Bezeq

Update to Chapter A (Description of Company Operations) of the Periodic Report for 2025

The information contained in this report constitutes a translation of the financial statements published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only.



Update to Chapter A | Description of Company Operations

to the Periodic Report for 2025 (the "Periodic Report") of Bezeq The Israeli Telecommunications Corporation Ltd. (the "Company")[1]

1. General Development of the Group's Business

Section 1.3 – Investments in the Company's capital and transactions in its shares

Regarding the appointment of market makers for the Company's shares under a dedicated market-making program – On June 1, 2026, Idan Financial Instruments Ltd. (of Barak Capital Group) ("Idan") was appointed as a market maker for the Company's shares, replacing Proxima Dynamics Ltd., whose appointment ended on the same day. Idan operates alongside Migdal Capital Markets Ltd., which continues to serve as a market maker for the Company's shares. The terms of the market-making program remain unchanged.

Section 1.4.2 – Distribution of a dividend and section 1.4.3 – Share buyback plan

For further information about the distribution of a dividend in cash approved by the general meeting of the Company's shareholders on April 13, 2026 and executed on May 14, 2026, and information about the dividend in cash approved by the general meeting of the shareholders on August 31, 2026 and executed on September 24, 2026, see Note 7 to the financial statements.

Execution of the Company's share buyback plan in the amount of up to NIS 150 million (which was approved by the Company's board of directors on March 8, 2026, and its execution began after the approval of the general meeting of the Company's shareholders on April 13, 2026) was completed on June 9, 2026. In addition, the execution of the Company's share buyback plan in the amount of up to NIS 100 million (which was approved by the Company's board of directors on August 4, 2026, and its execution immediately after the approval of the board of directors on August 6, 2026,) was completed on September 15, 2026. For further information see also Note 7 to the financial statements.

On September 23, 2026, all treasury shares held by the Company were canceled. For further information see the Company's immediate report dated September 24, 2026, included in this report by way of reference.

Remaining distributable retained earnings

On August 4, 2026, the Company decided to update its methodology for calculating its distributable retained earnings, specifically regarding how past distributions are deducted from that balance. Under the updated methodology, dividends are considered to be distributed from profits accumulated during the two years preceding the distribution, rather than from the total retained earnings balance. According to this updated methodology, each distribution is attributed to the accumulated profits as described, in accordance with the order in which they were generated. Accordingly, the balance of distributable retained earnings as at the reporting date is approx. NIS 2,095 million. This balance is net of prior

[1] The update is in accordance with Regulation 39A of the Israel Securities Regulations (Periodic and Immediate Reports), 1970, and includes material changes or developments that have occurred in the Company's business in any matter that must be described in the Periodic Report. The update refers to the Company's Periodic Report for 2025 and refers to the section numbers in Chapter A (Description of Company Operations) in that Periodic Report.

distributions, including an amount of NIS 250 million relating to the aforementioned buyback plans, which have been fully executed as noted above.

Preliminary buyback outline for the Company's shares as part of the Company's multi-year strategy

On June 30, 2026, the Company announced that, in line with its objective of efficient capital allocation and the creation of long-term value for shareholders, and in view of the Company's expectation of generating positive cash flow, while maintaining financial robustness, and as an additional pillar of its capital allocation strategy, the Company's board of directors adopted on that date a preliminary buyback outline for the Company's shares in an aggregate amount of up to NIS 800 million (the "Buyback Outline"). The Buyback Outline will remain in effect until December 31, 2029, in accordance with the term of Bezeq Group's multi-year plan, subject to the approval of the board of directors regarding the execution of the buyback (or adoption of purchase plans) and compliance with the distribution tests set out in the law. The Company completed a share buyback in the amount of NIS 100 million, as stated above, under the Buyback Outline. The Buyback Outline constitutes an additional and complementary tool for the Company's capital management and for returning value to shareholders, alongside the Company's dividend distribution policy of distributing 80% of its half-year profits[2] and the Company's continued investment in strategic initiatives supporting the Company's long-term growth. These include advanced communications infrastructure, development of digital services, investments and acquisitions of synergistic activities, and the development of the Company's national and international infrastructure, including its submarine cable infrastructure. For further information see the Company's immediate report of June 30, 2026, included in this report by way of reference.

It should be noted that on July 21, 2026, the general meeting of the Company's shareholders approved an amendment to the Company's Articles of Association, according to which the authority to approve a share buyback will remain with the Company's board of directors without requiring approval of the general meeting.

[2] See the Company's immediate report of March 12, 2025 and section 1.4.1 of the Description of Company Operations in the Company's Periodic Report for 2025.

Section 1.5.4 – Main results and operational data[3]

Financial data (NIS millions) Group	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Total revenues	2,171	2,165	2,169	2,186	2,145	2,136	2,235
Bezeq's telephony revenues	108	116	113	117	120	123	128
Pelephone's interconnect revenues	0	0	0	0	0	34	41
Bezeq International's revenues from private customers	23	24	26	26	30	32	34
Bezeq Online revenues	0	0	0	0	0	0	54
Core revenues	2,040	2,025	2,030	2,043	1,995	1,947	1,978
Operating profit before depreciation and amortization (EBITDA)	978	975	812	797	996	1,014	897
Other expenses (income), net	32	(1)	112	235	39	(8)	13
Share-based compensation expenses	4	4	4	5	6	7	4
Adjusted EBITDA[1]	1,014	978	928	1,037	1,041	1,013	914
Effect of impairment loss at yes (reversal of impairment loss at yes)	0	0	0	(74)	(102)	(92)	3
Comparable EBITDA[2]	1,014	978	928	963	939	921	917
Net profit	348	308	211	242	446	426	303
Other operating expenses (income), net and amortization of excess cost, net of tax	31	5	92	181	30	(6)	12
Expenses for equity based compensation	4	4	4	5	6	7	4
Adjusted net profit[1]	383	317	307	428	482	427	319
Effect of impairment loss at yes (reversal of impairment loss at yes)	0	0	0	(116)	(215)	(195)	(17)
Effect of impairment loss at Bezeq International	(11)	(2)	(7)	(1)	(9)	(3)	(14)
Comparable net profit[2]	372	315	300	311	258	229	288

(1) Adjusted net profit and adjusted EBITDA – net of other operating expenses/income, one-time losses/gains from impairment/appreciation, and equity compensation plan expenses

(2) Comparable net profit and comparable EBITDA – adjusted net profit and adjusted EBITDA net of the total effect of fair value increases /decreases

[3] For information about financial ratios and operational performance indices, see also section 7 of the Description of Company Operations for 2025 and the Board of Directors Report (non-GAAP financial indices).

Section 1.5.4.1 – Bezeq Fixed-Line (the Company's operations as a domestic carrier)

Financial data (NIS millions)	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Revenues	1,113	1,114	1,110	1,114	1,111	1,102	1,101
Operating profit	408	408	362	144	328	386	384
Depreciation and amortization	241	271	267	272	269	261	258
Operating profit before depreciation and amortization (EBITDA) [(1)]	649	679	629	416	597	647	642
Share in loss (profit) of an investee	7	(3)	2	(1)	16	1	3
Net profit	261	256	242	67	179	218	256
Cash flow from operating activities	549	492	703	573	565	501	553
Payments for investments in fixed assets and intangible assets and other investments	261	239	270	257	280	266	294
Proceeds from the sale of fixed assets and intangible assets	0	2	1	1	4	31	3
Lease payments	37	35	30	48	39	36	42
Free cash flow [(2)]	251	220	404	269	250	230	220
Operational data							
Total number of internet lines at the end of the period (thousands) [(3)]	1,479	1,472	1,472	1,473	1,473	1,476	1,477
Of which, the number of subscribers connected to the fiber network at the end of the period (thousands)	1,095	1,061	1,029	993	954	907	863
Number of internet lines at the end of the period – retail (thousands) [(3)]	942	956	968	980	990	999	1,003
Of which, the number of subscribers connected to the fiber network at the end of the period – retail (thousands) [(3)]	660	655	643	628	609	583	554
Number of internet lines at the end of the period – wholesale (thousands) [(3)]	537	516	504	493	483	477	474
Of which, the number of subscribers connected to the fiber network at the end of the period – wholesale (thousands) [(3)]	435	406	386	365	345	324	309
Monthly average revenue per internet subscriber (NIS) – retail (ARPU) [(5)]	142	142	139	138	136	136	134
Deployment of fiber optic network at the end of the period (thousands of households available for connection)	3,074	3,028	2,974	2,913	2,859	2,774	2,671
Average package speed per internet subscriber – retail (Mbps)[(4)]	877	827	774	721	673	620	572
Number of Be routers used by the Company's customers (thousands)	858	866	873	875	873	870	864
Number of Be Mesh and Be Spot range extenders for home Wi-Fi (thousands)	491	486	481	474	472	470	466
Number of active telephony subscriber lines at the end of the period (thousands)[(6)]	1,275	1,294	1,312	1,329	1,339	1,351	1,366
Monthly average revenue per telephony line (ARPL) (NIS)[(7)]	28	29	29	29	30	30	31
Telephony churn rate [(8)]	2.8%	2.9%	2.8%	2.2%	2.6%	2.3%	2.4%

(1) Operating profit before depreciation and amortization (EBITDA) is a financial measure that is not based on generally accepted accounting principles. The Company presents this as an additional measure for assessing its business results since this is a generally accepted measure in the Company's area of operations that offsets aspects arising from the variance in the capital structure, various tax aspects and methods, and the amortization period for fixed assets and intangible assets. This measure is not a substitute for measures based on GAAP and it is not used as a sole measure for assessing the results of the Company's operations or cash flows. Additionally, the measure presented in this report may be calculated differently from corresponding measures in other companies. The Company's EBITDA is calculated as operating profit before depreciation, amortization, and ongoing losses from the impairment of fixed assets and intangible assets. To present fairly its financial activity, the Company presents continuing losses from the impairment of fixed assets and intangible assets in yes and Bezeq International under depreciation and amortization, and continuing losses from the impairment of broadcasting rights under general and operating expenses (in the statement of income). For further information, see Note 5 to the financial statements and section 7 of the Description of Company Operations for 2025.

(2) Free cash flow is a non-GAAP financial measure. Free cash flow is defined as cash from operating activities less cash for the acquisition/sale of fixed assets and intangible assets, net, and with the application of IFRS 16, lease payments are also deducted. The Company presents free cash flow as a measure for assessing its business results and cash flows, since the Company believes that free cash flow is an important indicator of liquidity that reflects cash resulting from operating activities after cash investments in infrastructure and other fixed assets and intangible assets. For further information, see section 7 of the Description of Company Operations for 2025.

(3) The total number of internet lines includes retail and wholesale lines. Retail – direct internet lines provided directly by the Company. Wholesale – internet lines provided through a wholesale service to other communications provider.

(4) For packages with a range of speeds, the maximum speed per package is taken into account.

(5) Revenues from retail internet services is divided by the average number of retail customers in the period. For further information, see section 7 of the Description of Company Operations for 2025.

(6) Inactive subscribers are subscribers whose Bezeq lines have been physically disconnected (not including subscribers who did not pay their debt to the Company on time in (roughly) the first three months of the collection process).

(7) Calculated according to average number of lines for the period. For further information, see section 7 of the Description of Company Operations for 2025.

(8) The number of telephony subscribers (gross) who left Bezeq Fixed-Line during the period divided by the average number of registered telephony subscribers in the period. For further information, see section 7 of the Description of Company Operations for 2025.

Section 1.5.4.2 – Pelephone

Financial data (NIS millions)	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Total revenues	525	511	518	554	517	530	566
Of which: revenues from interconnect fees[1]	-	-	-	-	-	34	41
Total revenues less interconnect fees[1]	525	511	518	554	517	496	525
Revenues from services	384	363	356	373	381	395	401
Revenues from services less interconnect fees [1]	384	363	356	373	381	361	360
Revenues from the sale of terminal equipment	141	148	162	181	136	135	165
Operating profit (loss)	64	45	(52)	43	56	43	44
Depreciation and amortization	148	145	144	148	147	141	140
Operating profit before depreciation and amortization (EBITDA)[2]	212	190	92	191	203	184	184
Net profit (loss)	43	34	(44)	47	38	30	31
Cash flow from operating activities	126	103	184	186	216	187	175
Payments for investments in fixed assets, intangible assets, and other investments, net	81	99	92	91	88	91	84
Lease payments	62	53	77	54	64	53	96
Free cash flow[2]	(17)	(49)	15	41	64	43	(5)
Operational data							
Number of postpaid subscribers at the end of the period (thousands)[3]	2,281	2,270	2,267	2,236	2,217	2,201	2,193
Of which, number of 5G postpaid subscribers (thousands)[3]	1,484	1,435	1,404	1,357	1,329	1,297	1,258
Of which, number of MAX 5G subscribers (thousands)[3]	240	204	173	140	102	68	35
Number of prepaid subscribers at the end of the period (thousands)[3]	320	337	350	362	366	366	366
Number of subscribers at the end of the period (thousands)[3]	2,601	2,607	2,617	2,598	2,583	2,567	2,559
Monthly average revenue per user (ARPU) net of interconnect fees (NIS)[1][3] [4]	49	46	45	48	49	47	47
Churn rate [5]	7.1%	7%	6.2%	6%	6.3%	5.8%	6.3%

(1) ARPU net of interconnect fees – The reform to change the interconnect fees regime, which was applied gradually from June 2023 and continued until June 2025, resulted in a decrease in interconnect fees, most of which were cancelled as from this date, and a decrease in ARPU. Accordingly, Pelephone elected to present ARPU net of the revenue component from interconnect fees.

(2) For the definition of operating profit before depreciation and amortization (EBITDA) and free cash flow, see comments (1) and (2) in the Bezeq Fixed-Line table.

(3) Subscriber figures include Pelephone subscribers (excluding subscribers from other carriers hosted on the Pelephone network and excluding IOT subscribers), and do not include inactive subscribers connected to Pelephone's service for six months or more. An inactive subscriber is one who in the past six months has not received one call, has not made one call / sent one SMS, or has performed no browsing activity, or has not paid for Pelephone services. Prepaid subscribers are included in the number of active subscribers from the date on which the subscriber loaded the device, and are removed from the list of active subscribers if the subscriber makes no outgoing use of the device for six months or more.

Starting from the third quarter of 2026, Pelephone changed the methodology for counting data (data communications) subscribers. As a result of the change, approx. 101 thousand subscribers were removed from the postpaid subscriber base. Accordingly, comparative figures for prior periods were restated.

It should be noted that a customer may have more than one subscriber number ("line"). Subscribers include those who consume various services (such as data for vehicle media systems), with ARPU significantly lower than that of other subscribers. It should be noted that Pelephone markets high-capacity data packages tailored for 5G usage. Shortly before the publication date of the report, Pelephone has approx. 1.508 million postpaid subscribers for these packages. As at the publication date of the report, of Pelephone's 5G subscribers, approx. 260 thousand have joined the advanced 5G MAX services, which include prioritized data traffic. Pelephone estimates that the number of subscribers who will join its advanced 5G MAX services by the end of 2026 will reach approx. 300 thousand.

(4) Monthly ARPU (postpaid and prepaid). The index is calculated by dividing the average total consolidated monthly revenue, including from cellular services, from Pelephone subscribers and other telecom carriers, including revenues from cellular carriers who use Pelephone's network, repair services and extended warranty in the period, by the average number of active subscribers in the same period. For further information, see section 7 of the Description of Company Operations for 2025.

(5) The churn rate is calculated at the ratio of subscribers who disconnected from Pelephone's services and subscribers who became inactive in the period, to the average number of active subscribers in the period. For further information, see section 7 of the Description of Company Operations for 2025.

Section 1.5.4.3 – Bezeq International

Financial data (NIS millions)	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Revenues	250	276	289	263	281	263	273
Of which: revenues from private customers[1]	23	24	26	26	30	32	34
Operating profit	19	9	17	4	17	8	14
Depreciation and amortization	20	29	23	32	23	29	19
Operating profit before depreciation and amortization (EBITDA)[2]	39	38	40	36	40	37	33
Net profit	19	12	15	3	16	6	11
Cash flow from operating activities	36	11	38	30	36	24	42
Payments for investments in fixed and intangible assets and other investments, net[3]	14	14	14	17	14	15	12
Lease payments	10	10	10	10	10	9	11
Free cash flow[2]	12	(13)	14	3	12	0	19

(1) From 2023, small office/home office (SOHO) customers are included in revenues from private customers.
(2) For the definition of operating profit before depreciation and amortization (EBITDA) and free cash flow, see comments (1) and (2) in the Bezeq Fixed-Line table.
(3) The line item also includes long-term investments in assets.

Section 1.5.4.4 – yes

Financial data (NIS millions)	Q3 2026	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Revenues	370	348	343	340	321	320	319
Operating profit (loss)	27	19	5	104	216	193	(3)
Ongoing depreciation, amortization, and impairment (reversal of impairment loss)	56	52	50	19	(56)	(46)	40
Operating profit before ongoing depreciation, amortization and impairment (reversal of impairment loss) (EBITDA)(1)	83	71	55	123	160	147	37
Net profit	30	12	3	97	213	172	3
Cash flow from operating activities	63	53	88	51	53	26	75
Payments for investments in fixed and intangible assets and other investments, net	59	46	61	44	43	57	36
Lease payments	6	6	6	7	6	7	6
Free cash flow(1)	(2)	1	21	0	4	(38)	33
Operational data							
Number of television subscribers (thousands)(2)(3)	562	563	565	565	565	562	561
Of which, IP subscribers (4)	508	506	499	492	486	480	475
Of which, STING+ subscribers	157	158	158	156	154	151	146
Monthly average revenue per user (ARPU) from television subscribers (NIS)(5)	162	163	165	166	168	172	174
Average monthly revenue (yes ARPU) (NIS)(5)	205	204	202	200	189	189	189
Churn rate (6)	4.4%	4.3%	4.3%	4.1%	3.7%	3.6%	4.1%
Number of fiber network subscribers (thousands)(7)	156	144	132	118	106	94	85

(1) For the definition of operating profit before depreciation and amortization (EBITDA) and free cash flow, see comments (1) and (2) in the Bezeq Fixed-Line table.

(2) Television subscriber – a single household or small business customer; in the case of a business customer with more than a certain number of decoders (such as a hotel or gym), the number of subscribers is standardized. The number of subscribers listed for 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 periodically.

