
Quarterly Report

For the period ended
September 30, 2025



Bezeq



November 10, 2025

Bezeq The Israeli Telecommunications Corp. Ltd.

Quarterly report for the period ended September 30, 2025

Update to Chapter A (Description of Company Operations) of the Periodic Report for 2024

Board of Directors' Report on the State of the Company's Affairs for the Period ended September 30, 2025

Consolidated Financial Statements as at September 30, 2025

Quarterly Report on the Effectiveness of Internal Control on the Financial Reporting and on the Disclosure for the Period ended September 30, 2025



Update to Chapter A (Description of Company Operations) of the Periodic Report for 2024

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 2024 (the "Periodic Report")
Bezeq The Israeli Telecommunications Corporation Ltd. (the "Company")¹

1. General development of the Group's business

Section 1.1 – Group activities and description of business development and section 1.3 – Investments in the Company's capital and transactions in its shares

On March 17, 2025, B Communications sold 160,000,000 ordinary shares of the Company with a par value of NIS 1 each in an off-floor transaction, representing Approx. 5.77% of the Company's issued and paid-up capital, to several foreign and Israeli institutional entities at a price of NIS 5.7 per share. The gross consideration from the sale amounted to NIS 912 million.

On August 11, 2025, B Communications sold another 160,000,000 ordinary shares of the Company with a par value of NIS 1 each in an additional off-floor transaction, representing Approx. 5.77% of the Company's issued and paid-up capital, to several foreign and Israeli institutional entities at a price of NIS 6.03 per share. The gross consideration from the sale amounted to NIS 965 million.

According to the announcements of B Communications regarding these two sales, it reported the sale of Bezeq shares to the Ministry of Communications. Following the sales, it continues to hold the control permit in the Company. Following the sales of Bezeq shares and as at the publication date of the report, B Communications holds Approx. 15.91% of the issued and paid-up capital of the Company (Approx. 15.63% fully diluted).

On November 6, 2025, two market makers – Migdal Capital Markets Ltd. and Proxima Dynamics Ltd. – were appointed to operate in the Company's shares, following the Company's agreement with the Tel Aviv Stock Exchange Ltd. (the "TASE") to establish a tailor-made market-making program) for the Company's shares (the "Program"). Under the Program, the TASE will be responsible for supervising the market makers' compliance with TASE regulations, guidelines, and board resolutions, as amended from time to time. The Company will bear payments to the market makers, which will include a fixed component for their activity and a variable component based on their performance. The amounts payable by the Company in connection with the market-making activity are not material to the Company. The parties intend to operate the Program for at least a year. It should be noted that each party may terminate the Program with 60 days' prior notice. Notwithstanding the above, for one year from the commencement of the market makers' activity, neither party will be permitted to announce the termination of the Program, except in the case of regulatory constraint. Market making in the Company's shares is expected to commence on November 20, 2025.

Section 1.1 – Group activities and description of business development and section 1.2 – Operating segments

Regarding the Company's agreement with One Software Technologies Ltd. ("the Buyer") for the sale of all of the Company's holdings in Bezeq Online – on April 17, 2025, the transaction was completed after

¹ The update is in accordance with Regulation 39A of the 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 2024 and refers to the section numbers in Chapter A (Description of Company Operations) in that Periodic Report.

the fulfillment of all the preconditions in the agreement. Under the agreement, ownership was transferred to the Buyer and the financial consideration set out in the agreement was received.

Section 1.1.5 – Charges regarding transactions of the former controlling shareholder and former officers of the Company

Further to section 1.1.5.3 regarding the indictment against the former controlling shareholder of the Company and former senior officers of Bezeq Group – in May 2025, a conditional arrangement was published to halt proceedings under Section B of Chapter 9.1 of the Israel Securities Law, between the state and Ron Eilon, under which Ron Eilon admitted to facts concerning the increase in the free cash flow of yes in 2016.

Section 1.4.2 – Dividend distribution

For information about the dividend distributed by the Company in May 2025 and October 2025, see Note 7 to the financial statements.

Retained distributable profits as at the reporting date: Approx. NIS 730 million (retained earnings accumulated in the last two years after deduction of the distributions made during that period).

