



BEZEQ GROUP REPORTS FIRST QUARTER 2026 FINANCIAL RESULTS

Holon, Israel – May 13, 2026 – Bezeq – The Israeli Telecommunications Corp., Ltd. (TASE: BEZQ), Israel's leading telecommunications provider, today announced its financial results for the three months ended March 31st, 2026. Details about the investor earnings presentation webcast to be held today are included below in this press release.

Bezeq Group Q1 2026 Financial Highlights¹

- Opening 2026 with continued and consistent growth across all businesses while meeting strategic targets
- Group core revenues increased 2.6%, reaching NIS 2.03 billion
- Comp Net Profit grew 4.2% to NIS 300 million
- Free cash flow grew 74% to NIS 455 million; Net debt decreased to NIS 4.57 billion
- Record fiber network deployment of 3 million homes passed, 1.04 million total fiber subscribers (retail and wholesale), representing 71% of total broadband subscribers, with 4% growth in retail broadband ARPU reaching NIS 139 and 35% take-up
- Telephone recorded 12% growth in 5G subscriber plans and 3% growth in total cellular subscribers. After adjusting for the impact of the war with Iran, revenues from services increased by ~2%
- Turnaround trend at yes continues, recording highest quarterly revenues in seven years (NIS 343 million), driven by growth in revenues from bundled TV and fiber packages, and from the Partner transaction; Comp EBITDA growth of 14% led by growth in both TV and fiber subscribers
- Reported net profit was impacted by one-time expenses, mainly provisions for early retirement

Tomer Raved, Bezeq Chairman, stated: "Our first quarter results further evidence the strength of the Bezeq Group. The new strategy and our ambitious targets are reflected in our operational performance. We are already delivering free cash flow growth of 74% in the first quarter, and higher Comparables EBITDA and Net Profit. During the quarter, we recorded a significant milestone in terms of fiber infrastructure deployment, reaching approximately 3 million households, and establishing Bezeq as Israel's digital backbone. In addition to our investment in national infrastructure, we are advancing with determination in the new subsea cable project to connect with Europe, an initiative that will position Israel as a global digital hub, creating a strategic growth engine for the coming years. However, to ensure all Israeli consumers continue to benefit, it is time to remove the structural separation in the industry and complete all necessary regulatory reforms. We expect a decision on

¹ Q1-2026 results in this earnings release are presented in comparison to Q1-2025, unless otherwise stated



this matter soon. These changes will enable us to operate as a single, more efficient and innovative group, benefiting both our customers and our shareholders."

Yohai Benita, Bezeq Group CFO, commented: "The Group's performance reflects our focused financial management, and particularly a strong free cash flow generation, which exceeded over NIS 450 million. We operate with unprecedented financial resilience, enabling us to maintain stability and robustness even as we navigate a complex security period, while also reducing net financial debt as seen in the leverage improvement ratio of 1.4 times, together with a significant dividend distribution this month and the Group's first share buyback program. At the same time, we continue to evaluate synergistic, growth-supporting acquisitions and investments across all the Group companies, with the aim of strengthening profitability and maximizing shareholder value over the long term."

Nir David, Bezeq CEO, stated: "We began 2026 with strong results, reflecting continued and consistent growth and improvement across all core metrics. In the first quarter, we recorded a significant year-over-year increase in retail broadband ARPU, rising to NIS 139, which supported continued revenue growth. Core revenues grew 2.5% year-over-year, reaching NIS 997 million, showing an acceleration in the activity pace and a strengthening of the business base. We continue to execute our focused strategy consisting of strengthening our core operations and accelerating investments in advanced infrastructure, based on the understanding that the technological upgrades recently implemented are generating a fundamental shift in our operations and growth potential. During the quarter, we deployed fiber infrastructure to approximately 3 million households, an achievement that reinforces our position as a market leader in the infrastructure sector in Israel. We continue reducing operating expenses and expanding our customer base, deepening penetration into advanced services, and developing smart solutions based on advanced infrastructure, while maintaining a competitive advantage and creating long-term value for shareholders.