(3) As at the publication date of the report, approx. 204 thousand subscribers have joined the international streaming services as part of the collaboration of yes with these services (see section 5.1.1.1 of the Description of Company Operations for 2025)

(4) As at the publication date of the report, approx. 508 thousand television subscribers use yes+ and STING+ streamlining services, representing approx. 91% of all yes television subscribers. The number and rate of IP subscribers include subscribers using satellite services as well.

(5) Monthly ARPU is calculated by dividing the total revenues of yes (excluding revenues from the sale of content to external broadcasting entities, revenues from the sale of end equipment, revenues from the agreement with Partner, revenues from advertising sales and revenues from ISP services), by the average number of relevant customers in the period. The ARPU of yes is calculated by dividing the total revenues of yes (excluding revenues from the sale of content to external broadcasting entities and revenues from the sale of end equipment) by the average number of relevant customers in the period. For further information, see Note 5 to the financial statements and section 7 of the Description of Company Operations for 2025.

(6) Number of television subscribers who left yes in the period, divided by the average number of registered television subscribers in the period. For further information, see section 7 of the Description of Company Operations for 2025.

(7) As at the publication date of the report, approx. 160 thousand subscribers are connected to the fiber network.

Section 1.6.1 – Forecast for 2026

On August 21, 2026, the Company updated the Group's forecast for 2026, which was published in the Company's immediate report dated March 9, 2026, (the "Original Forecast"), as follows:

- Comparable net profit[4] for shareholders is expected to amount to NIS 1.15-1.2 billion (compared with approx. NIS 1.0-1.1 billion in the Original Forecast).
- Comparable EBITDA[5] is expected to amount to NIS 3.8-3.85 billion (compared with approx. NIS 3.7-3.8 billion in the Original Forecast).
- Gross CAPEX[6] is expected to amount to approx. NIS 1.6 billion (unchanged).

The update in the forecast is mainly due to the improvement in the Group's business performance.

It should be noted that the updated forecast does not include the effects of the cancellation of structural separation, mergers and acquisitions, or accounting appreciation / impairment.

The forecasts of the Company in the report are forward-looking information, as defined in the Israel Securities Law, 1968. The Group's forecasts are based on the Company's assessments, assumptions, and expectations, and among other things, on the Group's assessments for the structure of competition in the telecommunication market and regulation in this sector, on the current economic situation, and accordingly, the Group's ability to implement its plans as relevant, and taking note of changes that may occur in the foregoing, in business conditions and the effects of regulatory decisions, technology changes, or developments in the structure of the telecommunication market, or insofar as one or more of the risk factors listed in the Periodic Report for 2025 materialize. In addition, the forecast may change depending on the duration, intensity, and scope of the geopolitical-security situation.

Section 1.7.4 – Regulatory structure under the Telecommunications Law

On September 23, 2026, the Ministry of Communications published a public consultation announcing its intention to adapt Pelephone's license (as well as the cellular licenses of the other operators) to the authorization regime currently applicable in the communications market, mainly by amending many of the existing license provisions and by applying the Communications Regulations (Telecommunications and Broadcasting) (General Authorization for the Provision of Telecommunications Services), 2022 (the "Authorization Regulations"), with modifications, to Pelephone. The amendment proposed in the public consultation is intended, among other things, to consolidate some of the provisions applicable to mobile network operators and mobile virtual network operators and addresses various issues, including operational, engineering, consumer-related and computerization matters.

In addition, the draft amendment to the Authorization Regulations includes various amendments applicable to authorized providers currently operating under the Authorization Regulations (including the subsidiary yes), as well as provisions applying certain provisions of the Authorization Regulations to the Company (and HOT), and to other license holders (including the subsidiary Bezeq International).

The operators are required to submit their responses to the consultation by December 15, 2026.

Section 1.7.10 – Submarine cable

MoU – cooperation in the submarine cable sector

On March 24, 2026, the boards of directors of the Company and of Bezeq International approved a MoU with Telecom Italia Sparkle S.p.A, an international communications company, for cooperation in the construction

[4] Comparable net profit and comparable EBITDA – net of other operating expenses/income, one-time losses/gains from impairment/appreciation, and equity compensation plan expenses and net of the total effect of impairment/appreciation.

[5] See footnote 4.

[6] CAPEX – payments (gross) for investment in fixed assets and intangible assets.

and operation of an international submarine cable system intended to establish a communications route between East and West via Israel. Under the MoU, the parties agreed on an outline for commercial cooperation that includes joint investment in the establishment of the cable system infrastructure. As at the reporting date, the Group's expected investment is estimated at approx. NIS 250 million, spread over three years, which is expected to generate a significant positive return for the Group. Based on the Company's estimates and working assumptions, the IRR (internal rate of return) on the investment in the transaction is expected to exceed 20%, with most revenues expected to be generated in the initial years of the project, while a lower level of recurring revenues is expected from maintenance services over the cable's operational life.

The cooperation outline includes the parties' undertaking to establish the infrastructure in accordance with principles agreed between them and subject to terms to be set out in a binding agreement (the "Detailed Agreement"). Most fiber pairs are designated for use by customers in the international telecommunications market and will be marketed jointly by the parties, alongside the granting of exclusive usage rights for independent marketing that will also serve the local market. The cooperation also includes an on-land segment based on the Company's fiber infrastructure. Revenue sharing under the cooperation will be carried out in accordance with the principles agreed upon and to be finalized in the Detailed Agreement.

The parties are working to finalize the Detailed Agreement within six months from signing the MoU, unless otherwise agreed between them. On September 14, 2026, the Company's board of directors approved an extension of the MoU by an additional 45 business days. Since the signing of the MoU, the parties have made progress in finalizing the principles and are continuing advanced negotiations toward formulating and signing the Detailed Agreement. The Detailed Agreement is subject to the fulfillment of customary conditions and the receipt of all approvals required by law.

It was further agreed that, in addition to the cooperation, the parties intend to pursue the establishment of an additional submarine cable through an additional joint investment and full partnership.

The Company believes that this engagement constitutes a significant strategic pillar for strengthening the position of both the Group and Israel in international infrastructure, particularly in the Middle East, and may support the Group's long-term development. This initiative positions the Group at the heart of global data flows and generates business and financial opportunities for the Group.

It should be clarified that there is no certainty regarding the signing of the Detailed Agreement and/or the completion of the transaction set out in the MoU, which is subject to various conditions precedent, including those required by law, which have not yet been obtained as of this date and there is no certainty whether they will be obtained.

Some of the information included in this report constitutes forward-looking information as defined in the Israeli Securities Law, including regarding the implications of the agreement and the materialization of the project on the Group and as a whole, based on information currently available to the Company's management and its assessments. There is no certainty that this information will materialize, in whole or in part, or it may materialize in a manner significantly different than anticipated, due, among other things, to factors beyond the Company's control, including failure to reach full commercial agreements, the absence of approvals, and/or failure to fulfill all the conditions precedent, including for completion of the transaction.

Section 1.7 – Signing a non-binding MoU for the joint establishment and operation of a data center

The Company hereby announces that on November 5, 2026, following the approval by the Company's board of directors and the board of directors of Bezeq International (in this section below: "Bezeq") on the signing of a non-binding MoU between Bezeq and Adgar Investments and Development Ltd. ("Adgar") for cooperation in the joint establishment of a carrier neutral data center with a capacity of at least 16 MW, in a building located on land owned by Adgar in Petach Tikva, based on a revenue share commercial model (the "MoU").

Summary of the principles:

1. Non-incorporated joint venture (the "Project"), in which each party will bear its proportionate share of revenues, expenses, and investments, in equal shares (the investment by each party is estimated at

approx. NIS 200-250 million), while retaining sole ownership of the assets contributed by it to the Project Each party will finance its share from its own sources, without external financing at the Project level. The term of the Project is 24 years and 11 months from the date on which the building is made available, with extension option to be held by Adgar, the terms of which will be agreed upon in the detailed agreement. If the option is not exercised, Bezeq will have a put option to sell all of its rights in the Project and the equipment to Adgar, on a fair value basis.

2. Adgar will make the building, infrastructure up to the building's entrance point, and access roads available to the Project, and will carry out the construction works and engineering adaptations. It should be noted that Adgar holds usage rights in the land and, according to information provided to Bezeq, Adgar is expected to obtain the building permits for the Project in the coming weeks. In addition, a binding approval has been obtained from the Israel Electric Corporation for connecting the Project to the electricity grid at an initial capacity of approx. 16 MW, exclusively for the Project's use.

3. Bezeq will purchase the data center equipment and systems and will lead the systems implementation through to readiness for commercial operation, including the provision of operation and management services by the Company or anyone on its behalf, at market prices.

4. Under the MoU, the exclusivity period of 90 days (the “Exclusivity Period) may be extended by an additional 60 days, subject to negotiations between the parties. The parties are committed to working toward entering into a detailed agreement by the end of the Exclusivity Period. Completion of the transaction is subject to the fulfillment of standard conditions precedent, including: the signing of a detailed agreement by the end of the Exclusivity Period; approval by the authorized corporate bodies of the parties; an approved zoning plan and valid building permit for the establishment of the Project; and compliance with all applicable laws.

5. The Company estimates that most of the investment is expected to be spread over 2027 and 2028, with commercial operations expected to commence in 2028. In addition, the Company estimates that, as occupancy levels at the data center increase, the Project is expected to generate annual revenues for Bezeq Group of approx. NIS 50-80 million and annual EBITDA of approx. NIS 25-40 million.

It is clarified that there is no certainty that the parties will enter into a detailed agreement and/or that the transaction underlying the MoU will be completed, as such completion is subject to the fulfillment of various conditions precedent, some of which have not yet been fulfilled as at this date. Some of the information included in this report constitutes forward-looking information, as defined in the Israel Securities Law. Such information is based on the information available to the Company as at the date of this report and on the Company’s assessments. There is no certainty that this information will materialize, in whole or in part, and it may materialize in a manner materially different from that anticipated, due, among other things, to factors beyond the Company’s control, including the failure of the parties to reach all required commercial agreements, and/or the failure to fulfill the conditions precedent of the transaction, and changes in the relevant market, including with respect to demand and the costs of establishing and operating the project.

2. Bezeq – Domestic Fixed-line Communications

Section 2.9.5 – Officers and senior management of the Company

On April 13, 2026, the general meeting of the Company's shareholders approved the appointment of Yael Andorn Karni and Dan Amiram as external directors of the Company. On May 12, 2026, independent director David Granot completed his term of office, and on September 6, 2026, external director Zeev Vurembrand completed his term of office. Accordingly, as at the publication date of this report, the Company has seven directors, including four external directors and three directors who are not independent directors (including one employee director).

On June 8, 2026, the Company's board of directors, following the approval of the Company's compensation committee, approved an update to the employment terms of the director from among the employees, in respect of his position as an employee of the Company, in accordance with Regulation 1A(2) of the Companies Regulations (Relief in Transactions with Interested Parties), 2000. The salary update was made in view of the director's appointment to a new position in the Company. For further information see the Company's immediate report of June 8, 2026, included in this report by way of reference.

Section 2.13 – Financing

On May 19, 2026, the Company published a new shelf prospectus (dated May 20, 2026).

Section 2.13.1 – Average and effective interest rates on loans

As at September 30, 2026, the Company is not financed by any short-term credit (less than one year). The following table shows the updated distribution of the Company's long-term loans (including current maturities):

Loan term	Source of finance	Principal amount (NIS millions)	Currency or linkage	Type of interest and change mechanism	Average interest rate	Effective interest rate	Interest range in 2026
Long-term loans	Banks	634	Unlinked NIS	Fixed	4.65%	4.71%	3.20%-5.33%
	Banks	690	Unlinked NIS	Variable, based on the annual prime interest rate*	5.21%	5.33%	4.86%-6.03%
	Non-bank sources	3,910	Unlinked NIS	Fixed	4.32%	4.43%	2.79%-3.64%
	Non-bank sources	2,149	CPI-linked NIS	Fixed	1.83%	1.91%	0.58%-1.7%

* Prime interest – 4.75% (November 2026)

For further information about the Company's loans, see Note 13 to the 2025 Financial Statements.

Section 2.13.6 – Credit rating

On May 5, 2026, Maalot reaffirmed the ilAA rating of the Company, Pelephone, and yes with a stable outlook and the ilAA rating for the Company's debentures. Additionally, on May 11, 2026, Midroog upheld the Aa2.il rating for the Company and its debentures with a stable outlook. For further information see the Company's immediate reports dated May 5, 2026 and May 11, 2026, included in this report by way of reference, and section 3 of the Board of Directors' Report.

Section 2.17 – Material agreements

Award of the Accountant General's tender at the Ministry of Finance for the provision of data communications services for government ministries, support units, and affiliated entities

On September 15, 2026, the Company was declared the first-ranked candidate for award of the tender as a primary supplier (for the provision of 70% of the services, instead of its status as the sole primary supplier providing 100% of the services under the expired tender), in Central Tender No. 04-2025 issued by the Accountant General at the Ministry of Finance for the provision of data communications services, business lines, transmission services and IPVPN lines, as well as communications, networking and network equipment and solutions for government ministries, support units and affiliated entities, in accordance with Scope A (Basket 1 and Basket 2) as defined in the tender (the "**Tender**"). Subsequently, on October 29, 2026, the Company received notification from the Accountant General that it had been awarded the Tender. The Tender period will be 48 months (with extension options granted to the State for a total period of up to 72 months beyond the initial 48-month period). The Company is expected to begin operating under the Tender in the fourth quarter of 2026.

According to the Company's assessment, as at the date of this report, the results of the Tender are not expected to have a material effect on the Company's results.

It should be clarified that the Company's assessments regarding the effect of winning the Tender on its results constitute forward-looking information as defined in the Israel Securities Law, 1968. These assessments are based on information and assumptions available to the Company as at the date of this report and may not materialize, either in whole or in part, or may materialize in a materially different manner, due, among other things, to the Company's work plans, actual service volumes, terms of the engagement, regulatory changes, and other factors beyond the Company's control.

For further information see also the Company's immediate report dated September 16, 2026, included in this report by way of reference.

Section 2.18 – Legal proceedings

Sub-sections A, C, D, and E regarding civil legal proceedings that are stayed – In accordance with agreements between the parties, the stay of proceedings continues, at this stage until December 2026 or (regarding sections C, D, and E) – until a ruling is handed down on the "no case to answer" motion in the criminal proceeding described in section 2.18.3.3 of the Periodic Report for 2025, whichever is earlier.[7]

Sub-section F regarding a motion to approve a derivative claim concerning the sale of the Company's shares in 2016 by BCom, which was allegedly executed using inside information, and a mediation agreement in the proceeding submitted for court approval in November 2025 – further to the court's comments on the settlement, in June 2026 the applicant, the Company, and BCom filed an amended motion for approval of the mediation settlement, with no change in the amounts (NIS 11 million, of which NIS 8.75 million is expected to be paid to the Company).

Sub-section H regarding the filing of a motion with the Tel Aviv District Court to approve a settlement agreement in a class action concerning asset balances in the financial statements of Bezeq International – On March 26, 2026, the Court issued a judgment approving the settlement agreement, as detailed in the original report. It should be noted that while the judgment includes a reduction in the compensation and attorneys' fees for the plaintiffs and their counsel, which are included in the settlement amount, there is no change in the total settlement amount approved by the court.

[7] Regarding the proceeding described in footnote 46 of the 2025 financial statements – the Company is not a party to the proceeding and has no information regarding its continuation.

3. Pelephone – Cellular

Section 3.7.1 – Infrastructure

Sub-section 3.7.1.1(C) regarding the shutdown of the 3G service – As at the publication date of the report, Pelephone provides 3G service on a limited basis, at some of the network's sites and using only the 2100 MHz frequency band.

On August 5, 2026, the Ministry of Communications published a request for comments, announcing that it was considering tightening and expanding the existing coverage and reception requirements set out in the licenses of cellular operators. Pelephone submitted its response to the request. At this stage, the expected effect of the request for comments cannot be assessed

Section 3.8.2 – Frequency usage rights

Subsection 3.8.2.2 regarding the frequency inventory held by Pelephone – Pelephone's right to use frequencies under its cellular license and the Telegraph Ordinance in the 1800 MHz band has been extended until December 31, 2026. In addition, on January 31, 2026, Pelephone returned the two remaining frequency bands in the 850 MHz range to the national frequency pool (except for the operation of the 850 MHz frequency at a number of approved sites for a limited period of several months, until April 30, 2026, after which Pelephone's network has operated without the 850 MHz frequency).

In addition, the Ministry of Communications announced that the temporary 1800 MHz band will also be allocated simultaneously to Palestinian operators, and Pelephone will be required to ensure, including by ceasing transmission where necessary, that it does not cause interference to these operators.

Deployment of 800 MHz frequencies is currently being carried out at a moderate pace, partially and on a trial basis (without allocation) during 2026.

Sub-section 3.8.2.3 regarding the replacement of frequencies in the first gigahertz range – At the beginning of 2026, the allocation of the 850 MHz band ended, and there is still no certainty regarding the timing of the allocation of the 800 MHz frequency.

Section 3.9.4 – Collective agreement and section 3.9.5 – Labor disputes

Regarding the renewal of the collective agreement at Pelephone – On March 19, 2026, Pelephone signed a renewal of the existing collective agreement between Pelephone, the Histadrut (General Federation of Labor), and the employees' representatives of Pelephone, for the period from January 1, 2026 to December 31, 2028 (the "Agreement" and the "Agreement Period," respectively). The Agreement includes the retirement of up to 150 permanent employees in the Agreement Period (including 80 employees whose retirement has already been agreed upon, and the remainder through a voluntary retirement plan), as well as salary increases, bonuses, and employee benefits.[8] Accordingly, a one-time expense was recorded in the financial statements of Pelephone and the Company for the first quarter of 2026, for retirement expenses for 85 Pelephone employees (whose retirement was agreed upon as noted) and one-time employee bonuses, amounting to approx. NIS 86 million. During the term of the collective agreement, the parties will maintain industrial peace and a waiver of claims regarding all matters regulated therein.

According to Pelephone's assessment, if the retirement arrangements (including the voluntary retirement component) are fully implemented, this is expected to have a positive effect on results (net of retirement expenses, which will increase accordingly).

Pelephone's assessments regarding the effect of the Agreement, including the estimate of the one-time expense, constitute forward-looking information as defined in the Israel Securities Law, and are based, among other things, on Pelephone's assumptions regarding the manner and scope of implementation of the retirement arrangements and other terms set out in the Agreement. These assessments may not materialize or may materialize differently than expected, partly depending on the manner and extent to

[8] This amount includes a change-of-control bonus in the amount of NIS 12 million, which was distributed to employees in accordance with the Group methodology implemented in the other Group companies.

which the agreement and retirement plans are implemented, with attention to Pelephone's needs and ability to implement its plans, and compliance with other terms and conditions of the agreement.