Section 1.5.4 – Main results and operational data

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

Financial data (NIS millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenues	1,111	1,102	1,101	1,071	1,105	1,075	1,091
Operating profit	328	386	384	303	355	383	397
Depreciation and amortization	269	261	258	260	256	255	252
EBITDA ⁽¹⁾	597	647	642	563	611	638	649
Share in loss of an investee	16	1	3	2	3	3	-
Net profit	179	218	256	193	217	238	258
Cash flow from operating activities	565	501	553	626	589	491	748
Payments for investments in fixed assets and intangible assets and other investments	280	266	294	303	300	266	270
Proceeds from the sale of fixed assets and intangible assets	4	31	3	-	7	4	2
Lease payments	39	36	42	38	38	37	31
Free cash flow ⁽²⁾	250	230	220	285	258	192	449
Operational data							
Total number of internet lines at the end of the period (thousands) ⁽³⁾	1,473	1,476	1,477	1,479	1,486	1,486	1,489
Of which, the number of subscribers connected to the fiber network at the end of the period (thousands) ⁽⁶⁾	954	907	863	810	759	694	635
The number of internet lines at the end of the period – retail (thousands) ⁽³⁾	990	999	1,003	1,008	1,012	1,014	1,019
Of which, the number of subscribers connected to the fiber network at the end of the period – retail (thousands) ⁽³⁾	609	583	554	521	483	442	407
The number of internet lines at the end of the period – wholesale (thousands) ⁽³⁾	483	477	474	471	474	472	470
Of which, the number of subscribers connected to the fiber network at the end of the period – wholesale (thousands) ⁽³⁾	345	324	309	289	276	252	228
Monthly average revenue per internet subscriber (NIS) – retail (ARPU) ⁽⁵⁾	136	136	134	133	131	129	127
Deployment of fiber optic network at the end of the period (thousands of households available for connection) ⁽⁶⁾	2,859	2,774	2,671	2,571	2,448	2,312	2,191
Average package speed per internet subscriber - retail (Mbps)⁽⁴⁾	673	620	572	526	483	430	382
No. of Be routers used by the Company's customers (thousands)	873	870	864	862	858	846	837
No. of Be Mesh and Be Spot range extenders for home Wi-Fi (thousands)	479	470	466	462	457	449	445
No. of active telephony subscriber lines at the end of the period (thousands)⁽⁷⁾	1,339	1,351	1,366	1,383	1,397	1,409	1,419
Monthly average revenue per telephony line (ARPL) (NIS) ⁽⁸⁾	30	30	31	31	32	33	33
Telephony churn rate ⁽⁹⁾	2.6%	2.3%	2.4%	2.3%	2.5%	2.1%	3.1%

- (1) EBITDA (earnings before interest, taxes, depreciation and amortization) 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 chapter Description of Company Operations for 2024.
- (2) Free cash flow is a financial measure that is not based on GAAP. Free cash flow is defined as cash from operating activities less cash for the acquisition/sale of fixed assets and intangible assets, net, and from 2018, 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 chapter Description of Company Operations for 2024.
- (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 providers.
- (4) For packages with a range of speeds, the maximum speed per package is taken into account.
- (5) Revenue from retail internet services is divided by the average number of retail customers in the period. For further information, see also section 7 of the chapter Description of Company Operations for 2024.
- (6) As at the publication date of the report, Approx. 2.882 million households are available for connection to the fiber optic network, of which, Approx.969 thousand subscribers are connected to the fiber network (of which, Approx.616 thousand retail and Approx.353 thousand wholesale subscribers).
- (7) 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).
- (8) Calculated according to average number of lines for the period. For further information, see also section 7 of the chapter Description of Company Operations for 2024.
- (9) 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 also section 7 of the chapter Description of Company Operations for 2024.

Section 1.5.4.2 – Pelephone

Financial data (NIS millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Total revenues	517	530	566	563	547	561	583
Of which: revenues from interconnect fees ⁽¹⁾	-	34	41	39	41	72	81
Total revenue less interconnect fees ⁽¹⁾	517	496	525	524	506	489	502
Revenues from services	381	395	401	394	406	420	416
Revenues from services less interconnect fees ⁽¹⁾	381	361	360	355	365	348	335
Revenues from the sale of terminal equipment	136	135	165	169	141	141	167
Operating profit	56	43	44	42	52	55	40
Depreciation and amortization	147	141	140	145	135	134	138
EBITDA ⁽²⁾	203	184	184	187	187	189	178
Net profit	38	30	31	31	38	39	30
Cash flow from operating activities	216	187	175	153	212	161	122
Payments for investments in fixed assets, intangible assets, and other investments, net	88	91	84	76	65	82	82
Lease payments	64	53	96	55	58	52	79
Free cash flow ⁽²⁾	64	43	(5)	22	89	27	(39)
Operational data							
No. of postpaid subscribers at the end of the period (thousands) ⁽³⁾	2,295	2,279	2,265	2,257	2,251	2,228	2,213
Of which, 5G postpaid subscribers (thousands) ⁽³⁾	1,348	1,315	1,276	1,237	1,195	1,144	1,086
No. of prepaid subscribers at the end of the period (thousands) ⁽³⁾	366	366	366	376	388	387	398
No. of subscribers at the end of the period (thousands) ⁽³⁾	2,661	2,645	2,631	2,633	2,639	2,615	2,611
Monthly average revenue per subscriber (ARPU) net of interconnect fees (NIS) ⁽¹⁾⁽⁴⁾	48	46	45	45	46	44	43
Churn rate ⁽⁵⁾	6.1%	5.6%	6.2%	6.0%	5.8%	5.6%	6.5%

(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 EBITDA (earnings before interest, taxes, depreciation, and amortization) 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. 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. 1.359 million postpaid subscribers for these packages. As at the publication date of the report, of Pelephone's 5G subscribers, Approx. 115 thousand have joined the advanced 5G MAX services, which include prioritized data traffic. Pelephone estimates that by the end of 2025, the number of 5G MAX subscribers will reach Approx. 150 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 also section 7 of the chapter Description of Company Operations for 2024.