Ilan Sigal, CEO of Pelephone and yes, said: "We concluded a strong quarter, with continued growth and improvement across all key operating segments. yes reported a transition to net profit and a seven-year record in quarterly revenues, along with higher revenues and profitability metrics, fiber subscribers, and continued efficiency in expenses. All of which are the result of the strategic initiatives implemented in recent years, which have transformed yes into a profitable company and the largest television provider in Israel. Pelephone posted a strong quarter with growth in its subscriber base and in 5G adoption, which now accounts for approximately 75% of total private subscribers, while delivering growth in revenues and Comp EBITDA, after adjusting for the impact of the war. The significant collective agreement signed will enable us to continue improving our cost structure, accelerating innovation, and ensuring Pelephone's leadership in Israel's cellular market.

Meni Baruch, CEO of Bezeq International TECH, added: "We posted a strong first quarter, including 10% growth in revenues from business operations, driven by expansion in integration activities and cloud services. We will continue to focus on growing our core operations and completing the transformation, which will significantly enhance the profitability of these activities."

Bezeq Group Results (Consolidated)

	<u>Q1 2026</u>	<u>Q1 2025</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues (reported)	2,169	2,235	(3.0%)
Core revenues ⁽¹⁾	2,030	1,978	2.6%
Comp EBITDA ⁽²⁾	928	917	1.2%
Comp EBITDA margin	42.8%	41.0%	
Comp net profit ⁽²⁾	300	288	4.2%
CapEx (gross)	432	419	3.1%
Free cash flow ⁽³⁾	455	262	74%
Net debt	4,566	4,688	(2.6%)

(1) Group revenues excluding Bezeq Fixed-Line telephony revenues, Telephone interconnect fees, Bezeq International consumer revenues and Bezeq Online revenues

(2) Excluding other operating expenses/income, net, the overall impact of losses/gains from impairment/increase in value of assets and stock-based compensation

(3) Cash flow from operating activities less net payments for investments and leases

Core Revenues increased 2.6%, to NIS 2.03 billion, mainly due to higher core revenues in Bezeq Fixed-Line, yes and Bezeq International.

Comp EBITDA amounted to NIS 928 million, up 1.2%. **Comp Net Profit** totaled NIS 300 million, up 4.2%.

Comp EBITDA and Comp Net Profit were positively impacted by higher revenues.

Free cash flow was NIS 455 million, up 74%, primarily driven by a tax refund received in the current quarter compared to tax assessments paid in the corresponding quarter, as well as changes in working capital.

Net financial debt for the Group amounted to NIS 4.57 billion as of March 31, 2026, compared to NIS 4.69 billion as of March 31, 2025. The Group's net financial debt to Comp EBITDA ratio was 1.4 times as of March 31, 2026, compared to 1.5 times as of March 31, 2025.



Bezeq

2026 Outlook (Unchanged)

Press Release

Based on the information known to the Bezeq Group today, the Group's Outlook for 2026 is as follows:

	2025 Performance	2026 Outlook ⁽¹⁾
Comp EBITDA	NIS 3.74 billion	NIS 3.7 – 3.8 billion
Comp net profit	NIS 1.09 billion	NIS 1.0 – 1.1 billion
CapEx	NIS 1.68 billion	~ NIS 1.6 billion

(1) The Company will report, as required, deviations of more/less than 10% of the midpoint of the Outlook range, where a range exists

Bezeq Fixed-Line Results

Bezeq Fixed-Line – Financial data	<u>Q1 2026</u>	<u>Q1 2025</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Total revenues	1,110	1,101	0.8%
Core revenues ⁽¹⁾	997	973	2.5%
Broadband	513	505	1.6%
Transmission and data	313	302	3.6%
Telephony	113	128	(12%)
Cloud & digital services	94	87	8.0%
Other revenues	77	79	(2.5%)
Comp EBITDA	658	648	1.5%
Comp EBITDA margin	59.3%	58.9%	
Comp net profit	265	261	1.5%
CapEx (gross)	270	294	(8.2%)
Free cash flow	404	220	84%