Section 3.15 – Material agreements

Section 3.15.2 regarding the agreement between Pelephone and the Accountant General and the exercise of its extension option – As of the publication date of the report, the agreement has been extended until December 31, 2026, in parallel with gradual implementation of the new tender.

Section 3.16.1 – Pending legal proceedings

Subsection B regarding a claim and motion to certify it as a class action concerning notifications of the termination of fixed-term transactions – In July 2026, the court issued a decision certifying the claim as a class action.

Section 3.18.7 – Synergistic growth investments

Further to Pelephone's signing of a non-binding memorandum of understanding , on July 14, 2026, for the acquisition of 100% of the issued and paid-up share capital of Wecom Mobile Ltd. ("Wecom"), on November 9, 2026, Pelephone entered into a binding agreement with Clear Holdings Communications Ltd. and Marathon Telecom Ltd. (the "Sellers") for the acquisition of 100% of the issued and paid-up share capital of Wecom on a cash-free, debt-free basis.

Pursuant to the agreement, and in consideration for the acquisition, subject to the fulfillment of the conditions precedent set out in the agreement, Pelephone will pay up to NIS 265 million, subject to customary adjustments set out in the agreement (the "Consideration"). Upon closing, a portion of the Consideration, in an amount specified in the agreement, will be deposited with a trustee to secure the Sellers' indemnification obligations and the adjustment of the Consideration. It should be noted that an immaterial portion of the Consideration may become payable upon the fulfillment of certain conditions and the achievement of milestones agreed upon in the agreement.

Completion of the transaction pursuant to the agreement is subject to the fulfillment of conditions precedent, including the approval of the Anti-Trust Commissioner, approval by the Ministry of Communications (including, if required, amendments to the cellular licenses of Pelephone and Wecom), and the extension of Wecom's cellular license for a period of ten years commencing upon its scheduled expiration on April 19, 2027. The final date for fulfillment of the conditions precedent is 180 days from the date of signing the agreement (the "Long-Stop Date"). However, if, shortly before the Long-Stop Date, there are reasonable grounds to believe that all the conditions precedent are expected to be fulfilled shortly after the Long-Stop Date, either party may, at its discretion, extend the Long-Stop Date by an additional 30 days.

Pelephone will finance the acquisition using its existing cash balances and/or those of the Company.

Pelephone's entry into the transaction is part of the implementation of Bezeq Group's business strategy, which includes investments to promote growth. Pelephone intends to transfer Wecom's customers to the Pelephone network, thereby enabling them to benefit from the full range of cellular services offered over Pelephone's network.

The Company estimates that completion of the transaction and realization of the potential synergies arising therefrom, including operating cost synergies in the short term and network and spectrum cost synergies in the medium to long term, may contribute approx. NIS 50 million to the Company's comparative EBITDA in the short term and approx. NIS 100 million in the long term.

The foregoing, including matters relating to the fulfillment of the conditions precedent, including receipt of approval from the Anti-Trust Commissioner and approval by the Ministry of Communications, extension of Wecom's cellular license, estimates regarding the Company's financial results following the transaction and the Company's strategy, and estimates regarding completion of the transaction and realization of potential synergies, constitutes forward-looking information, as defined in the Israel Securities Law, which is based on information available to the Company and its estimates as at the date of the report, whose realization is uncertain. Actual results may differ materially from those described above, in whole or in part, due to various factors, including the failure to obtain required approvals, the imposition of conditions in connection with such approvals, and the absence of suitable market conditions.

For further information see the Company's immediate reports of July 14, 2026 and November 9, 2026, included in this report by way of reference.

4. Bezeq International – ISP, international communications, and ICT solutions

Section 4.8 – Human resources

On April 19, 2026, Ron Gelb concluded his service as CEO of Bezeq International, and he was replaced by Meni Baruch, who had served until that date as the Company's VP of Technologies and Network.

5. yes – multichannel television

Section 5.1.2 – Restrictions, legislation, and special constraints in the operating segment

Regarding the Communications (Broadcasting) Bill, 2025, (the "Bill") – On July 16, 2026, the Bill (as narrowed during the legislative process) passed its second and third readings in the Knesset and on July 28, 2026, the Communications (Broadcasting) Law, 2026 (the "Broadcasting Law") was published in the Official Gazette. The effective date of the Broadcasting Law is two years from its publication, although certain provisions have earlier or later effective dates, and some are contingent upon the completion of preparations by the Authority and the Council. In addition, certain provisions are subject to transitional provisions and temporary orders. The Broadcasting Law includes numerous provisions that are subject to the enactment of regulations, the exercise of discretion by the Council, transitional arrangements, and staggered effective dates.

Following an interim order issued in July 2026, in October 2026, the Supreme Court issued an order nisi in respect of some of the petitions filed against the Law, requiring the respondents to show cause why the Broadcasting Law should not be repealed due to the alleged defects in the legislative process. The Supreme Court also issued an interim order suspending the Law's entry into force.

The Company does not expect the Broadcasting Law to have a material effect on the operations of yes.

Section 5.10.3 – Bonuses and nature of employment agreements

Regarding the collective agreement between yes and the Histadrut National Labor Federation and the employees committee of yes – On August 3, 2026, an extension and amendment agreement to the collective agreement was signed for a one-year period ending at the end of 2026. The agreement also includes additional understandings, including the granting of financial benefits and the regulation of employee retirement. The economic impact of the renewed agreement is not material to yes and the Company.

Section 5.12 – Financing

Regarding the credit facility or equity investment approved by the Company for yes in March 2026 in a total amount of up to NIS 50 million – In August 2026, yes took out a loan from the Company in the amount of NIS 45 million, repayable by December 2027. After taking out the loan, the balance of the facility is NIS 5 million. For further information see also Note 4.1.2 to the Financial Statements.

Section 5.16 – Legal proceedings

In April 2026, a motion for certification of a class action, together with a statement of claim, was filed against yes with the Haifa District Court . According to the allegations in the motion, yes is in breach of the provisions of the law and its license relating to telephone inquiries regarding termination of service, including by routing such inquiries initially to a representative who is not authorized to terminate the engagement with the customer. The motion states that the class action's amount cannot be estimated at this stage and that it exceeds NIS 2.5 million (the applicant estimated his personal damages at NIS 500).

In April 2026, a motion for certification of a class action, together with a statement of claim, was filed against yes with the Center District Court. According to the allegations in the motion, yes is in breach of

the provisions of the law, among other things, by failing, in notices regarding price increases sent to its subscribers, to specify the price of the service or product prior to the increase and the amount by which the price was increased. Accordingly, it is alleged that the subscribers' ability to understand the effect of the price increase is impaired, and, among other things, this prevents the subscriber from negotiating in relation thereto. The motion states that the class action's amount cannot be assessed at this stage and that it exceeds NIS 2.5 million.

In June 2026, a motion for certification of a class action, together with a statement of claim, was filed against yes with the Center District Court. According to the allegations in the motion, yes breached the provisions of the law, including by reducing the broadcast (and viewing) quality for its satellite television subscribers without compensation or a price reduction, and without notifying them of this change. The motion states that the amount of the class action exceeds NIS 2.5 million.

In October 2026, a motion for certification of a class action, together with a statement of claim, was filed against yes with the Center District Court. According to the allegations in the motion, yes and/or parties acting on its behalf have violated the provisions of the law with respect to placing telephone calls to potential customers, with the aim of persuading them to subscribe to the services of yes, or to existing customers with the aim of increasing the monthly payments made to the Company, without obtaining their consent, and notwithstanding explicit refusals. The motion states that the class action's amount cannot be assessed at this stage and that it exceeds NIS 2.5 million.

Sub-section C – Regarding a motion to approve a derivative claim filed in connection with a motion for disclosure of documents concerning the Spacecom transaction and subsection E – regarding a motion to approve a derivative action concerning the sale of the Company's shares in 2016 by BCom – see updates to sections 2.18.1D and 2.18.1F, respectively.

November 10, 2026

Date

Bezeq The Israeli Telecommunications Corp. Ltd

Names and titles of signatories:

Tomer Raved, Chairman of the board of directors

Nir David, CEO

Chapter B

Board of Directors' Report on the State of the Company's Affairs for the Period ended September 30, 2026

The information contained in this report constitutes a translation of the financial statements published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only



We hereby present the Board of Directors' Report on the state of affairs of Bezeq The Israeli Telecommunications Corp. Ltd. (the "Company") and the consolidated Group companies (the Company and the consolidated companies, jointly – the "Group"), for the nine months ended September 30, 2026 (the "Period") and for the three months then ended (the "Quarter").

The Board of Directors' Report contains a condensed review of its subject matter and was prepared taking into account that the Board of Directors' Report as at December 31, 2025, is also available to the reader.

Bezeq Group is a key provider of communication services in Israel, providing a broad range of telecommunication services and other services, including domestic fixed-line, internet infrastructure and access services, cellular (MRT) services, international communications services, multichannel television broadcasts over the internet (OTT) and via satellite, maintenance and development of communications infrastructures, communications services to other communications providers (including wholesale market services), television and radio broadcasts, supply and maintenance of equipment, and services on customer premises (network end point – NEP – services). With regard to the Company operations in the electricity supply sector see Note 12.6 to the annual financial statements.

The telecommunications market is fiercely competitive, mainly among telecommunications groups (Bezeq Group, HOT Group, Cellcom Group and Partner Group) operating concurrently in several sectors of the communications market.

In its financial statements, the Group reports on the following four main operating segments:

1. Domestic fixed-line communications
2. Cellular communications
3. ISP, international telecommunications and ICT solutions ("Bezeq International Services")
4. Television and communication services

For further information about the Company's operations, including in the reporting period, see Chapter 1 Update to Part A (Description of the Company's Business) of the Periodic Report for 2025.

Breakdown of the Group's results:

	1-9.2026	1-9.2025	Change		7-9.2026	7-9.2025	Change	
	NIS million		NIS million	%	NIS million		NIS million	%
Net profit	**867**	1,175	(308)	(26.2)	**348**	446	(98)	(22.0)
Adjusted net profit[1]	**1,007**	1,228	(221)	(18.0)	**383**	482	(99)	(20.5)
Comparable net profit[1]	**987**	775	212	27.4	**372**	258	114	44.2
EBITDA[1]	**2,765**	2,907	(142)	(4.9)	**978**	996	(18)	(1.8)
Adjusted EBITDA[1]	**2,920**	2,968	(48)	(1.6)	**1,014**	1,041	(27)	(2.6)
Comparable EBITDA[1]	**2,920**	2,777	143	5.1	**1,014**	939	75	8.0
Free cash flow[1]	**859**	823	36	4.4	**249**	331	(82)	(24.8)
Core revenues[1]	**6,095**	5,920	175	3.0	**2,040**	1,995	45	2.3

(1) For the non-GAAP financial indices, see below.

The decrease in the net profit is mainly due to the reversal of an impairment loss related to assets of yes Television and Communications Services Ltd. ("yes"), which was recognized in the corresponding period and quarter, and also in the Period due to expenses for the renewal of a collective agreement in the Cellular Communications segment. For further information see section 1.2 below.

Non-GAAP based financial indices

As at the reporting date, the Group's management uses non-GAAP financial performance indices for assessing and presenting the Group's financial performance. These indices are not a substitute for the information

included in the Company's financial statements. It should be noted that the indices should not be compared wh similar indices by other companies due to a possible difference in the way the index is calculated.

Breakdown of the indices:

Index	Calculation and objectives of the index
Adjusted net profit	Net profit excluding other operating expenses/income, net after tax, and non-recurring losses/gains from impairment/appreciation after tax, and equity compensation plan expenses. The index allows comparison of performance of various periods by adjusting the effects of irregular non-recurring expenses/income.
EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)	Earnings before financing expenses/income, taxes, depreciation and amortization. The EBITDA index is a generally accepted measure used in the Group's area of operations, which offsets effects arising from the variance in the capital structure, various taxation aspects, and the depreciation method and period for fixed and intangible assets. The Group's EBITDA is calculated as operating profit before depreciation, amortization and impairment (including ongoing losses from impairment of fixed and intangible assets, as described in Note 5 to the financial statements).
Adjusted EBITDA	EBITDA excluding other operating expenses/income, one-time losses/gains from impairment/appreciation, and equity compensation plan expenses. The index allows comparison of operating performance of various periods by adjusting the effects of irregular non-recurring expenses/income.
Comparable EBITDA and comparable net profit	The Company’s adjusted EBITDA and adjusted net profit, excluding the overall effect of appreciation/impairment.
Free cash flow	Cash from operating activities net of cash for the purchase/sale of fixed assets and intangible assets, net, and with the application of IFRS 16, lease payments are also deducted. Free cash flow serves as an index for assessing its business results and cash flows, since the Group believes that free cash flow is an important indicator of liquidity that reflects cash resulting from the Group’s operating activities after cash investments in infrastructure and other fixed assets and intangible assets.
Core revenues	Group revenues excluding revenues from telephony services in the domestic fixed-line communications segment, interconnect revenues in the cellular communications segment, revenues from consumers in the Bezeq International services segment, and revenues of the subsidiary, Bezeq Online. This index enables comparison of revenues between various periods by separating current revenues from legacy revenues that are not part of the Group's core operations.

Breakdown of the calculation of these indices:

	1-9.2026	1-9.2025	7-9.2026	7-9.2025
	NIS million		NIS million	
Adjusted net profit and comparable net profit				
Net profit	**867**	1,175	**348**	446
Excluding other operating expenses, net, and amortization of excess costs, net of tax	**128**	36	**31**	30
Excluding expenses for equity based compensation	**12**	17	**4**	6
Adjusted net profit	**1,007**	1,228	**383**	482
Excluding the overall effect of impairment / reversal of an impairment loss in yes Television and Communications Services Ltd. ("yes")	**-**	(427)	**-**	(215)
Excluding the overall effect of impairment loss in Bezeq International	**(20)**	(26)	**(11)**	(9)
Comparable net profit	**987**	775	**372**	258

EBITDA, adjusted EBITDA and comparable EBITDA				
Operating profit	**1,308**	1,688	**510**	616
Net of depreciation, amortization, impairment and reversal of impairment loss	**1,457**	1,219	**468**	380
EBITDA	**2,765**	2,907	**978**	996
Excluding other operating expenses (income), net	**143**	44	**32**	39
Excluding expenses for equity based compensation	**12**	17	**4**	6
Adjusted EBITDA	**2,920**	2,968	**1,014**	1,041
Excluding the overall effect of impairment/reversal of an impairment loss of operating assets (mainly broadcasting rights of yes)	**-**	(191)	**-**	(102)
Comparable EBITDA	**2,920**	2,777	**1,014**	939

	1-9.2026	1-9.2025	7-9.2026	7-9.2025
	NIS million		NIS million	
Free cash flow				
Net cash from operating activities	**2,432**	2,430	**768**	866
Net of cash for purchase/sale of fixed assets and intangible assets, net	**1,239**	1,233	**410**	418
Net of lease payments	**334**	374	**109**	117
Free cash flow	**859**	823	**249**	331

Core revenues				
Group revenues	**6,505**	6,516	**2,171**	2,145
Net of telephony revenues in the domestic fixed-line communications segment	**337**	371	**108**	120
Net of interconnect revenues in the cellular communications segment	**-**	75	**-**	-
Net of revenues from consumers in the Bezeq International segment	**73**	96	**23**	30
Net of Bezeq Online revenues	**-**	54	**-**	-
Total core revenues	**6,095**	5,920	**2,040**	1,995

1. The board of directors' explanations on the state of the Company's affairs, results of operations, equity, cash flows, and additional matters

1.1 Financial position – Assets

	September 30, 2026	September 30, 2025	Change		Explanation
		NIS million		%	
Cash and current investments	**1,446**	2,886	(1,440)	(49.9)	The decrease is due, among other things, to debt payments, dividend payments, and acquisition of treasury shares (buybacks), offset by the generation of free cash flows. For further information see Note 7 and section 1.3 below.
Current and non-current trade and other receivables	**2,094**	2,076	18	0.9	The increase is mainly due to an increase in trade receivables in yes and non-current trade receivables in the domestic fixed-line communications segment, mainly offsetting reversal of an insurance indemnification receivable with respect to provisions for legal claims in the domestic fixed-line communications segment.
Inventory	**132**	101	31	30.7	The increase is due to the cellular communications sector, mainly from stocking up of inventory of new devices.
Right-of-use assets	**1,812**	1,751	61	3.5	The increase is attributable to the cellular communications segment, due to the renewal of agreements and the addition of new sites, as well as to the domestic fixed-line communications segment, with respect to buildings and vehicles.
Fixed assets	**7,496**	7,371	125	1.7	The increase is mainly attributable to the domestic fixed-line communications segment, among other things, due to the progress made in the fiber network deployment project, and from cellular communications segment, among other things, due to investments in the 5G network.
Intangible assets	**1,082**	1,052	30	2.9	The increase is attributable to yes, due to investments in software and from the recognition of recovered value for brand-related excess cost in 2025.
Broadcasting rights	**404**	312	92	29.5	The increase is attributable to yes, due to the reversal of an impairment loss on the asset in 2025 and investments in content.
Deferred expenses and non-current investments	**336**	236	100	42.4	The increase is mainly attributable to the recognition of a subscriber acquisition asset in yes, an increase in a subscriber acquisition asset in the cellular communications segment, and an investment in the domestic fixed-line communications segment.
Total assets	**14,802**	15,785	(983)	(6.2)	

