	(192)	(50)	489
Change in other liabilities	(1)	(8)	-
Net income tax paid	(243)	(325)	(467)
Net cash from operating activities	3,220	2,924	3,512
Cash flow used for investing activities			
Purchase of fixed assets	(1,133)	(1,095)	(1,216)
Investment in intangible assets and deferred expenses	(366)	(382)	(390)
Investment in deposits with banks and others	(1,335)	(2,067)	(2,338)
Proceeds from bank deposits and others	1,786	2,297	1,244
Proceeds from the sale of fixed assets	148	76	160
Sale of Walla, net	44	-	-
Proceeds from the sale of the "Sakia" complex	-	328	155
Payment of permit fees, betterment levy, and purchase tax*	-	(74)	(121)
Receipt (payment) of betterment tax*	-	5	(80)
Miscellaneous	17	29	34
Net cash used in investing activities	(839)	(883)	(2,552)

*In connection with the sale of the "Sakia" complex



Press Release

"Bezeq" The Israel Telecommunication Corp., Limited

Consolidated statements of cash flows for the year ended December 31 (Cont'd)

	2020	2019	2018
	NIS million	NIS million	NIS million
Cash flow from financing activities			
Issue of debentures and receipt of loans	718	1,865	891
Repayment of debentures and loans	(1,828)	(3,447)	(1,567)
Payments of principal and interest for leases	(391)	(414)	(422)
Dividends paid	-	-	(686)
Interest paid	(314)	(392)	(421)
Costs for early repayment of loans and debentures	(65)	(93)	-
Payment for hedging transactions	(57)	(46)	(36)
Miscellaneous	(4)	(4)	(10)
Net cash used for financing activities	(1,941)	(2,531)	(2,251)
Increase (decrease) in cash and cash equivalents, net	440	(490)	(1,291)
Cash and cash equivalents as at January 1	400	890	2,181
Cash and cash equivalents as at the end of the year	840	400	890