⁽¹⁾ Total fixed-line revenues excluding telephony revenues

Bezeq Fixed-Line – KPIs	<u>Q1 2026</u>	<u>Q4 2025</u>	<u>Q1 2025</u>
Total broadband lines (retail and wholesale, end of the period, in thousands)	1,472	1,473	1,477
Of which: Total fiber optic subscribers (retail and wholesale, in thousands)	1,029	993	863
Total retail broadband lines (fiber and copper, end of the period, in thousands)	968	980	1,003
Of which: Retail fiber optic subscribers (in thousands)	643	628	554
Total wholesale broadband lines (end of period, in thousands)	504	493	474
Of which: Wholesale fiber optic subscribers (in thousands)	386	365	309
Fiber optics deployed – Homes passed (end of the period, in thousands)	2,974	2,913	2,671
Average monthly revenue per broadband Internet subscriber (NIS) – Retail	139	138	134

Fixed-Line core revenues increased 2.5% to NIS 997 million, driven by higher revenues from transmission and data communications, broadband and cloud and digital services.

Comp EBITDA totaled NIS 658 million, up 1.5%. **Comp Net Profit** amounted to NIS 265 million, up 1.5%.

Comp EBITDA and Comp Net Profit were positively impacted by higher revenues.

Free cash flow was NIS 404 million, compared to NIS 220 million in the corresponding quarter. Free cash flow was positively impacted by a tax refund received in the current quarter compared to tax assessments paid in the corresponding quarter, along with lower CapEx and changes in working capital.

Telephone Results²

Telephone – Financial data	<u>Q1 2026</u>	<u>Q1 2025</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Total revenues	518	525	(1.3%)
Service revenues	356	360	(1.1%)
Equipment revenues	162	165	(1.8%)
Comp EBITDA	178	186	(4.3%)
Comp EBITDA margin	34.4%	35.4%	
Comp net profit	22	33	(33%)
CapEx (gross)	92	84	9.5%
Free cash flow	15	(5)	NM

Telephone – KPIs	<u>Q1 2026</u>	<u>Q4 2025</u>	<u>Q1 2025</u>
Total subscribers (end of period, in thousands)	2,699	2,677	2,631
Postpaid subscribers (end of period, in thousands)	2,349	2,315	2,265
Prepaid subscribers (end of period, in thousands)	350	362	366
5G subscriber plans (end of period, in thousands)	1,425	1,375	1,276
Average revenue per user (ARPU, NIS)	44	47	45

Revenues, Comp EBITDA and Comp Net Profit were impacted by a decrease in roaming revenues due to the war with Iran. After adjusting for the impact of the war, revenues from services would have increased by approximately 2%.

Revenues from services totaled NIS 356 million, down 1.1%. Equipment revenues were NIS 162 million, down 1.8%.

Comp EBITDA was NIS 178 million, down 4.3%. **Comp Net Profit** was NIS 22 million, compared to NIS 33 million in the corresponding quarter.

Free cash flow was NIS 15 million, compared to negative free cash flow of NIS 5 million in the corresponding quarter. Free cash flow was positively impacted by changes in working capital.

² Telephone revenues and ARPU in this earnings release are presented excluding interconnect fees, unless stated otherwise

yes Results

yes – Financial data	<u>Q1 2026</u>	<u>Q1 2025⁽¹⁾</u> <i>(NIS millions)</i>	<u>% change</u>
Revenues	343	319	7.5%
Comp EBITDA	56	49	14%
Comp EBITDA margin	16.3%	15.4%	
Comp net profit (loss)	4	(5)	
CapEx (gross)	61	36	69%
Free cash flow	21	33	(36%)

⁽¹⁾ Proforma numbers

yes – KPIs	<u>Q1 2026</u>	<u>Q4 2025</u>	<u>Q1 2025</u>
Total number of TV subscribers (end of period, in thousands)	565	565	561
IP subscribers (end of period, in thousands)	499	492	475
Fiber customers (end of period, in thousands)	132	118	85
ARPU, NIS ⁽¹⁾	202	200	189

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

Revenues were NIS 343 million, up 7.5%, representing the highest quarterly revenues since Q1-2019. The increase in revenues was due to higher revenues from the TV + Bezeq fiber bundle together with revenues from the Partner transaction.