1.1 Financial position (contd.) - Liabilities and equity

	September 30, 2026	September 30, 2025	Change		Explanation
		NIS million		%	
Debt to financial institutions and debenture holders	**6,990**	7,534	(544)	(7.2)	The decrease in debt is due to the final redemption of Debentures (Series 9 and 10) in December 2025, the repayment of Debentures (Series 11 and 12) and scheduled loan repayments, offset by the issue of debentures through the expansion of Debentures (Series 13 and 14) in December 2025 in the domestic fixed-line communications segment.
Lease liabilities	**2,038**	1,947	91	4.7	The increase is attributable to the cellular communications segment, due to the renewal of agreements and the addition of new sites, as well as to the domestic fixed-line communications segment, with respect to buildings and vehicles.
Trade and other payables	**1,918**	1,848	70	3.8	The increase is mainly due to an increase in trade payables, mainly with respect to timing of payments, offset by a decrease in current tax liabilities.
Dividend payable	**-**	583	(583)	(100)	The dividend was paid on October 19, 2025.
Employee benefits	**617**	595	22	3.7	The increase is mainly due to increased provisions relating to termination of employer-employee relations for early retirement in the domestic fixed-line communications segment, and an increase in the cellular communications segment subsequent to the signing of the collective agreement renewal, offset by employee retirement payments across the Group and by the payment of the special grant under the amendment to the collective agreement following the sale of the holdings of the former controlling shareholders in the Company.
Provisions	**130**	197	(67)	(34.0)	The decrease is mainly attributable to the domestic fixed line communications segment, mainly due to the cancellation of provision for legal claims against an insurance indemnification asset.
Deferred tax liabilities	**94**	70	24	34.3	The increase is attributable to the domestic fixed line communications segment.
Derivatives and other non-current liabilities	**405**	302	103	34.1	The increase is mainly due to an increase in long-term prepaid revenues and liabilities in the domestic fixed-line communications segment, mainly with respect to a long-term agreement for the provision of indefeasible right of use (IRU) for BSA fiber (wholesale market) with Partner Communications Ltd.
Total liabilities	**12,192**	13,076	(884)	(6.8)	
Total equity	**2,610**	2,709	(99)	(3.7)	Equity constitutes 17.6% of the total balance sheet compared with 17.2% of the total balance sheet as at September 30, 2025. The decrease in equity is due to the distribution of dividends and acquisition of treasury shares (buyback), see Note 7 of the financial statements, offset by accrued profits.
Total liabilities and equity	**14,802**	15,785	(983)	(6.2)	

1.2 Operating results

1.2.1 Highlights

	1-9.2026	1-9.2025	Change		7-9.2026	7-9.2025	Change		Explanation
	NIS million			%	NIS million			%	
Revenues	**6,505**	6,516	(11)	(0.2)	**2,171**	2,145	26	1.2	In the quarter and in the period, there was mainly an increase in revenues in the television and communications services segment, which was offset in the period, by a decrease in revenues in the cellular communications segment, mainly due to the elimination of interconnect tariffs in June 2025, as well as a decline in revenues following the sale of the subsidiary Bezeq Online and its deconsolidation as of the second quarter of 2025. In the quarter, the foregoing increase was partially offset mainly by a decrease in revenues in the Bezeq International Services segment. For further information, see Note 8 to the financial statements and section 1.2.2 below.
General operating expenses	**2,208**	2,169	39	1.8	**704**	661	43	6.5	The increase in expenses is mainly due to the reversal of an impairment loss on a broadcasting rights asset in yes in the corresponding period and quarter, offset, among other things, by the cancellation of the Group's incentive fund expenses for the fiber deployment in the reported quarter and in the period a decrease in interconnect payments to communications operators due to the aforementioned cancellation of most of the rates, mainly in the cellular communications segment. See Notes 5.1 and 9 to the financial statements.
Salaries	**1,389**	1,396	(7)	(0.5)	**457**	449	8	1.8	The increase in salary expenses in the domestic fixed-line communications segment was offset in the period mainly by the sale of the subsidiary Bezeq Online and its deconsolidation as of the second quarter of 2025.
Depreciation, amortization, impairment and reversal of impairment loss	**1,457**	1,219	238	19.5	**468**	380	88	23.2	The increase is mainly attributable to an increase in depreciation expenses at yes, mainly due to the reversal of an impairment loss on assets in 2025, and depreciation of excess costs relating to a brand.
Other operating expenses, net	**143**	44	99	225.0	**32**	39	(7)	(17.9)	The increase in the period is due to an increase in expenses related to termination of employer-employee relations for early retirement in the cellular communications segment resulting from the signing of the collective agreement renewal and in the domestic fixed-line communications segment, see Note 15.3 to the financial statements.
Operating profit	**1,308**	1,688	(380)	(22.5)	**510**	616	(106)	(17.2)	
Financing expenses, net	**200**	254	(54)	(21.3)	**62**	82	(20)	(24.4)	The decrease is mainly due to the domestic fixed-line communications and the television and communications services segments. For further information, see Note 11 to the financial statements and section 1.2.2 below.
Share in losses of an investee	**6**	20	(14)	(70.0)	**7**	16	(9)	(56.3)	The Company records its share in the net operating results of BezeqGen in its financial statements.
Profit before income tax	**1,102**	1,414	(312)	(22.1)	**441**	518	(77)	(14.9)	
Income tax	**235**	239	(4)	(1.7)	**93**	72	21	29.2	
Net profit for the period	**867**	1,175	(308)	(26.2)	**348**	446	(98)	(22.0)	

1.2.2 Operaing segments

A. Breakdown of revenues and operating profit by Group operating segments:

	1-9.2026		1-9.2025		7-9.2026		7-9.2025	
	NIS million	% of total revenues	NIS million	% of total revenues	NIS million	% of total revenues	NIS million	% of total revenues
Revenues by operating segment								
Domestic fixed-line communications	**3,337**	**51.3**	3,314	50.9	**1,113**	**51.3**	1,111	51.8
Cellular communications	**1,554**	**23.9**	1,613	24.8	**525**	**24.2**	517	24.1
Bezeq International services	**815**	**12.5**	817	12.5	**250**	**11.5**	281	13.1
Television and communication services	**1,061**	**16.3**	960	14.7	**370**	**17.0**	321	15.0
Others and adjustments	**(262)**	**(4.0)**	(188)	(2.9)	**(87)**	**(4.0)**	(85)	(4.0)
Total	**6,505**	**100**	6,516	100	**2,171**	**100**	2,145	100

	1-9.2026		1-9.2025		7-9.2026		7-9.2025	
	NIS million	% of segment revenues	NIS million	% of total revenues	NIS million	% of segment revenues	NIS million	% of total revenues
Operating profit (loss) by operating segment								
Domestic fixed-line communications	**1,178**	**35.3**	1,098	33.1	**408**	**36.7**	328	29.5
Cellular communications	**57**	**3.7**	143	8.9	**64**	**12.2**	56	10.8
Bezeq International services	**45**	**5.5**	39	4.8	**19**	**7.6**	17	6.0
Television and communication services	**51**	**4.8**	(21) 2	(2.2)	**27**	**7.3**	1 2	0.3
Others and adjustments	**(23)**	**-**	429 3	-	**(8)**	**-**	214 3	-
Consolidated operating profit / % of the	**1,308**	**20.1**	1,688	25.9	**510**	**23.5**	616	28.7

(2) The results of the television and communications services segment until the end of 2025 are presented excluding the total impact of impairment losses and reversals recognized since 2018 (pro forma). This is in accordance with the manner in which the Group's chief operating decision maker evaluates the performance of the segment and makes decisions regarding the allocation of resources to the segment. In addition, see Note 14.3 for selected condensed information from the financial statements of yes.

(3) Mainly reconciliation of the difference between the operating loss of the television and communications segment (pro forma) and the accounting operating profit of yes, mainly due to reversal of an impairment loss, see Note 5.1 to the financial statements.

1.2.2 Operating segments

B. Domestic fixed-line communications

	1-9.2026	1-9.2025	Change		7-9.2026	7-9.2025	Change		Explanation
	NIS million			%	NIS million			%	
Revenues from internet services	**1,512**	1,521	(9)	(0.6)	**497**	508	(11)	(2.2)	The decrease is mainly due to a decrease in wholesale market rates as of April 1, 2026, offsetting an increase in broadband retail ARPU, which is mainly due to an increase in the number of fiber network subscribers.
Revenues from fixed line telephony	**337**	371	(34)	(9.2)	**108**	120	(12)	(10.0)	The decrease is due to a decrease in the number of lines and in average revenue per telephone line (ARPL), in the period mainly as a result of the cancellation of most of the interconnect rates since June 2025.
Revenues from data and other transmission and communications	**1,207**	1,153	54	4.7	**414**	391	23	5.9	The increase is mainly due to an increase in revenues from metro transmission services and fee-based projects, offsetting a decrease in the sale of equipment.
Revenues from cloud and digital services	**281**	269	12	4.5	**94**	92	2	2.2	The increase is due to cloud services and virtual-PBX, offset by a decrease in revenues from the business directory (B144).
Total revenues	**3,337**	3,314	23	0.7	**1,113**	1,111	2	0.2	
General operating expenses	**484**	583	(99)	(17.0)	**160**	203	(43)	(21.2)	The decrease is mainly due to a decrease in expenses for terminal equipment, materials and subcontractors, the reversal of expenses relating to the fiber network deployment incentive fund in the reported quarter and in the period also due to a decrease in interconnect payments to communications operators following the forgoing reduction in rates.
Salaries	**843**	807	36	4.5	**279**	270	9	3.3	The increase is due to salary updates, a decrease in salary capitalization costs, and an increase in bonus and actuarial provisions, mainly due to the signing of the amendment to the collective agreement between the Company, the employees' union, and the Histadrut, offset by the retirement of employees.
Depreciation and amortization	**779**	788	(9)	(1.1)	**241**	269	(28)	(10.4)	The decrease is due to an immaterial non-recurring adjustment in the depreciation section.
Other operating expenses, net	**53**	38	15	39.5	**25**	41	(16)	(39.0)	The increase in the period is mainly attributable to an increase in expenses related to termination of employer-employee relations for early retirement, an increase in provisions for legal claims, and a decrease in capital gains. The decrease in the quarter is mainly due to a reduction in expenses related to termination of employer-employee relations for early retirement.
Operating profit	**1,178**	1,098	80	7.3	**408**	328	80	24.4	
Financing expenses, net	**188**	220	(32)	(14.5)	**59**	73	(14)	(19.2)	The decrease in net finance expenses is mainly attributable to the effects of changes in the USD exchange rate, the revaluation of an investment, and decrease in CPI-linked differentials on debentures as a result of a more moderate increase in the CPI compared with the corresponding period and quarter of the previous year.
Share in losses of an investee	**6**	20	(14)	(70.0)	**7**	16	(9)	(56.3)	The Company records its share in the net operating results of BezeqGen in its financial statements.
Income tax	**225**	205	20	9.8	**81**	60	21	35.0	
Segment profit	**759**	653	106	16.2	**261**	179	82	45.8	

1.2.2. Operating segments

C. Cellular communications

	1-9.2026	1-9.2025	Change		7-9.2026	7-9.2025	Change		Explanation
	NIS million			%	NIS million			%	
Revenues from services excluding interconnect fees[4]	**1,103**	1,102	1	0.1	**384**	381	3	0.8	In the period, service revenues increased, mainly due to growth in the postpaid subscriber base, including subscribers for 5G plans, partially offset by a decrease in revenues mainly resulting from the elimination of fees for standing order payments. The increase in the quarter is mainly attributable to an increase in roaming service revenues as a result of seasonality factors during the summer and holiday period.
Interconnect revenues [4]	**-**	75	(75)	(100.0)	**-**	-	-	-	The decrease in the period is due to cancellation of most of the interconnect fees in June 2025.
Sale of terminal equipment	**451**	436	15	3.4	**141**	136	5	3.7	The increase is mainly due to an increase in sales of new devices.
Total revenues	**1,554**	1,613	(59)	(3.7)	**525**	517	8	1.5	
General operating expenses	**724**	795	(71)	(8.9)	**231**	235	(4)	(1.7)	The decrease in the period is mainly due to a decrease in interconnect expenses (parallel to the decrease in revenues). The decrease in the quarter is mainly due to reversal of expenses related to the fiber network deployment incentive fund.
Salaries	**251**	248	3	1.2	**81**	81	-	-	The increase in the period is mainly due to the effect of salary increases subsequent to the collective agreement. This increase is partially offset by a decrease in the number of employees.
Depreciation and amortization	**437**	428	9	2.1	**148**	147	1	0.7	The increase is mainly due to an increase in new investments.
Other operating expenses (income), net	**85**	(1)	86	-	**1**	(2)	3	-	Most of the increase in the period is due to employee retirements and one-time bonuses for employees subsequent to signing the renewed collective agreement between Pelephone, the Histadrut, and the employee representatives. In the quarter, the increase is mainly due to legal costs.
Operating profit	**57**	143	(86)	(60.1)	**64**	56	8	14.3	
Financing expenses, net	**11**	12	(1)	(8.3)	**7**	6	1	16.7	
Income tax	**13**	32	(19)	(59.4)	**14**	12	2	16.7	
Segment profit	**33**	99	(66)	(66.7)	**43**	38	5	13.2	

(4) Revenues from interconnect fees ("Interconnect Fees") – under the reform of regulated interconnect rates (the "Reform"), gradually as of June 2023 through June 2025, interconnect revenues from cellular carriers and domestic operators for which the Reform applies, will be presented separately.

1.2.2. Operating segments

D. Bezeq International services

	1-9.2026	1-9.2025	Change		7-9.2026	7-9.2025	Change		Explanation
	NIS million			%	NIS million			%	
Revenues	**815**	817	(2)	(0.2)	**250**	281	(31)	(11)	The decrease is mainly attributable to a decline in revenues from international telephony and ISP services in the private sector due to a decrease in the number of subscribers following the end-to-end ISP reform, and in the quarter, also due to a decrease in revenues from the sale of equipment, software licenses, and service contracts. This decrease is partially offset by an increase in revenues from the sale of corporate cloud services as well as internet services and, in the period, also due to an increase in revenues from the sale of equipment, software licenses, and service contracts. In addition, the decrease in revenues was affected by the depreciation of the USD exchange rate.
Operating and general expenses and impairment	**542**	546	(4)	(0.7)	**159**	189	(30)	(15.9)	The decrease is mainly attributable to a decrease in international telephony and internet services expenses in the retail segment and, in the quarter, also due to a decrease in expenses for equipment, software licenses and service contracts, at the same time as a decrease in revenues from these activities compared with the corresponding quarter of the previous year. This decrease is partially offset by an increase in expenses for the sale of cloud services, corporate internet services and, in the period, also due to an increase in expenses for equipment, software licenses, and service contracts. In addition, the decrease in expenses was affected by the depreciation of the USD exchange rate.
Salaries	**156**	161	(5)	(3.1)	**52**	52	-	-	The decrease in the period is mainly due to a decrease in salary expenses at Bezeq International, resulting from the continued decline in its employee headcount.
Depreciation, amortization, and impairment	**72**	71	1	1.4	**20**	23	(3)	(13.0)	
Operating profit	**45**	39	6	15.4	**19**	17	2	11.8	
Financing expenses (income), net	**(2)**	6	(8)	-	**-**	2	(2)	(100)	Net financing income in the period is due to recording of income with respect to USD exchange rate hedging transactions and an increase in interest revenues. The decrease in net financing expenses in the quarter is due to a decrease in exchange rate differential expenses offset by recording of expenses for hedging transactions and an increase in interest revenues.
Income tax	**1**	-	1	-	**-**	(1)	1	(100)	
Segment profit	**46**	33	13	39.4	**19**	16	3	18.8	

1.2.2 Operating segments

E. Television and communications services [5]

	1-9.2026	1-9.2025	Change		7-9.2026	7-9.2025	Change		Explanation
	NIS million			%	NIS million			%	
Revenues	**1,061**	960	101	10.5	**370**	321	49	15.3	The increase is mainly due to revenues from the collaboration for providing content services to Partner, from revenues from the sale of content to external entities, and due to an increase in revenues from bundled television-fiber packages, offsetting a decrease in television ARPU.
General operating expenses	**708**	668	40	6.0	**236**	219	17	7.8	The increase is mainly due to an increase in costs related to the collaboration for providing content services to Partner and fiber network operating costs, offset by a decrease in the costs of satellite segments and in the period, also in content costs.
Salaries	**139**	132	7	5.3	**46**	44	2	4.5	The increase is mainly due to salary revisions under the collective agreement and an increase in minimum wage, as well as a decrease in National Insurance reimbursement for reserve duty benefits.
Depreciation and amortization	**158**	174	(16)	(9.2)	**56**	57	(1)	(1.8)	The decrease is due to fully depreciated assets as well as the extension of the useful life of converters following the extension of the agreement with Spacecom until the end of 2028.
Other operating expenses	**5**	7	(2)	(28.6)	**5**	-	5	-	The reporting period and quarter include expenses related to employee retirements and one-time bonuses. The corresponding period included expenses related to contingent bonuses for employees with regard to the change in control of Bezeq.
Operating profit (loss)	**51**	(21)	72	-	**27**	1	26	-	
Financing expenses (income), net	**4**	18	(14)	(77.8)	**(4)**	3	(7)	-	The decrease in net financing expenses is due to a decrease in the volume of hedging transactions, the value of which declined as a result of the depreciation of the USD exchange rate (forward)
Income tax	**2**	-	2	-	**1**	-	1	-	
Segment profit (loss)	**45**	(39)	84	-	**30**	(2)	32	-	

(5) In the corresponding period and quarter last year, results of the television and communications services segment are presented excluding the total effect of an impairment loss and reversal thereof recognized since 2018 (pro forma). This is in accordance with the manner in which the Group's chief operating decision maker evaluates the performance of the segment and makes decisions regarding the allocation of resources to the segment. Further to Note 10.4 to the annual financial statements regarding the reversal of an impairment loss in yes in 2025, during 2025 yes recognized reversal of an impairment loss up to the recoverable amount, in accordance with the requirements of International Accounting Standard IAS 36. For further information, see Notes 5.1 and 13 to the financial statements. In addition, see Note 14.3 for selected condensed information from the financial statements of yes.

1.3 Cash flows

	1-9.2026	1-9.2025	Change		7-9.2026	7-9.2025	Change		Explanation
	NIS million			%	NIS million			%	
Net cash flow from operating activities	**2,432**	2,430	2	0.1	**768**	866	(98)	(11.3)	In the quarter and in the period, net cash flows from operating activities decreased, mainly due to inventory procurement in the cellular communications segment and employee benefit payments. The decrease in the period was offset, mainly by a decrease in net income tax payments.
Net cash generated (used) in investing activities	**145**	(1,196)	1,341	-	**19**	(584)	603	-	The change in net cash flow from investing activities is mainly due to an increase in proceeds from the redemption of bank deposits and other financial investments, and due to investment in bank deposits and other financial investments in the corresponding period and Quarter, in the domestic fixed-line communications segment.
Net cash used in financing activities	**(2,598)**	(1,123)	(1,475)	131.3	**(796)**	(148)	(648)	437.8	The increase in net cash flows used for financing activities is due to an increase in dividend payments, the acquisition of treasury shares (buybacks), an increase in the repayment of loans and, in the period, also due to the repayment of Debentures (Series 11 and 12).
Net increase (decrease) in cash	**(21)**	111	(132)	-	**(9)**	134	(143)	-	

Average volume in the reporting period

Long-term liabilities (including current maturities) to financial institutions and debenture holders: NIS 7,441 million.

Supplier credit: NIS 1,052 million. Short-term customer credit: NIS 1,464 million. Long-term customer credit: NIS 248 million.

Working capital

The Group has a working capital deficit (current assets net of current liabilities) as at September 30, 2026, in the amount of NIS 631 million compared with a working capital deficit in the amount of NIS 492 million as at September 30, 2025.

The Company (based on its standalone financial information) has a working capital deficit in the amount of NIS 548 million as at September 30, 2026, compared with a working capital deficit in the amount of NIS 411 million as at September 30, 2025.

The increase in the Group and the Company's working capital deficit is due to a decrease in investments and cash and cash equivalents, offset by a decrease in total current liabilities due to the final redemption of Debentures (Series 9 and 10) in December 2025 and dividend payments.

The Company's board of directors reviewed, among other things, existing and expected cash sources and needs of the Company and the Group in the foreseeable future, investment needs of the Company and the Group, the sources of credit available to the Company and the Group, and also reviewed sensitivity analyses of events of unforeseen deterioration in the businesses of the Company and of the Group. In this regard, the Company's board of directors determined that the foregoing working capital deficit does not indicate a liquidity problem in the Company or the Group, and that there is no reasonable concern that the Company or the Group will not meet their existing and expected obligations when they fall due. The Company and the Group have the ability to meet their existing and expected cash needs in the foreseeable future, even in a scenario of unforeseen deterioration in their businesses, whether with their available cash balances, cash generation from operations, through (net) liquidity sources from subsidiaries, or through the raising and refinancing of debt in significant amounts from banking and non-banking sources.

The foregoing information includes forward-looking information, which is based on the Company's assessments regarding liquidity. Actual figures may differ materially from the foregoing estimate if changes occur compared to the Company's assessments in one or more of the factors taken into account in these assessments, including assessments regarding the risk factors as set out in the Company's Periodic Report for 2025.

1.4 Update of the effects of inflation and the rising interest rate on the results of the Group's operations

As noted in Note 30.5.1 to the annual financial statements, changes in the rate of inflation affect the Group's profitability and its future cash flows, mainly due to its CPI-linked liabilities. The Group implements a policy for reduction and partial hedging of exposure to the CPI and USD-NIS exchange rate, through the execution of forward transactions. See further information about the hedging transactions in Note 30.6 to the annual report.

In the nine months ended September 30, 2026, the increase in the known CPI is reflected in recording of financing expenses with respect to the Group's financial debt in an amount of NIS 49 million (financing expenses of NIS 42 million after hedging), a decrease of NIS 23 million (decrease of NIS 16 million after hedging) compared with the corresponding period last year.

It is noted that the effect of the CPI changes on the Group's operating results is immaterial.

Based on the volume of the Group's CPI linked debt as at September 30, 2026, every 1% increment in the CPI is expected to cause an increase of NIS 21 million in the Group's financing expenses (NIS 13 million after hedging).

Furthermore, based on the Company's current debt at variable interest, every 1% increase in the Bank of Israel interest rate is expected to increase the Group's annual financing costs by NIS 7 million and accordingly, is not expected to have a material effect on the results of the Group's operations. It should be noted that the Bank of Israel interest rate decreased by 1% in the foregoing period.

2. Disclosure concerning the Company's financial reporting

2.1 Due to the materiality of the legal claims filed against the Group and which at this stage cannot be assessed or for which exposure cannot be calculated, the auditors have drawn attention to the matter in their opinion on the financial statements.

2.2 Significant events in and subsequent to the date of the financial statements

For further information about material events in the reporting period and subsequent to the date of the financial statements, see Note 15 to the financial statements.

3. Information about a debenture series

On May 5, 2026, Maalot rating agency ratified the ilAA rating of the Company with stable outlook and the ilAA rating for the Company's debentures (see the immediate report dated May 5, 2026).

Similarly, on May 11, 2026, Midroog rating agency ratified the Aa2.il rating for the Company and for its debentures, with stable outlook (see the immediate report dated May 11, 2026).

4. Miscellaneous

For further information about the liabilities of the Company and the companies consolidated in its financial statements as at September 30, 2026, see the reporting form posted by the Company on the MAGNA website on November 11, 2026.

We thank the managers, employees and shareholders of the Group's companies.

Tomer Raved	Nir David
Chairman of the board of directors	CEO

Signed on: November 10, 2026

Chapter C

Condensed Consolidated Interim Financial Statements as at September 30, 2026 (Unaudited)

The information contained in these financial statements constitutes a translation of the financial statements published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only.



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Auditors' Review Report to the Shareholders of
Bezeq - The Israel Telecommunication Corporation Ltd.

Introduction

We have reviewed the accompanying financial information of Bezeq -The Israel Telecommunication Corporation Ltd. and its subsidiaries (hereinafter – "Group") comprising the condensed consolidated interim statement of financial position as of September 30, 2026 and the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the nine and three-month periods then ended. The Board of Directors and Management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with IAS 34 "Interim Financial Reporting" and are also responsible for the preparation of the financial information for these interim periods in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on the financial information for these interim periods based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (Israel) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accountants in Israel. A review of interim financial information consists of making inquiries, primarily of people responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to that mentioned in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Explanatory Paragraph

Without qualifying our abovementioned conclusion, we draw attention to lawsuits filed against the Group which at this stage cannot be assessed or the exposure in respect thereof cannot be calculated, as set forth in Note 6.

Somekh Chaikin

Certified Public Accountants (Isr.)

November 10, 2026

KPMG Somekh Chaikin, a partnership registered in Israel and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG Somekh Chaikin
Millennium Tower
17 Ha'arba'a Street, PO Box 609
Tel Aviv 6100601
03 684 8000

Date: November 10, 2026

To

The Board of Directors of Bezeq The Israeli Telecommunication Corp. Ltd

(hereinafter "The Company")

Dear Sirs,

Subject: Shelf registration statement of the Company dated May 2026

We hereby notify you that we consent to the inclusion (including by way of reference) of our reports specified hereunder in the aforesaid Shelf registration statement:

(1) Review report of auditors dated August 4, 2026 on the consolidated interim financial statements of the Company as of June 30, 2026 and for the six and three months periods then ended.

(2) Review report of auditors dated August 4, 2026 on the separate financial information of the Company as of June 30, 2026 and for the six and three months periods then ended, prepared in accordance with Regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

(3) Review report of auditors dated November 10, 2026 on the consolidated interim financial statements of the Company as of September 30, 2026 and for the nine and three months periods then ended.

(4) Review report of auditors dated November 10, 2026 on the separate financial information of the Company as of September 30, 2026 and for the nine and three months periods then ended, prepared in accordance with Regulation 38D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

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Certified Public Accountants (Isr.)

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Condensed Consolidated Interim Statements of Financial Position

		September 30, 2026	September 30, 2025	December 31, 2025
		(Unaudited)	(Unaudited)	(Audited)
Assets	**Note**	**NIS million**	**NIS million**	**NIS million**
Cash and cash equivalents		**622**	923	643
Investments	12.1	**824**	1,963	2,187
Trade receivables		**1,486**	1,437	1,443
Other receivables		**180**	246	211
Inventory		**132**	101	98
Total current assets		**3,244**	**4,670**	**4,582**
Trade and other receivables		**428**	393	398
Right-of-use assets		**1,812**	1,751	1,754
Fixed assets		**7,496**	7,371	7,469
Broadcasting rights		**404**	312	400
Intangible assets		**1,082**	1,052	1,084
Deferred expenses and non-current investments		**336**	236	251
Total non-current assets		**11,558**	**11,115**	**11,356**
Total assets		**14,802**	**15,785**	**15,938**

The attached notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Financial Position (Contd.)

		September 30, 2026	September 30, 2025	December 31, 2025
		(Unaudited)	(Unaudited)	(Audited)
Liabilities and equity	**Note**	**NIS million**	**NIS million**	**NIS million**
Debentures, loans, and borrowings		**1,011**	1,822	992
Current maturities of lease liabilities		**459**	424	425
Trade and other payables		**1,918**	1,848	1,901
Dividend payable		**-**	583	-
Employee benefits		**392**	321	542
Provisions	6	**95**	164	174
Total current liabilities		**3,875**	**5,162**	**4,034**
Loans and debentures		**5,979**	5,712	6,818
Lease liabilities		**1,579**	1,523	1,530
Employee benefits		**225**	274	219
Derivatives and other liabilities		**405**	302	292
Deferred tax liabilities		**94**	70	56
Provisions		**35**	33	34
Total non-current liabilities		**8,317**	**7,914**	**8,949**
Total liabilities		**12,192**	**13,076**	**12,983**
Equity attributable to shareholders of the Company				
Share capital		**3,859**	3,885	3,887
Share premium		**189**	398	398
Reserves		**407**	406	410
Deficit		**(1,847)**	(1,982)	(1,742)
Total equity attributable to shareholders of the Company		**2,608**	**2,707**	**2,953**
Noncontrolling interests		**2**	2	2
Total equity		**2,610**	**2,709**	**2,955**
Total liabilities and equity		**14,802**	**15,785**	**15,938**

Tomer Raved	**Nir David**	**Yohai Benita**
Chairman of the board of directors	CEO	CFO Bezeq Group

Approval date of the financial statements: November 10, 2026.

The attached notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Income

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues (Note 8)	**6,505**	6,516	**2,171**	2,145	8,702
Operating expenses					
General and operating expenses (Note 9)*	**2,208**	2,169	**704**	661	2,860
Salaries	**1,389**	1,396	**457**	449	1,859
Depreciation, amortization, impairment, and reversal of impairment loss*	**1,457**	1,219	**468**	380	1,687
Other operating expenses, net (Note 10)	**143**	44	**32**	39	279
Total operating expenses	**5,197**	4,828	**1,661**	1,529	6,685
Operating profit	**1,308**	1,688	**510**	616	2,017
Financing expenses (income) (Note 11)					
Financing expenses	**351**	395	**109**	127	498
Financing income	**(151)**	(141)	**(47)**	(45)	(191)
Financing Expenses, Net	**200**	254	**62**	82	307
Profit after financing expenses, net	**1,108**	1,434	**448**	534	1,710
Share in losses of an investee	**6**	20	**7**	16	19
Profit before income tax	**1,102**	1,414	**441**	518	1,691
Income tax	**235**	239	**93**	72	274
Total profit for the period	**867**	1,175	**348**	446	1,417
Net profit for the period attributable to shareholders of the Company	**867**	1,175	**348**	446	1,417
Basic and diluted earnings per share (NIS)	**0.31**	0.42	**0.12**	0.16	0.51

* See Note 5 regarding the reversal of the impairment loss recognized in the comparative period.

The attached notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Comprehensive Income

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Net profit for the period	**867**	1,175	**348**	446	1,417
Remeasurement of a defined benefit plan, net of tax - not to be carried to profit or loss	**(8)**	(1)	**(3)**	(1)	(4)
Additional items of other comprehensive loss for hedging, net of tax - to be carried to profit or loss	**(2)**	(11)	**(2)**	(3)	(9)
Total comprehensive income for the period	**857**	1,163	**343**	442	1,404
Total comprehensive income for the period attributable to shareholders of the Company	**857**	1,163	**343**	442	1,404

The attached notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity

	Share capital	Share premium	Treasury shares	Capital reserve for transactions between a corporation and a controlling shareholder	Capital reserve for employee options	Other reserves	Deficit	Total	Noncontrolling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
	Attributable to shareholders of the Company									
Nine months ended September 30, 2026 (Unaudited)										
Balance as at January 1, 2026	**3,887**	**398**	**-**	**390**	**68**	**(48)**	**(1,742)**	**2,953**	**2**	**2,955**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**867**	**867**	**-**	**867**
Other comprehensive loss for the period, net of tax	**-**	**-**	**-**	**-**	**-**	**(2)**	**(8)**	**(10)**	**-**	**(10)**
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**-**	**-**	**(2)**	**859**	**857**	**-**	**857**
Transactions with shareholders recognized directly in equity										
Dividend to the Company's shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(964)**	**(964)**	**-**	**(964)**
Share-based payments	**-**	**-**	**-**	**-**	**12**	**-**	**-**	**12**	**-**	**12**
Purchase of treasury shares	**-**	**-**	**(250)**	**-**	**-**	**-**	**-**	**(250)**	**-**	**(250)**
Cancellation of treasury shares	**(32)**	**(218)**	**250**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Exercise of options for shares	**4**	**9**	**-**	**-**	**(13)**	**-**	**-**	**-**	**-**	**-**
Balance as at September 30, 2026	**3,859**	**189**	**-**	**390**	**67**	**(50)**	**(1,847)**	**2,608**	**2**	**2,610**
Nine months ended September 30, 2025 (Unaudited)										
Balance as at January 1, 2025	3,882	393	-	390	56	(39)	(2,180)	2,502	2	2,504
Profit for the period	-	-	-	-	-	-	1,175	1,175	-	1,175
Other comprehensive loss for the period, net of tax	-	-	-	-	-	(11)	(1)	(12)	-	(12)
Total comprehensive income (loss) for the period	-	-	-	-	-	(11)	1,174	1,163	-	1,163
Transactions with shareholders recognized directly in equity										
Dividend to the Company's shareholders	-	-	-	-	-	-	(975)	(975)	-	(975)
Share-based payments	-	-	-	-	17	-	-	17	-	17
Exercise of options for shares	3	5	-	-	(8)	-	-	-	-	-
Balance as at September 30, 2025	3,885	398	-	390	65	(50)	(1,981)	2,707	2	2,709

The attached notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity (Contd.)

	Share capital	Share premium	Treasury shares	Capital reserve for transactions between a corporation and a controlling shareholder	Capital reserve for employee options	Other reserves	Deficit	Total	Noncontrolling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
	Attributable to shareholders of the Company									
Three months ended September 30, 2026 (Unaudited)										
Balance as at July 1, 2026	**3,890**	**406**	**(150)**	**390**	**65**	**(48)**	**(1,777)**	**2,776**	**2**	**2,778**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**348**	**348**	**-**	**348**
Other comprehensive loss for the period, net of tax	**-**	**-**	**-**	**-**	**-**	**(2)**	**(3)**	**(5)**	**-**	**(5)**
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**-**	**-**	**(2)**	**345**	**343**	**-**	**343**
Transactions with shareholders recognized directly in equity										
Dividend to the Company's shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(415)**	**(415)**	**-**	**(415)**
Share-based payments	**-**	**-**	**-**	**-**	**4**	**-**	**-**	**4**	**-**	**4**
Purchase of treasury shares	**-**	**-**	**(100)**	**-**	**-**	**-**	**-**	**(100)**	**-**	**(100)**
Cancellation of treasury shares	**(32)**	**(218)**	**250**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Exercise of options for shares	**1**	**1**	**-**	**-**	**(2)**	**-**	**-**	**-**	**-**	**-**
Balance as at September 30, 2026	**3,859**	**189**	**-**	**390**	**67**	**(50)**	**(1,847)**	**2,608**	**2**	**2,610**
Three months ended September 30, 2025 (Unaudited)										
Balance as at July 1, 2025	3,883	396	-	390	63	(46)	(1,844)	2,842	2	2,844
Profit for the period	-	-	-	-	-	-	446	446	-	446
Other comprehensive loss for the period, net of tax	-	-	-	-	-	(3)	(1)	(4)	-	(4)
Total comprehensive income (loss) for the period	-	-	-	-	-	(3)	445	442	-	442
Transactions with shareholders recognized directly in equity										
Dividend to the Company's shareholders	-	-	-	-	-	-	(583)	(583)	-	(583)
Share-based payments	-	-	-	-	6	-	-	6	-	6
Exercise of options for shares	2	2	-	-	(4)	-	-	-	-	-
Balance as at September 30, 2025	3,885	398	-	390	65	(49)	(1,982)	2,707	2	2,709

The attached notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity (Contd.)

	Share capital	Share premium	Treasury shares	Capital reserve for transactions between a corporation and a controlling shareholder	Capital reserve for employee options	Other reserves	Deficit	Total	Noncontrolling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
	Attributable to shareholders of the Company									
Year ended December 31, 2025 (Audited)										
Balance as at January 1, 2025	3,882	393	-	390	56	(39)	(2,180)	2,502	2	2,504
Profit for 2025	-	-	-	-	-	-	1,417	1,417	-	1,417
Other comprehensive loss for the year, net of tax	-	-	-	-	-	(9)	(4)	(13)	-	(13)
Total comprehensive income (loss) for the period	-	-	-	-	-	(9)	1,413	1,404	-	1,404
Transactions with shareholders recognized directly in equity										
Dividend to the Company's shareholders	-	-	-	-	-	-	(975)	(975)	-	(975)
Share-based payment	-	-	-	-	22	-	-	22	-	22
Exercise of options for shares	5	5	-	-	(10)	-	-	-	-	-
Balance as at December 31, 2025	3,887	398	-	390	68	(48)	(1,742)	2,953	2	2,955

The attached notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flow from operating activities					
Profit for the period	**867**	1,175	**348**	446	1,417
Adjustments:					
Depreciation, amortization, impairment and reversal of impairment loss	**1,457**	1,219	**468**	380	1,687
Capital gain, net	**(5)**	(7)	**(2)**	-	(7)
Financing Expenses, Net	**217**	280	**62**	89	342
Recovery of excess cost	**-**	-	**-**	-	(36)
Share in loss of an investee	**6**	20	**7**	16	19
Other non-cash expenses	**3**	2	**-**	-	2
Share-based payment	**12**	17	**4**	6	22
Income tax expenses	**235**	239	**93**	72	274
Change in trade and other receivables	**(96)**	(55)	**21**	(25)	(39)
Change in inventory	**(109)**	52	**(44)**	10	54
Change in trade and other payables	**197**	97	**29**	73	129
Change in provisions	**(10)**	11	**25**	12	22
Change in employee benefits	**(150)**	(68)	**(171)**	(17)	112
Change in broadcasting rights (including reversal of impairment loss)	**(4)**	(196)	**(3)**	(105)	(283)
Miscellaneous	**-**	(8)	**-**	(5)	(16)
Net income tax paid	**(188)**	(348)	**(69)**	(86)	(437)
Net cash from operating activities	**2,432**	2,430	**768**	866	3,262
Cash flow from (used in) investing activities					
Purchase of fixed assets	**(866)**	(961)	**(280)**	(301)	(1,265)
Investment in intangible assets and deferred expenses	**(380)**	(311)	**(130)**	(121)	(413)
Investment in bank deposits and other financial investments	**-**	(723)	**-**	(155)	(2,335)
Proceeds from repayment of bank deposits and other financial investments	**1,381**	719	**431**	-	2,110
Proceeds from the sale of fixed assets	**7**	39	**-**	4	40
Interest received from bank deposits	**50**	40	**13**	8	80
Investment in an investee	**-**	(21)	**-**	(10)	(31)
Proceeds from the sale of a subsidiary, net of cash sold	**-**	28	**-**	-	28
Miscellaneous (mainly expiry of hedging transactions)	**(47)**	(6)	**(15)**	(9)	(14)
Net cash from (used in) investing activities	**145**	(1,196)	**19**	(584)	(1,800)

The attached notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows (Contd.)