Comp EBITDA was NIS 56 million, up 14%. **Comp Net Profit** was NIS 4 million, compared to Comp Net Loss of NIS 5 million in the corresponding quarter.

Comp EBITDA and Comp Net Profit were positively impacted by higher revenues and lower expenses.

Free cash flow was NIS 21 million, compared to NIS 33 million in the corresponding quarter. Free cash flow was impacted by timing differences in CapEx payments, partially offset by higher profits.

The number of **yes TV subscribers** as of March 31, 2026, was 565k, inline sequentially and an increase of 4k year-over-year.

Bezeq International TECH Results

Bezeq International – Financial data	<u>Q1 2026</u>	<u>Q1 2025</u>	<u>% change</u>
	<i>(NIS millions)</i>		
Revenues	289	273	5.9%
Comp EBITDA	40	34	18%
Comp EBITDA margin	13.8%	12.5%	
Comp net profit (loss)	8	(2)	
CapEx (gross)	14	12	17%
Free cash flow	14	19	(26%)

Revenues totaled NIS 289 million, up 5.9%, mainly due to higher revenues from the sales of business equipment and cloud services.

Comp EBITDA was NIS 40 million, up 18%. **Comp Net Profit** was NIS 8 million, compared to Comp Net Loss of NIS 2 million.

Comp EBITDA and Comp Net Profit were positively impacted by higher revenues.

Free cash flow was NIS 14 million, compared to NIS 19 million in the corresponding quarter. Free cash flow was impacted by timing differences in working capital and an increase in CapEx.



Conference Call & Webcast Information

Bezeq will conduct its First Quarter 2026 earnings webcast call on Wednesday, May 13th, 2026, at 8:00 AM EST / 3:00 PM Israel time, hosted by Mr. Tomer Raved, Bezeq's Chairman, Mr. Nir David, Bezeq's CEO, Mr. Ilan Sigal, CEO of Pelephone & yes, and Mr. Yohai Benita, Bezeq Group's Chief Financial Officer. Participants are invited to join the webcast by clicking: <https://us06web.zoom.us/j/6118010364?omn=82899368081>

About "Bezeq" The Israeli Telecommunications Corp., Ltd.

Bezeq Group defines the future of communications in Israel as the nation's digital backbone and a central engine of economic growth. Through sustained investment in powerful, advanced national infrastructure, we enable smart connectivity for every home, business, and public institution across the country. With financial strength, AI-driven technological leadership, operational excellence, and a forward-looking global strategic perspective, we lead market transformation, strengthen Israel's competitive position in the digital era, and deliver sustainable, long-term value to our customers, partners, and shareholders.

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

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

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"Bezeq" The Israel Telecommunication Corp., Limited

Condensed Consolidated Interim Statements of Income

	Three months ended March 31		Year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Revenues	2,169	2,235	8,702
Costs of activity			
General and operating expenses	768	829	2,860
Salaries	477	496	1,859
Depreciation, amortization, impairment and reversal of impairment loss	487	456	1,687
Other operating expenses, net	112	13	279
Total operating expenses	1,844	1,794	6,685
Operating profit	325	441	2,017
Financing expenses (income)			
Financing expenses	115	105	498
Financing income	(67)	(60)	(191)
Financing expenses, net	48	45	307
Profit after financing expenses	277	396	1,710
Loss in investee company	2	3	19
Profit before income tax	275	393	1,691
Income tax	64	90	274
Profit for the period	211	303	1,417
Basic and diluted earnings per share (in NIS)	0.08	0.11	0.51



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"Bezeq" The Israeli Telecommunications Corp., Ltd.