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flow used in financing activities					
Issue of debentures and receipt of loans	**-**	-	**-**	-	1,190
Repayment of debentures and loans	**(909)**	(211)	**(144)**	(6)	(1,123)
Payments of principal and interest for leases	**(334)**	(374)	**(109)**	(117)	(491)
Interest paid	**(146)**	(146)	**(28)**	(25)	(238)
Dividend paid	**(964)**	(392)	**(415)**	-	(975)
Purchase of treasury shares	**(250)**	-	**(100)**	-	-
Proceeds from expired hedging transactions	**5**	-	**-**	-	6
Net cash used in financing activities	**(2,598)**	(1,123)	**(796)**	(148)	(1,631)
Net increase (decrease) in cash and cash equivalents	**(21)**	111	**(9)**	134	(169)
Cash and cash equivalents at beginning of period	**643**	784	**631**	789	784
Change in cash balance of a subsidiary sold	**-**	28	**-**	-	28
Cash and cash equivalents at end of period	**622**	923	**622**	923	643

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The attached notes are an integral part of the condensed consolidated interim financial statements.

1. General

Reporting Entity

Bezeq The Israeli Telecommunications Corporation Ltd. (the "Company") is a company registered in Israel whose shares are listed on the Tel Aviv Stock Exchange. The condensed consolidated financial statements of the Company as at September 30, 2026 include those of the Company and its subsidiaries (jointly referred to as the "Group"). The Group is a major provider of communications services in Israel (see also Note 13 - Segment Reporting).

2. Basis of Preparation

2.1 The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, and in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

2.2 The condensed consolidated interim financial statements do not contain all the information required in full annual financial statements, and they should be read in the context of the annual financial statements of the Company and its subsidiaries as at December 31, 2025 and for the year then ended, and the accompanying notes (the "Annual Financial Statements"). The Group presents in the notes to the condensed consolidated interim financial statements only the material changes that occurred from the date of the most recent Annual Financial Statements until the date of these interim financial statements.

2.3 The condensed consolidated interim financial statements were approved by the board of directors on November 10, 2026.

2.4 Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments and use estimates, assessments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The judgments made by management, when applying the Group's accounting policies and the key assumptions used in assessments that involve uncertainty, are consistent with those applied in the Annual Financial Statements.

3. Reporting Principles and Accounting Policy

The Group's accounting policy applied in these condensed consolidated interim financial statements is the policy applied in the Annual Financial Statements.

3.1 New standards not yet adopted

3.1.1 IFRS 18, Presentation and Disclosure in Financial Statements:

The Standard replaces IAS 1, Presentation of Financial Statements. The Standard is to be initially applied for annual periods beginning on January 1, 2027. The Group has elected not to early adopt the Standard, but has continued to assess the expected implications of applying the Standard on the financial statements. Application of the Standard is not expected to have an effect on the Group's net profit and comprehensive income or on its net assets, but it is expected to have a material effect on the structure of the Group's statements, as described below. It should be emphasized that the actual effects of adopting the Standard on January 1, 2027 may differ from those described below, inter alia because the Group has not yet completed its assessment of all the implications of the Standard for its financial statements, and the application of some of the matters in the Standard is not yet entirely clear. Below is a description of the main provisions of the Standard.

Structure of the statement of income:

In accordance with the requirements of the Standard, an entity is required to classify all income and expenses into five categories in the statement of income: operating, investing, financing, discontinued operations and income taxes. The classification of income and expenses depends, inter alia, on the identification of a specified main business activity of the entity. In the Company's assessment, the expected effects on the Group's statement of income are mainly the classification of financing income and expenses into the various categories (operating, investing and financing) in accordance with the provisions of the Standard.

In the Group's assessment, the effect of applying the Standard on operating profit is expected to be immaterial.

Management-defined performance measures (MPMs):

Management-defined performance measures (MPMs) are subtotals of income and expenses that are used in public communications outside the financial statements and that communicate to users management's view of the financial performance of the entity as a whole. The new Standard requires disclosure of certain management-defined performance measures in a single note to the financial statements. The performance measures in respect of which the Group will provide disclosure in the financial statements after adopting the new Standard will be determined based on the measures published by the Company in the Company's Board of Directors' Reports for the first quarter of 2027, the investor presentations and any other information that is publicly communicated to the public.

The Group expects that the following measures: EBITDA, Comparable EBITDA and Comparable net profit will be identified as management-defined performance measures (MPMs). As at the date of the report, the Group also presents the Adjusted EBITDA and Adjusted net profit measures in the Board of Directors' Report, but does not expect to identify them as part of the MPMs in view of the negligible differences relative to the comparable measures, which also led to their omission from the investor presentations. In accordance with the requirements of the Standard, upon its initial adoption the Group will include in its financial statements a note that will provide detailed disclosure regarding these measures.

Expected effects on the compensation policy for officers:

The Group is examining the expected effects of applying the Standard on the compensation policy for officers and employees in the Group.

Under the Group's approved compensation policy, the Chairman of the board of directors, the Company's CEO, other officers and certain employees are entitled to an annual bonus derived, inter alia, from meeting the Company's Comparable EBITDA targets.

Since the adoption of the Standard is expected to affect the method of calculating Comparable EBITDA (inter alia due to the transfer of part of the financing income and expenses to the operating category), in the Company's assessment, it is possible that the changes in Comparable EBITDA may increase the achievement of the defined targets. As part of the ongoing review of the achievement of the annual and multi-year targets, and in order to ensure that the original purpose of the defined compensation mechanisms is preserved, the board of directors and the compensation committee will examine the need for adjustments arising from the application of the new Standard.

4. Group Entities

A detailed description of the Group entities appears in Note 12 to the Annual Financial Statements.

Below is a description of the material changes that occurred in connection with the Group entities since the publication of the Annual Financial Statements:

4.1 yes Television and Communication Services Ltd. (yes)

4.1.1 As at September 30, 2026, yes has positive equity amounting to NIS 661 million and, on the other hand, a working capital deficit amounting to approximately NIS 244 million. According to the forecasts of yes, it expects a continued gradual improvement in its operating results during the coming year.

4.1.2 On March 8, 2026, the Company's board of directors approved a credit facility or capital investment in yes in the amount of NIS 50 million, until December 31, 2026, instead of previous undertakings, the latest of which was provided in November 2025 (in the amount of NIS 100 million). During August 2026, yes took a loan from the Company in the amount of NIS 45 million, repayable by December 2027. After taking the loan, the balance of the facility is NIS 5 million until December 31, 2026.

The management of yes believes that the financial resources at its disposal, which include, among other things, the continuation of the existing policy of a working capital deficit, the credit facility and the loan from the Company, will be adequate for the operational needs of yes for the coming year.

4.1.3 See Note 5.1 below for information about the reversal of the asset impairment loss recognized in prior periods by yes in the financial statements as at September 30, 2026.

4.2 Bezeq International Ltd.

See Note 5.2 below for information about the impairment of assets recognized by Bezeq International in the financial statements as at September 30, 2026.

5. Impairment

5.1 Reversal of impairment loss in the Television and Communications Services segment (yes)

Further to Note 10.4 to the Annual Financial Statements regarding impairment (reversal of impairment loss) recognized by yes in 2025, during 2025 yes recognized a reversal of impairment loss up to the recoverable amount and in accordance with IAS 36.

As at September 30, 2026, yes examined whether indicators of impairment existed, in accordance with IAS 36. In the opinion of yes, there are no indicators pointing to a possible impairment of its assets as at September 30, 2026.

Below is the allocation of the reversal of impairment loss to Group assets:

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Broadcasting rights - net of rights utilized	-	148*	-	92*	214*
Fixed assets	-	58**	-	34**	84**
Intangible assets	-	80**	-	54**	80**
Right-of-use assets	-	1**	-	-**	1**
Other receivables (prepaid expenses)	-	8*	-	5*	8*
Total reversal of impairment loss recognized	-	295	-	185	387

* Reversal of the expense (the expense) was presented under general and operating expenses.

** Reversal of the expense (the expense) was presented under depreciation, amortization, impairment, and reversal of impairment loss.

For information about the method used by yes to measure the fair value (Level 3) of the assets, less costs to sell, see Note 10.4 to the Annual Financial Statements.

5.2 Impairment in the ISP, International Communications and ICT Solutions segment (Bezeq International)

Further to Note 10.5 to the Annual Financial Statements regarding impairment recognized by Bezeq International in 2025, the valuation as at December 31, 2025 presented a value in use that was significantly lower than the carrying amount of Bezeq International.

As at September 30, 2026, it was found that during the nine months since the previous valuation there were no material changes in the market, or regulatory changes that could have a material effect on the forecasts of Bezeq International for future years, and there were no material changes in the discount rate. Therefore, as at September 30, 2026, no adjustment is required to the enterprise value of Bezeq International, which remains a negative amount of approximately NIS 93 million, as determined in the valuation as at December 31, 2025.

The net fair value of the assets of Bezeq International as at September 30, 2026 is a negative amount of approximately NIS 51 million.

Since the enterprise value is lower than the net fair value of the assets and liabilities, Bezeq International reduced its assets to the amount of the net fair value of those assets. As at September 30, 2026, the carrying amount of the depreciable assets is approximately NIS 46 million higher than their net fair value. Accordingly, in the nine- and three-month periods ended September 30, 2026, the Group recognized impairment losses of approximately NIS 46 million and NIS 11 million, respectively.

Below is information about the enterprise value of Bezeq International and the net fair value of the assets and liabilities, as determined by an external appraiser, and the recognized impairment losses:

	Enterprise value of Bezeq International (based on the DCF method)	Net fair value of assets and liabilities of Bezeq International	Net carrying amount of assets and liabilities of Bezeq International before impairment recognition	Impairment loss
	NIS million	NIS million	NIS million	NIS million
As at September 30, 2026 and for the three months then ended (Unaudited)	**(93)**	**(51)**	**(40)**	**(11)**
As at June 30, 2026 and for the three months then ended (Unaudited)	(93)	(58)	(37)	(21)
As at March 31, 2026 and for the three months then ended (Unaudited)	(93)	(79)	(65)	(14)
Total impairment recognized in the nine months ended September 30, 2026				(46)
As at December 31, 2025 and for the year then ended (Audited)	(93)	(79)	(53)	(73)

Below is the allocation of the impairment loss to Group assets:

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Fixed assets and intangible assets**	**(29)**	(28)	**(6)**	(7)	(43)
Short-term and long-term prepaid expenses*	**(10)**	(13)	**(3)**	(4)	(21)
Long-term prepaid expenses for capacities**	**(7)**	(6)	**(2)**	(3)	(9)
Total impairment recognized	**(46)**	(47)	**(11)**	(14)	(73)

* The expense was presented under general and operating expenses.

** The expense was presented under depreciation, amortization, and impairment expenses.

For information about the method used by Bezeq International to measure the fair value (Level 3) of the assets, less costs to sell, see Note 10.5 to the Annual Financial Statements.

6. Contingent Liabilities

6.1 During the normal course of business, legal claims were filed against Group companies or there are various legal proceedings pending against the Group (in this section: the "Legal Claims").

In the opinion of the managements of the Group companies, based, among other things, on legal opinions as to the likelihood of success of the Legal Claims, the financial statements include adequate provisions of approximately NIS 90 million, where provisions are required to cover the exposure arising from such Legal Claims.

In the opinion of the managements of the Group companies, the additional exposure (beyond these provisions) as at September 30, 2026 for Legal Claims filed against Group companies on various matters, which are unlikely to be realized, amounted to approximately NIS 1.8 billion. There is also additional exposure of approximately NIS 2.2 billion for Legal Claims, the chances of which cannot

yet be assessed. In addition, motions for certification of class actions have been filed against the Group companies, which do not specify the exact amount of the claim, for which the Group has additional exposure beyond the aforesaid.

The amounts of the exposure in this Note are nominal.

6.2 Below is a description of the Group's contingent liabilities that were valid as at September 30, 2026, classified into groups with similar characteristics:

Claims group	Nature of the claims	Provision	Additional exposure	Exposure for claims the chances of which cannot yet be assessed
		NIS million		
Customer claims	Mainly motions for certification of class actions (and claims thereunder) regarding allegations of unlawful collection of monies and faulty service provided by the Group companies.	77	1,737	410
Claims by enterprises and companies	Legal claims alleging liability of Group companies in connection with their activities and/or investments.	-	-	1,808(1)
Miscellaneous	Other legal claims, including tort claims (excluding claims for which insurance coverage is not disputed), real estate, infrastructure, suppliers, employees, and the like.	13	27	10
Total legal claims against the Company and subsidiaries (2)		**90**	**1,764**	**2,228**

(1) Includes two motions for certification of a class action in an aggregate amount of approximately NIS 1.8 billion, filed in June 2017 against the Company, officers of the Group, and companies in the group of the Company's controlling shareholder at the time, with respect to the transaction for the Company's acquisition of yes shares from Eurocom DBS Ltd. In accordance with a court decision, a consolidated motion is expected to be filed instead of these two motions. It should be noted that a partial judgment was handed down approving a partial settlement in the consolidated proceeding between the applicants, B Communications, and Shaul and Or Elovitch. The court approved the parties' agreed requests to stay the proceedings at this stage until December 1, 2026.

(2) See also Note 6.6 to the Annual Financial Statements.

6.3 Subsequent to the date of the financial statements, three claims were filed against the Group companies, with a total exposure of approximately NIS 15 million, as well as a motion for certification of a class action, the amount of which cannot be estimated. As at the approval date of the financial statements, it is not yet possible to assess the chances of these claims.

6.4 Regarding the investigations by the Israel Securities Authority and the Israel Police regarding suspected offenses under the Israel Securities Law and the Penal Law, see Note 1.3 to the Annual Financial Statements.

7. Equity

7.1 Share capital

	September 30, 2026	September 30, 2025	December 31, 2025
	Number of shares	Number of shares	Number of shares
	(Unaudited)	(Unaudited)	(Audited)
Registered share capital	2,849,485,753	2,849,485,753	2,849,485,753
Issued and paid-up share capital	2,746,736,549	2,772,960,866	2,774,784,744

7.2 Dividends

7.2.1 See Note 20.2.1 to the Annual Financial Statements regarding the dividend distribution policy approved by the Company's board of directors on March 11, 2025.

7.2.2 On April 13, 2026, the general meeting of the Company's shareholders approved (further to the recommendation of the Company's board of directors on March 8, 2026) the distribution of a cash dividend to the Company's shareholders in a total amount of NIS 549 million (representing NIS 0.1978265 per share on the record date for the distribution). The dividend was paid on May 14, 2026.

7.2.3 On August 31, 2026, the general meeting of the Company's shareholders approved (further to the recommendation of the Company's board of directors on August 4, 2026) the distribution of a cash dividend to the Company's shareholders in a total amount of NIS 415 million (representing NIS 0.1510784 per share on the record date for the distribution). The dividend was paid on September 24, 2026.

7.3 Repurchase of Company shares

7.3.1 Further to Note 20.2.3 to the Annual Financial Statements, on March 8, 2026, the Company's board of directors approved a share repurchase plan in an amount of up to NIS 150 million. Under the said repurchase plan, the Company purchased 18,865,953 of its shares for approximately NIS 150 million.

7.3.2 On July 21, 2026, the general meeting of the Company's shareholders approved an amendment to the Company's articles, under which the authority to approve a share repurchase will remain with the Company's board of directors, without requiring approval of the general meeting.

7.3.3 On August 4, 2026, the Company's board of directors approved an additional share repurchase plan in an amount of up to NIS 100 million. Under the said repurchase plan, the Company purchased 12,992,751 of its shares for approximately NIS 100 million.

7.3.4 On September 14, 2026, the Company's board of directors approved the cancellation and deletion of all of the dormant shares existing at that date, totaling 31,858,704 ordinary shares of NIS 1 par value each, which were held by the Company as dormant shares. On September 23, 2026, the deletion was effected, and as a result the Company's issued and paid-up share capital decreased by this number of shares.

8. Revenues

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Domestic fixed-line communications - Bezeq Fixed-Line					
Internet - infrastructure	**1,432**	1,456	**470**	484	1,941
Transmission and data communication	**842**	812	**288**	274	1,064
Fixed-line telephony	**333**	364	**107**	118	480
Cloud and digital services	**281**	269	**94**	92	365
Other services	**238**	224	**83**	78	321
	3,126	3,125	**1,042**	1,046	4,171
Cellular communications - Pelephone					
Cellular services and terminal equipment	**1,095**	1,166	**380**	379	1,535
Sale of terminal equipment	**449**	435	**141**	135	616
	1,544	1,601	**521**	514	2,151
Television and Communications Services - yes	**1,060**	959	**369**	320	1,299
ISP, international communications and ICT solutions - Bezeq International	**775**	777	**239**	265	1,027
Other (Bezeq Online)	**-**	54	**-**	-	54
Total revenues	**6,505**	6,516	**2,171**	2,145	8,702

9. General Operating Expenses

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Terminal equipment and materials	**575**	608	**168**	203	837
Interconnectivity and payments to domestic and international telecommunications operators	**170**	318	**56**	79	389
Content costs (including impairment of content or reversal of impairment loss of content)	**465**	192	**163**	25	268
Marketing and general	**348**	409	**92**	132	516
Maintenance of buildings and sites	**198**	203	**73**	73	267
Services and maintenance by subcontractors	**407**	393	**137**	134	519
Vehicle maintenance	**45**	46	**15**	15	64
Total general and operating expenses	**2,208**	2,169	**704**	661	2,860

10. Other Operating Expenses, Net

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Capital gain	**(5)**	(7)	**(2)**	-	(7)
Creation of provision for claims	**26**	18	**26**	18	29
Expenses for severance pay in early retirement in the Company	**31**	21	**3**	19	267
Expenses for severance pay in early retirement and the efficiency agreement in Pelephone, Bezeq International, and yes	**70**	3	**4**	-	4
Recovery of excess cost	**-**	-	**-**	-	(36)
Other expenses	**21**	9	**1**	2	22
Total other operating expenses, net	**143**	44	**32**	39	279

11. Financing Expenses, Net

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Interest expenses for financial liabilities	**212**	208	**67**	70	277
Financing expenses for lease liabilities	**60**	59	**21**	21	77
Exchange rate differences	**1**	11	**1**	5	7
Linkage differences	**42**	58	**15**	24	57
Financing expenses for employee benefits	**13**	14	**4**	5	24
Change in fair value of derivatives at fair value through profit or loss	**18**	37	**-**	1	46
Other financing expenses	**5**	8	**1**	1	10
Total financing expenses	**351**	395	**109**	127	498
Income for credit in sales	**18**	21	**5**	6	28
Interest income from investments	**63**	53	**15**	19	67
Change in fair value of financial assets at fair value through profit or loss	**44**	39	**26**	14	49
Other financing income	**26**	28	**1**	6	47
Total financing income	**151**	141	**47**	45	191
Financing Expenses, Net	**200**	254	**62**	82	307

12. Financial Instruments

12.1 Composition of investments

	September 30, 2026	September 30, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Bank deposits in NIS (1)	**671**	727	1,612
Investment in securities at fair value through profit or loss	**143**	1,225	570
Derivatives	**10**	11	5
	824	1,963	2,187

(1) Bank deposits in NIS are repayable until December 2026.

12.2 Fair value

A. Financial instruments at fair value for disclosure purposes only

The table below shows the differences between the carrying amount and the fair value of financial liabilities. The methods used to estimate the fair values of financial instruments are described in Note 30.8 to the Annual Financial Statements.

	September 30, 2026		September 30, 2025		December 31, 2025	
	Carrying amount (including accrued interest)	Fair value	Carrying amount (including accrued interest)	Fair value	Carrying amount (including accrued interest)	Fair value
	(Unaudited)		(Unaudited)		(Audited)	
	NIS million		NIS million		NIS million	
Loans from banks and institutions (unlinked)	**1,121**	**1,119**	1,305	1,286	1,443	1,432
Debentures issued to the public (CPI-linked)	**2,055**	**2,034**	2,431	2,376	2,289	2,271
Debentures issued to the public (unlinked)	**3,177**	**3,210**	3,155	3,154	3,403	3,450
Total	**6,353**	**6,363**	6,891	6,816	7,135	7,153

B. Fair value hierarchy

The table below presents an analysis of the financial instruments measured at fair value, with details of the valuation method. The methods used to estimate the fair value are described in Note 30.7 to the Annual Financial Statements.

	September 30, 2026	September 30, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Level 1 - investment in money market funds measured at fair value through profit or loss	**143**	1,225	570
Level 2 - forward contracts	**20**	4	24
Level 3 - other investments measured at fair value through profit or loss	**30**	-	-

13. Segment Reporting

	Nine months ended September 30, 2026 (Unaudited)					
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Television and Communications Services	Adjustments	Consolidated
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues from external sources	3,126	1,544	775	1,060	-	6,505
Inter-segment revenues	211	10	40	1	(262)	-
Total revenues	3,337	1,554	815	1,061	(262)	6,505
General operating	484	724	542	708	(250)	2,208
Salaries	843	251	156	139	-	1,389
Depreciation, amortization and impairment	779	437	72	158	11	1,457
Segment results - operating profit (loss)	1,178	57	45	51	(23)	1,308
Financing expenses	307	35	10	8	(9)	351
Financing income	(119)	(24)	(12)	(4)	8	(151)
Total financing expenses (income), net	188	11	(2)	4	(1)	200
Segment profit (loss) after financing expenses, net	990	46	47	47	(22)	1,108
Share in losses of an investee	6	-	-	-	-	6
Income tax	225	13	1	2	(6)	235
Segment results - net profit (loss)	759	33	46	45	(16)	867

	Nine months ended September 30, 2025 (Unaudited)						
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Television and Communications Services*	Other	Adjustments	Consolidated
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues from external sources	3,125	1,601	777	959	54	-	6,516
Inter-segment revenues	189	12	40	1	-	(242)	-
Total revenues	3,314	1,613	817	960	54	(242)	6,516
General operating	583	795	546	668	8	(431)	2,169
Salaries	807	248	161	132	43	5	1,396
Depreciation, amortization, impairment and reversal of impairment loss	788	428	71	174	1	(243)	1,219
Segment results - operating profit (loss)	1,098	143	39	(21)	2	427	1,688
Financing expenses	331	34	15	21	-	(6)	395
Financing income	(111)	(22)	(9)	(3)	-	4	(141)
Total financing expenses (income), net	220	12	6	18	-	(2)	254
Segment profit (loss) after financing expenses, net	878	131	33	(39)	2	429	1,434
Share in losses of an investee	20	-	-	-	-	-	20
Income tax	205	32	-	-	1	1	239
Segment results - net profit (loss)	653	99	33	(39)	1	428	1,175

* Results of the Television and Communications Services segment through the end of 2025 are presented net of the total effect of impairment losses and reversals thereof recognized since 2018. This is in accordance with the manner in which the Group's chief operating decision maker evaluates the performance of the segment and makes decisions regarding the allocation of resources to the segment. See also Note 14.3 for condensed selected information from the financial statements of yes.

	Three months ended September 30, 2026 (Unaudited)					
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Television and Communications Services	Adjustments	Consolidated
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues from external sources	1,042	521	239	369	-	2,171
Inter-segment revenues	71	4	11	1	(87)	-
Total revenues	1,113	525	250	370	(87)	2,171
General operating	160	231	159	236	(82)	704
Salaries	279	81	52	46	(1)	457
Depreciation, amortization and impairment	241	148	20	56	3	468
Segment results - operating profit	408	64	19	27	(8)	510
Financing expenses	93	15	2	-	(1)	109
Financing income	(34)	(8)	(2)	(4)	1	(47)
Total financing expenses (income), net	59	7	-	(4)	-	62
Segment profit (loss) after financing expenses, net	349	57	19	31	(8)	448
Share in losses of an investee	7	-	-	-	-	7
Income tax	81	14	-	1	(3)	93
Segment results - net profit (loss)	261	43	19	30	(5)	348

	Three months ended September 30, 2025 (Unaudited)					
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Television and Communications Services*	Adjustments	Consolidated
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues from external sources	1,046	514	265	320	-	2,145
Inter-segment revenues	65	3	16	1	(85)	-
Total revenues	1,111	517	281	321	(85)	2,145
General operating	203	235	189	219	(185)	661
Salaries	270	81	52	44	2	449
Depreciation, amortization, impairment and reversal of impairment loss	269	147	23	57	(116)	380
Segment results - operating profit (loss)	328	56	17	1	214	616
Financing expenses	107	13	5	3	(1)	127
Financing income	(34)	(7)	(3)	-	(1)	(45)
Total financing expenses (income), net	73	6	2	3	(2)	82
Segment profit (loss) after financing expenses, net	255	50	15	(2)	216	534
Share in losses of an investee	16	-	-	-	-	16
Income tax	60	12	(1)	-	1	72
Segment results - net profit (loss)	179	38	16	(2)	215	446

* Results of the Television and Communications Services segment through the end of 2025 are presented net of the total effect of impairment losses and reversals thereof recognized since 2018. This is in accordance with the manner in which the Group's chief operating decision maker evaluates the performance of the segment and makes decisions regarding the allocation of resources to the segment. See also Note 14.3 for condensed selected information from the financial statements of yes.

	Year ended December 31, 2025 (Audited)						
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Television and Communications Services*	Other	Adjustments	Consolidated
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues from external sources	4,171	2,151	1,027	1,299	54	-	8,702
Inter-segment revenues	257	16	53	1	-	(327)	-
Total revenues	4,428	2,167	1,080	1,300	54	(327)	8,702
General operating	750	1,061	720	908	8	(587)	2,860
Salaries	1,089	329	214	178	43	6	1,859
Depreciation, amortization, impairment and reversal of impairment loss	1,060	576	103	235	1	(288)	1,687
Segment results - operating profit (loss)	1,242	186	43	(33)	2	577	2,017
Financing expenses	427	44	19	29	-	(21)	498
Financing income	(148)	(45)	(12)	(5)	-	19	(191)
Total financing expenses (income), net	279	(1)	7	24	-	(2)	307
Segment profit (loss) before income tax	963	187	36	(57)	2	579	1,710
Share in losses of an investee	19	-	-	-	-	-	19
Income tax	224	41	-	1	1	7	274
Segment results - net profit (loss)	720	146	36	(58)	1	572	1,417

* Results of the Television and Communications Services segment through the end of 2025 are presented net of the total effect of impairment losses and reversals thereof recognized since 2018. This is in accordance with the manner in which the Group's chief operating decision maker evaluates the performance of the segment and makes decisions regarding the allocation of resources to the segment. See also Note 14.3 for condensed selected information from the financial statements of yes.

14. Condensed Financial Statements of Pelephone, Bezeq International, and yes

14.1 Pelephone Communications Ltd.

Information from the statement of financial position:

	September 30, 2026	September 30, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Current assets	**865**	838	880
Non-current assets	**2,281**	2,155	2,139
Total assets	**3,146**	2,993	3,019
Current liabilities	**733**	693	695
Long-term liabilities	**840**	810	786
Total liabilities	**1,573**	1,503	1,481
Equity	**1,573**	1,490	1,538
Total liabilities and equity	**3,146**	2,993	3,019

Information from the statement of income:

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenue from services	**1,103**	1,177	**384**	381	1,550
Revenue from the sale of terminal equipment	**451**	436	**141**	136	617
Total revenues from services and sales	**1,554**	1,613	**525**	517	2,167
Operating expenses					
General Operating Expenses	**724**	795	**231**	235	1,061
Salaries	**251**	248	**81**	81	329
Depreciation and amortization	**437**	428	**148**	147	576
Total operating expenses	**1,412**	1,471	**460**	463	1,966
Other operating expenses (income), net	**85**	(1)	**1**	(2)	15
Operating profit	**57**	143	**64**	56	186
Financing expenses (income)					
Financing expenses	**35**	34	**15**	13	44
Financing income	**(24)**	(22)	**(8)**	(7)	(45)
Financing expenses (income), net	**11**	12	**7**	6	(1)
Profit before income tax	**46**	131	**57**	50	187
Income tax expenses	**13**	32	**14**	12	41
Profit for the period	**33**	99	**43**	38	146

14.2 Bezeq International Ltd.

Information from the statement of financial position:

	September 30, 2026	September 30, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Current assets	**378**	407	399
Non-current assets	**569**	549	538
Total assets	**947**	956	937
Current liabilities	**360**	386	394
Long-term liabilities	**299**	332	301
Total liabilities	**659**	718	695
Equity	**288**	238	242
Total liabilities and equity	**947**	956	937

Information from the statement of income:

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues	**815**	817	**250**	281	1,080
Operating expenses					
Operating expenses, general, and impairment	**542**	546	**159**	189	720
Salaries	**156**	161	**52**	52	214
Depreciation, amortization and impairment	**72**	71	**20**	23	103
Other Operating Expenses, Net	**-***	-*	**-***	-*	-*
Total operating expenses	**770**	778	**231**	264	1,037
Operating profit	**45**	39	**19**	17	43
Financing expenses (income)					
Financing expenses	**10**	15	**2**	5	19
Financing income	**(12)**	(9)	**(2)**	(3)	(12)
Financing expenses (income), net	**(2)**	6	**-**	2	7
Profit before income tax	**47**	33	**19**	15	36
Income tax expenses (income)	**1**	-	**-***	(1)	-*
Profit for the period	**46**	33	**19**	16	36

* Represents an amount of less than NIS 1 million.

14.3 yes Television and Communication Services Ltd. (yes)

Information from the statement of financial position:

	September 30, 2026	September 30, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Current assets	**260**	172	181
Non-current assets	**974**	817	954
Total assets	**1,234**	989	1,135
Current liabilities	**504**	431	467
Long-term liabilities	**69**	41	54
Total liabilities	**573**	472	521
Equity	**661**	517	614
Total liabilities and equity	**1,234**	989	1,135

Information from the statement of income:

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues	**1,061**	960	**370**	321	1,300
Operating expenses					
Operating expenses, general, impairment, and reversal of impairment loss	**708**	471	**236**	115	637
Salaries	**139**	138	**46**	46	184
Depreciation, amortization, impairment and reversal of impairment losses	**158**	(62)	**56**	(56)	(43)
Other Operating Expenses, Net	**5**	7	**5**	-*	12
Total operating expenses	**1,010**	554	**343**	105	790
Operating profit	**51**	406	**27**	216	510
Financing expenses (income)					
Financing expenses	**8**	22	**-**	4	29
Financing income	**(4)**	(4)	**(4)**	(1)	(5)
Financing expenses (income), net	**4**	18	**(4)**	3	24
Profit before income tax	**47**	388	**31**	213	486
Income tax expenses	**2**	-*	**1**	-*	1
Profit for the period	**45**	388	**30**	213	485

* Represents an amount of less than NIS 1 million.

15. Significant Events in and Subsequent to the Date of the Financial Statements

15.1 See Note 7.2 above regarding dividend distributions in the Reporting Period.

15.2 See Note 7.3 regarding the Company's share repurchase plan.

15.3 On March 19, 2026, Pelephone signed a renewal of the existing collective agreement between it and the General Federation of Labor and Pelephone's employee representatives, for the period from January 1, 2026 through December 31, 2028. The agreement includes the retirement of up to 150 permanent employees during the years of the agreement (including 80 employees whose retirement was agreed upon, with the remainder under a voluntary retirement plan to be offered), wage improvements, grants, and benefits to employees. Accordingly, a one-time expense of approximately NIS 86 million was recorded in the first quarter of 2026.

15.4 See Note 16.8 to the Annual Financial Statements regarding an amendment to a collective agreement signed at Bezeq.

15.5 On May 20, 2026, the Company received approval for a shelf prospectus for a period of two years.

15.6 On August 3, 2026, yes, the employees' committee of yes, and the National Labor Federation signed an extension and update of the collective agreement for a one-year period ending at the end of 2026, as well as additional agreements. Among other things, the parties agreed on economic consideration and arrangements for employee retirements. The economic effect of the renewed agreement is not material to yes or to the Company.

15.7 Further to Pelephone's signing of a non-binding memorandum of understanding on July 14, 2026, on November 9, 2026, Pelephone signed a binding agreement with Clear Holdings Communications, L.P. and Marathon Telecom Ltd. for the acquisition of the entire (100%) issued and paid-up share capital of Wecom Mobile Ltd. In accordance with the agreement and in consideration for the object of the sale, subject to the fulfillment of the conditions precedent set out in the agreement, Pelephone will pay an amount of up to NIS 265 million, subject to customary adjustments set out in the agreement. Out of the consideration at completion, an amount as set out in the agreement will be deposited with a trustee to secure the sellers' indemnification obligations and the adjustments to the consideration. It should be noted that an immaterial portion of the consideration may be paid upon the fulfillment of conditions and milestones agreed upon in the agreement. Completion of the transaction under the agreement is subject to the fulfillment of conditions precedent, including, among other things, the approval of the Israel Anti-Trust Commissioner, the approval of the Ministry of Communications (including, to the extent required, amendments to the cellular licenses of Pelephone and of Wecom) and the extension of Wecom's cellular license for a period of 10 years from its scheduled expiry date of April 19, 2027. The deadline for fulfillment of the conditions precedent is 180 days from the date of signing of the agreement (the "Deadline"), provided that if, close to the Deadline, there is reasonable ground to assume that the fulfillment of all of the conditions precedent is expected to occur within a short time of the Deadline, each of the parties will be entitled, at its discretion, to postpone the Deadline by an additional 30 days. Pelephone will finance the acquisition from the existing cash balances held by it and/or by the Company.

Bezeq

Condensed Separate Interim Financial Information as of September 30, 2026

The information contained in these financial statements constitutes a translation of the financial statements published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only.



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Somekh Chaikin
Millennium Tower
17 Ha'arba'a Street, PO Box 609
Tel Aviv 6100601
03 684 8000

To
The Shareholders of Bezeq - The Israeli Telecommunications Corporation, Ltd.

Subject: Special auditors' report on separate interim financial information according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970

Introduction

We have reviewed the separate interim financial information presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 of Bezeq - The Israel Telecommunication Corporation Ltd. (hereinafter - "the Company") as of September 30, 2026 and for the nine and three-month periods then ended. The separate interim financial information is the responsibility of the Company's Board of Directors and of its Management. Our responsibility is to express a conclusion on the separate interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (Israel) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accountants in Israel. A review of separate interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial information was not prepared, in all material respects, in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Explanatory Paragraph

Without qualifying our abovementioned conclusion, we draw attention to lawsuits filed against the Company which at this stage cannot be assessed or the exposure in respect thereof cannot be calculated, as set forth in Note 5.

Somekh Chaikin

Certified Public Accountants (Isr.)

November 10, 2026

KPMG Somekh Chaikin, an Israeli partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Condensed Interim Information on Financial Position

	September 30, 2026	September 30, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Assets			
Cash and cash equivalents	**183**	491	171
Investments	**819**	1,963	2,187
Trade receivables	**758**	739	738
Other receivables	**97**	158	141
Current maturity of loan to a subsidiary	**20**	-	-
Total current assets	**1,877**	3,351	3,237
Trade and other receivables	**249**	219	216
Fixed assets	**6,294**	6,216	6,298
Intangible assets	**253**	252	245
Goodwill	**265**	265	265
Investment in investees	**2,611**	2,317	2,505
Right-of-use assets	**684**	636	657
Noncurrent and other investments	**199**	164	157
Loan to a subsidiary	**25**	-	-
Total noncurrent assets	**10,580**	10,069	10,343
Total assets	**12,457**	13,420	13,580

The accompanying notes to the condensed separate interim financial information form an integral part thereof.

Condensed Interim Information on Financial Position (cont.)