Condensed Consolidated Interim Statements of Financial Position

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
Assets	NIS million	NIS million	NIS million
Cash and cash equivalents	1,064	724	643
Investments	2,192	2,250	2,187
Trade receivables	1,451	1,427	1,443
Other receivables	194	220	211
Inventory	102	141	98
Assets of a held for sale disposal group	-	83	-
Total current assets	5,003	4,845	4,582
Trade and other receivables	398	408	398
Right-of-use assets	1,731	1,774	1,754
Fixed assets	7,471	7,241	7,469
Broadcasting rights	397	115	400
Intangible assets	1,086	945	1,084
Deferred expenses and non-current investments	275	251	251
Total non-current assets	11,358	10,734	11,356
Total assets	16,361	15,579	15,938

"Bezeq" The Israeli Telecommunications Corp., Ltd.

Condensed Consolidated Interim Statements of Financial Position (Contd.)			
	March 31, 2026	March 31, 2025	December 31, 2025
Liabilities and equity	(Unaudited) NIS million	(Unaudited) NIS million	(Audited) NIS million
Debentures, loans and borrowings	1,040	1,124	992
Current maturities of liabilities for leases	431	417	425
Trade and other payables	2,100	1,995	1,901
Employee benefits	616	389	542
Provisions	89	90	174
Liabilities of a held for sale disposal group	-	34	-
Total current liabilities	4,276	4,049	4,034
Loans and debentures	6,782	6,538	6,818
Liability for leases	1,501	1,530	1,530
Employee benefits	228	312	219
Derivatives and other liabilities	328	261	292
Liabilities for deferred taxes	44	52	56
Provisions	34	30	34
Total non-current liabilities	8,917	8,723	8,949
Total liabilities	13,193	12,772	12,983
Total equity	3,168	2,807	2,955
Total liabilities and equity	16,361	15,579	15,938

"Bezeq" The Israeli Telecommunications Corp., Ltd.

Condensed Consolidated Interim Statements of Cash Flows

	Three months ended March 31		Year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)
	NIS million	NIS million	NIS million
Cash flows from operating activities			
Profit for the period	211	303	1,417
Adjustments:			
Depreciation, amortization, impairment and reversal of impairment loss	487	456	1,687
Capital gain, net	-	(5)	(7)
Financing expenses, net	53	57	342
Recovery of excess cost	-	-	(36)
Loss from investee company	2	3	19
Impairment loss of a held for sale disposal group	3	2	2
Stock-based compensation	4	4	22
Income tax expenses	64	90	274
Change in trade and other receivables	(56)	(85)	(39)
Change in inventory	(7)	15	54
Change in trade and other payables	225	163	129
Change in provisions	(17)	6	22
Change in employee benefits	76	(1)	112
Change in broadcasting rights (including reversal of impairment loss)	3	-	(283)
Change in other liabilities	-	1	(16)
Income tax paid, net	(41)	(178)	(437)
Net cash from operating activities	1,007	831	3,262

"Bezeq" The Israeli Telecommunications Corp., Ltd.

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

	Three months ended March 31		Year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)
	NIS million	NIS million	NIS million
Cash flow used for investing activities			
Purchase of fixed assets	(310)	(325)	(1,265)
Investment in intangible assets and deferred expenses	(122)	(94)	(413)
Investment in bank deposits and other financial investments	-	(568)	(2,335)
Proceeds from bank deposits and other financial investments	-	257	2,110
Proceeds from the sale of fixed assets	1	3	40
Interest from bank deposits	9	17	80
Investment in investee company	-	(11)	(31)
Proceeds from the sale of a subsidiary net of cash sold	-	-	28
Miscellaneous	(16)	1	(14)
Net cash used in investing activities	(438)	(720)	(1,800)



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

	Three months ended March 31		Year ended December 31
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)
	NIS million	NIS million	NIS million
Cash flows from financing activities			
Issue of debentures and receipt of loans	-	-	1,190
Repayment of debentures and loans	-	-	(1,123)
Payments of principal and interest for leases	(121)	(153)	(491)
Interest paid	(27)	(25)	(238)
Dividend paid	-	-	(975)
Proceeds for expired hedging transactions	-	-	6
Net cash from (used for) financing activities	(148)	(178)	(1,631)
Increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period	643	784	784
Change in cash balance of a subsidiary sold	-	7	28
Cash and cash equivalents at end of period	1,064	724	643