	September 30, 2026	September 30, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Liabilities			
Debentures, loans and borrowings	**1,011**	1,822	992
Trade and other payables	**937**	889	932
Dividend payable	**-**	583	-
Employee benefits	**286**	217	437
Current maturities of lease liabilities	**115**	112	103
Provisions (Note 5)	**76**	139	142
Total current liabilities	**2,425**	3,762	2,606
Loans and debentures	**5,979**	5,711	6,818
Loans from subsidiaries	**220**	170	170
Employee benefits	**193**	217	181
Lease liabilities	**636**	586	607
Derivatives and other liabilities	**342**	245	237
Deferred tax liabilities	**54**	22	8
Total noncurrent liabilities	**7,424**	6,951	8,021
Total liabilities	**9,849**	10,713	10,627
Equity			
Share capital	**3,859**	3,885	3,887
Share premium	**189**	398	398
Reserves	**407**	406	410
Equity deficit	**(1,847)**	(1,982)	(1,742)
Total equity attributable to the Company's shareholders	**2,608**	2,707	2,953
Total liabilities and equity	**12,457**	13,420	13,580

Tomer Raved	**Nir David**	**Yohai Benita**
Chairman of the board of directors	CEO	CFO Bezeq Group

Approval date of the financial statements: November 10, 2026

The accompanying notes to the condensed separate interim financial information form an integral part thereof.

Condensed Interim Information on Income

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues (Note 2)	**3,337**	3,314	**1,113**	1,111	4,428
Operating expenses					
Salaries	**843**	807	**279**	270	1,089
Depreciation and amortization	**779**	788	**241**	269	1,060
General operating expenses (Note 3)	**484**	583	**160**	203	750
Other operating expenses, net (Note 4)	**53**	38	**25**	41	287
Total operating expenses	**2,159**	2,216	**705**	783	3,186
Operating profit	**1,178**	1,098	**408**	328	1,242
Financial expenses (income)					
Financial expenses	**307**	331	**93**	107	427
Financial income	**(119)**	(111)	**(34)**	(34)	(148)
Financial expenses, net	**188**	220	**59**	73	279
Profit after financial expenses, net	**990**	878	**349**	255	963
Share in profits of investees, net	**102**	502	**80**	251	678
Profit before income tax	**1,092**	1,380	**429**	506	1,641
Income tax	**225**	205	**81**	60	224
Profit for the period attributable to the Company's shareholders	**867**	1,175	**348**	446	1,417

Condensed Interim Information on Comprehensive Income

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit for the period	**867**	1,175	**348**	446	1,417
Items of other comprehensive loss, net of tax	**(10)**	(12)	**(5)**	(4)	(13)
Total comprehensive income for the period attributable to the Company's shareholders	**857**	1,163	**343**	442	1,404

The accompanying notes to the condensed separate interim financial information form an integral part thereof.

Condensed Interim Information on Cash Flows

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flows from operating activities					
Profit for the period	**867**	1,175	**348**	446	1,417
Adjustments:					
Depreciation and amortization	**779**	788	**241**	269	1,060
Share in profits of investees, net	**(102)**	(502)	**(80)**	(251)	(678)
Financial expenses, net	**181**	224	**54**	73	283
Capital gain, net	**(3)**	(7)	**-**	-	(7)
Other non-cash expenses	**3**	2	**-**	-	2
Share-based payment	**7**	8	**3**	3	10
Income tax expenses	**225**	205	**81**	60	224
Change in trade and other receivables	**(58)**	(23)	**(11)**	(16)	21
Change in trade and other payables	**154**	112	**80**	57	112
Change in provisions	**2**	17	**22**	15	21
Change in employee benefits	**(145)**	(57)	**(122)**	(8)	142
Miscellaneous	**-**	(8)	**-**	(5)	(16)
Net cash provided by (used in) operating activities due to transactions with subsidiaries	**8**	(5)	**6**	(3)	(15)
Income tax paid, net	**(174)**	(310)	**(73)**	(75)	(384)
Net cash provided by operating activities	**1,744**	1,619	**549**	565	2,192
Cash flows from investing activities					
Purchase of fixed assets	**(643)**	(716)	**(221)**	(222)	(938)
Investment in intangible assets and other investments	**(127)**	(124)	**(40)**	(58)	(159)
Proceeds from the sale of fixed assets	**3**	38	**-**	4	39
Investment in bank deposits and other financial investments	**-**	(724)	**-**	(156)	(2,335)
Proceeds from repayment of bank deposits and other financial investments	**1,381**	716	**431**	-	2,107
Dividend received	**-**	15	**-**	-	15
Proceeds from the sale of a subsidiary	**-**	34	**-**	-	34
Interest received from bank deposits	**41**	32	**10**	5	68
Investment in an investee	**-**	(21)	**-**	(10)	(31)
Loan to a subsidiary	**(45)**	-	**(45)**	-	-
Miscellaneous (mainly expiry of hedging transactions)	**(26)**	4	**(6)**	2	3
Net cash provided by (used in) investing activities	**584**	(746)	**129**	(435)	(1,197)

The accompanying notes to the condensed separate interim financial information form an integral part thereof.

Condensed Interim Information on Cash Flows (cont.)

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	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	**(909)**	(211)	**(144)**	(6)	(1,123)
Interest paid	**(146)**	(146)	**(28)**	(25)	(238)
Payment of principal and interest for a lease	**(102)**	(117)	**(37)**	(39)	(165)
Dividend paid	**(964)**	(392)	**(415)**	-	(975)
Repurchase of shares	**(250)**	-	**(100)**	-	-
Proceeds from expired hedging transactions	**5**	-	**-**	-	5
Net cash provided by financing activities due to transactions with subsidiaries	**50**	22	**-**	28	20
Net cash used in financing activities	**(2,316)**	(844)	**(724)**	(42)	(1,286)
Net increase (decrease) in cash and cash equivalents	**12**	29	**(46)**	88	(291)
Cash and cash equivalents at the beginning of the period	**171**	462	**229**	403	462
Cash and cash equivalents at the end of the period	**183**	491	**183**	491	171

The accompanying notes to the condensed separate interim financial information form an integral part thereof.

Notes to the Condensed Separate Interim Financial Information

1. Manner of Preparing Financial Information

1.1 Definitions

The “Company” - Bezeq - The Israel Telecommunication Corporation Ltd.

"Associate," the "Group," "Investee": As these terms are defined in the Company’s consolidated financial statements for 2025.

1.2 Principles used for preparing financial information

The condensed separate interim financial information is presented in accordance with Regulation 38D (the “Regulation”) of the Securities Regulations (Periodic and Immediate Reports), 1970 and the Tenth Schedule to those regulations (the “Tenth Schedule”), concerning a corporation’s condensed separate interim financial information. This should be read together with the separate financial information as of and for the year ended December 31, 2025 and together with the condensed consolidated interim financial statements as of September 30, 2026 (the “Consolidated Statements”).

The accounting policy applied in this condensed separate interim financial information is consistent with the policy set out in the separate financial information as of and for the year ended December 31, 2025.

2. Revenues

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	**2025**	**2026**	**2025**	**2025**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Audited)**
	NIS million	**NIS million**	**NIS million**	**NIS million**	**NIS million**
Internet infrastructure	**1,512**	1,521	497	508	2,032
Transmission and data communications	**958**	921	328	310	1,211
Fixed-line telephony	**337**	371	108	120	488
Cloud and digital services	**281**	269	94	92	365
Other services	**249**	232	86	81	332
Total revenues	**3,337**	3,314	1,113	1,111	4,428

3. General Operating Expenses

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Maintenance of buildings and sites	**89**	90	**33**	34	118
Marketing and general	**135**	158	**34**	51	198
Interconnectivity and payments to telecom operators	**11**	25	**4**	4	29
Services and maintenance by subcontractors	**168**	182	**63**	70	234
Vehicle maintenance	**32**	33	**11**	11	46
Terminal equipment and materials	**49**	95	**15**	33	125
Total general operating expenses	**484**	583	**160**	203	750

4. Other Operating Expenses, Net

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Capital gain from the sale of fixed assets	**(3)**	(7)	**-**	-	(7)
Provision for employee termination benefits under early retirement plan	**31**	21	**3**	19	267
Other expenses (mainly provisions for claims)	**25**	24	**22**	22	27
Total other operating expenses, net	**53**	38	**25**	41	287

5. Contingent Liabilities

5.1 During the normal course of business, legal claims were filed against the Company or there are various legal proceedings pending against it (in this section - "Legal Claims").

In the opinion of the Company's management, based, inter alia, on legal opinions as to the likelihood of success of the Legal Claims, the financial statements include adequate provisions in the amount of approximately NIS 76 million, where provisions are required to cover the exposure arising from such Legal Claims.

Furthermore, motions to certify class actions have been filed against the Company for which the Company has additional exposure beyond the aforesaid, in view of the fact that an exact claim amount was not specified.

As of September 30, 2026:

Balance of provision	Additional exposure*	Exposure for claims whose chances cannot yet be assessed*
NIS million	NIS million	NIS million
76	830	2,212 (1)

* The exposure amounts in this note are nominal.

(1) Includes two motions to certify class actions for a total of approximately NIS 1.8 billion, filed in June 2017 against the Company, officers of the Group and companies of the group of the Company's controlling shareholder at the time, with respect to the transaction for the Company's acquisition of yes shares from Eurocom DBS Ltd. In accordance with a court decision, a consolidated motion is expected to be filed instead of these two motions. It should be noted that a partial ruling has been issued approving a partial settlement in the consolidated proceeding among the petitioners, B-Com and Messrs. Shaul and Or Elovitch. The Court approved agreed motions of the parties to stay the proceedings at this stage until December 1, 2026.

5.2 See Note 6.6 to the Annual Consolidated Statements regarding long-term other receivables and authorities for permit fees and betterment tax paid by the Company to the Israel Land Authority and the Or Yehuda local authority for the sale of the Sakia property in 2019.

5.3 After the date of the financial statements, three claims were filed against the Company, with a total exposure of approximately NIS 15 million. As of the approval date of the financial statements, the chances of these claims cannot yet be assessed.

5.4 For further information concerning contingent liabilities, see Note 6 to the Consolidated Statements.

5.5 Regarding the investigation by the Israel Securities Authority and the Israel Police, see Note 6.4 to the Consolidated Statements.

6. Material Events During and After the Reporting Period

6.1 On March 8, 2026, the Company's Board of Directors approved a credit facility or capital investment in yes in the amount of NIS 50 million, until December 31, 2026, in place of previous undertakings, the most recent of which was given in November 2025 (in the amount of NIS 100 million). It should be noted that during 2025, yes did not make any use of the credit facilities provided by the Company. In August 2026, yes took a loan of NIS 45 million from the Company, repayable by December 2027. Following the loan, the remaining balance of the facility is NIS 5 million.

6.2 In May 2026, Bezeq International granted the Company a loan of NIS 50 million, repayable in five equal installments beginning in 2031.

6.3 For information regarding an impairment loss/reversal of impairment loss in respect of Bezeq International and yes, see Note 5 to the Consolidated Statements.

6.4 See Note 7.2 to the Consolidated Statements regarding dividend distributions by the Company.

6.5 See Note 7.3 to the Consolidated Statements regarding the Company's share repurchase plan.

6.6 For information about additional material events subsequent to the financial statements period, see Note 15 to the Consolidated Statements.

Chapter E

Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure for the Period Ended September 30, 2026



The information contained in this report constitutes a translation of the report published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only.

1. Report on internal control over financial reporting and disclosure:

Quarterly report on the effectiveness of internal control over financial reporting and disclosure, pursuant to Regulation 38C(a) of the Securities Regulations (Periodic and Immediate Reports), 1970:

Management, under the supervision of the Board of Directors of Bezeq - The Israeli Telecommunications Corporation Ltd. (the "Company"), is responsible for establishing and maintaining appropriate internal control over financial reporting and disclosure in the Company.

For this matter, the members of Management are:

1. Nir David, CEO
2. Yohai Benita, CFO Bezeq Group
3. Yaki Jano, VP Technologies and Network
4. Erez Hasdai, VP Economics and Regulation
5. Yoel Nagari, Acting General Counsel[1]
6. Tali Poleg, VP Marketing
7. Moran Kita, VP Human Resources and Organizational Operations
8. Dror Rosman, VP Private Customers Division
9. Daniel Shimoni, VP Business Customers Division
10. Tali Tuval, VP Corporate Communications

In addition to the said members of Management, the following serve in the Company:

1. Lior Segal, Internal Auditor
2. Michal Kuperstein, Group Corporate Secretary and Internal Compliance Officer

Internal control over financial reporting and disclosure includes controls and procedures in the Company, which were planned by the CEO[2] and the most senior financial officer, or under their supervision, or by whoever fulfills those functions in practice, under the supervision of the Board of Directors of the Company, and were designed to provide reasonable assurance as to the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Company is required to disclose in the reports it publishes in accordance with the provisions of the law is collected, processed, summarized and reported on the date and in the format laid down in law.

Internal control includes, *inter alia*, controls and procedures planned to ensure that the information the Company is required to disclose as aforesaid, is accumulated and forwarded to the Management of the Company, including to the CEO and the most senior financial officer or to whoever fulfills those functions in practice, in order to enable decisions to be made at the appropriate time in relation to the disclosure requirements.

Due to its structural limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that misstatement or omission of information from the reports will be prevented or will be detected.

In the quarterly report on the effectiveness of internal control over financial reporting and disclosure, which was attached to the quarterly report for the period ended June 30, 2026 (the "Last Quarterly Report on Internal Control"), the internal control was found to be effective.

Up to the reporting date, no event or matter was brought to the attention of the Board of Directors and Management that could change the evaluation of the effectiveness of internal control, as found in the Last Quarterly Report on Internal Control.

[1] Yoel Nagari, Acting General Counsel, in place of Yifat Fogel, who ended her term of office on July 9, 2026.

[2] Regarding the transfer of the CEO's authority in all matters connected with investees of the Company to the Board of Directors – see Section 1.1.3 of the Description of Company Operations chapter in the Company's Periodic Report for 2025.

As of the reporting date, based on that stated in the Last Quarterly Report on Internal Control, and based on information that was brought to the attention of Management and the Board of Directors as aforesaid, the internal control is effective.

Concerning the investigations of the Israel Securities Authority and the Israel Police, as detailed in Section 2.18.3 of the Description of Company Operations chapter in the Company's Periodic Report for 2025, the Company does not have complete information regarding the past investigations conducted and the proceedings pending against former officers of the Company (primarily regarding transactions connected with the Company's former controlling shareholder and former Chairman of the Company's Board of Directors, Mr. Shaul Elovitch, concerning the purchase of yes shares and the provision of satellite communications services to yes), their content, or the materials and evidence in the possession of the law enforcement authorities on this matter. Accordingly, the Company is unable to assess the full impact of the investigations, their findings and their outcome on the Company and on its financial statements. See also Note 1.3 to the financial statements for 2025.

2. Declaration of Executives:

A. Declaration of the CEO in accordance with Regulation 38C(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 1970:

I, Nir David, declare that:

1. I have reviewed the quarterly report of Bezeq - The Israeli Telecommunications Corporation Ltd. (the "Company") for the third quarter of 2026 (the "Reports").
2. To the best of my knowledge, the Reports do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period of the Reports.
3. To the best of my knowledge, the financial statements and other financial information included in the Reports reflect fairly, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports.
4. I have disclosed the following to the Independent Auditor of the Company, to the Company's Board of Directors, and to the Audit and the Financial Statements Review Committees of the Board of Directors of the Company, based on my most recent evaluation of internal control over financial reporting and disclosure:
   A. All the significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure which are reasonably likely to adversely affect the Company's ability to collect, process, summarize or report financial information, in a way that could cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and
   B. Any fraud, whether or not material, that involves the CEO or anyone directly subordinate to the CEO, or which involves other employees who have a significant role in internal control over financial reporting and disclosure.
5. I, alone or together with others in the Company:
   A. Established controls and procedures, or ensured the establishment and maintaining of controls and procedures under my supervision, designed to ensure that material information relating to the Company, including its subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Company and in the subsidiaries, particularly during the period of preparation of the Reports; and
   B. Established controls and procedures, or ensured the establishment and maintaining of controls and procedures under my supervision, designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
   C. No event or matter that occurred in the period between the date of the last report (quarterly or periodic, as applicable) and this reporting date was brought to my attention that would change the conclusion of the Board of Directors and Management concerning the effectiveness of internal control over the Company's financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or that of anyone else in law.

Date: November 10, 2026

Nir David, CEO

B. Declaration of the most senior financial officer in accordance with Regulation 38C(d)(2) of the Securities Regulations (Periodic and Immediate Reports), 1970:

I, Yohai Benita, declare that:

1. I have reviewed the interim financial statements and the other financial information included in the reports for the interim period of Bezeq - The Israeli Telecommunications Corporation Ltd. (the "Company") for the third quarter of 2026 (the "Reports" or the "Reports for the Interim Period").
2. To the best of my knowledge, the interim financial statements and the other financial information included in the Reports for the Interim Period do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period of the Reports.
3. To the best of my knowledge, the interim financial statements and the other financial information included in the Reports for the Interim Period reflect fairly, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports.
4. I have disclosed the following to the Independent Auditor of the Company, to the Company's Board of Directors, and to the Audit and the Financial Statements Review Committees of the Board of Directors of the Company, based on my most recent evaluation of internal control over financial reporting and disclosure:
   A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure, insofar as relevant to the interim financial statements and other financial information included in the Reports for the Interim Period, which are reasonably likely to adversely affect the Company's ability to collect, process, summarize or report financial information, in a way that could cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law; and
   B. Any fraud, whether or not material, that involves the CEO or anyone directly subordinate to the CEO, or which involves other employees who have a significant role in internal control over financial reporting and disclosure.
5. I, alone or together with others in the Company:
   A. Established controls and procedures, or ensured the establishment and maintaining of controls and procedures under my supervision, designed to ensure that material information relating to the Company, including its subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Company and in the subsidiaries, particularly during the period of preparation of the Reports; and
   B. Established controls and procedures, or ensured the establishment and maintaining of controls and procedures under my supervision, designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
   C. No event or matter that occurred in the period between the date of the last report (quarterly or periodic, as applicable) and this reporting date was brought to my attention, in respect of the interim financial statements and any other financial information included in the Reports for the Interim Period, that would, in my opinion, change the conclusion of the Board of Directors and Management concerning the effectiveness of internal control over the Company's financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or that of anyone else in law.

Date: November 10, 2026

Yohai Benita, CFO Bezeq Group