(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 also section 7 of the chapter Description of Company Operations for 2024.

Section 1.5.4.3 – Bezeq International

Financial data (NIS millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenues	281	263	273	285	270	261	289
Of which: revenues from private customers ⁽¹⁾	30	32	34	36	39	44	48
Operating profit (loss)	17	8	14	(67)	13	18	20
Depreciation and amortization	23	29	19	42	23	26	27
EBITDA⁽²⁾	40	37	33	(25)	36	44	47
Net profit (loss)	16	6	11	(69)	11	18	18
Cash flow from operating activities	36	24	42	55	51	19	49
Payments for investments in fixed and intangible assets and other investments, net ⁽³⁾	14	15	12	27	21	19	14
Lease payments	10	9	11	10	10	10	12
Free cash flow ⁽²⁾	12	0	19	18	20	(10)	23
<u>Operational data</u>							
Churn rate ⁽⁴⁾	5.7%	5.1%	6.3%	6.6%	9.8%	10.7%	8.0%

(1) From 2023, small office/home office (SOHO) customers are included in revenues from private customers.

(2) For the definition of EBITDA (earnings before interest, taxes, depreciation and amortization) 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.

(4) The number of internet subscribers who left Bezeq International in the period, divided by the average number of registered internet subscribers in the period. For further information see also section 7 of the chapter Description of Company Operations for 2024.

Section 1.5.4.4 – yes

Financial data (NIS millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenues	321	320	319	317	317	316	315
Operating profit (loss)	216	193	(3)	57	13	(12)	(18)
Depreciation, amortization, and impairment (reversal of impairment loss), ongoing	(56)	(46)	40	19	30	48	58
EBITDA (reversal of impairment loss) , ongoing⁽¹⁾	160	147	37	76	43	36	40
Net profit (loss)	213	172	3	55	12	(5)	(13)
Cash flow from operating activities	53	26	75	(18)	55	46	93
Payments for investments in fixed and intangible assets and other investments, net	43	57	36	63	42	67	49
Lease payments	6	7	6	6	7	6	6
Free cash flow ⁽¹⁾	4	(38)	33	(87)	6	(27)	38
Operational data							
No. of television subscribers (thousands) ⁽²⁾⁽³⁾	565	562	561	562	563	567	571
Of which, IP subscribers ⁽⁴⁾	486	480	475	467	452	431	412
Of which, STING+ subscribers	154	151	146	139	132	129	124
Monthly ARPU from TV subscribers (NIS) ⁽⁵⁾	168	172	174	172	175	174	173
Average monthly revenue, yes (ARPU, yes) (NIS) ⁽⁵⁾	189	189	189	186	187	184	182
Churn rate ⁽⁶⁾	3.7%	3.6%	4.1%	3.8%	4.3%	3.9%	3.9%
No. of fiber network subscribers (thousands) ⁽⁷⁾	106	94	85	73	64	55	46

- (1) For the definition of 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. 152 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 chapter Description of Company Operations for 2024)
- (4) As at the publication date of the report, 488 thousand television subscribers use yes+ and STING+ streamlining services, representing Approx. 86% 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 revenue of yes (excluding revenue from the sale of content to external broadcasting entities, revenue from the sale of end equipment, and revenue from ISP) by the average number of relevant customers in the period. The ARPU of yes is calculated by dividing the total revenue of yes (excluding revenue from the sale of content to external broadcasting entities and revenue from the sale of end equipment) by the average number of relevant customers in the period. For further information see also section 7 of the chapter Description of Company Operations for 2024.
- (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 also section 7 of the chapter Description of Company Operations for 2024.
- (7) As at the publication date of the report, Approx. 111 thousand subscribers are connected to the fiber network.

Section 1.6 – Forecast and goals

On July 30, 2025, the Company updated again the Group's forecast for 2025, which was published in the Company's immediate report dated May 11, 2025, (the "May 2025 Forecast"),² based on the available information at that time, as follows:³

- The adjusted net profit⁴ for is expected to amount to Approx. NIS 1.45 billion (compared with Approx. NIS 1.32 billion in the May 2025 Forecast).
- The adjusted EBITDA⁵ is expected to amount to Approx. NIS 3.85 billion (compared with Approx. NIS 3.75 billion in the May 2025 Forecast).
- CAPEX⁶ is expected to amount to Approx. NIS 1.75 billion (unchanged).

The main change is due to expected non-recurring accounting effects arising from a forecasted change in the valuation of yes, following a hearing published by the Ministry of Communications regarding the determination of maximum wholesale market payments, as set out in the Company's immediate report dated July 29, 2025 and the update to section 2.16.5 of this report.

As stated, there is no change in the scope of the Company's fiber network deployment (reaching Approx. 2.9 million households), or in the Company's financial stability (maintaining a high credit rating within the AA group).

The above forecasts of the Company are forward-looking information, as defined in the Israel Securities Law. 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 outcome of the hearing on determining the maximum payments in the wholesale market, and 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 for 2025, 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 2024 materialize. Moreover, the forecast may change depending on the duration, intensity, and scope of the Iron Swords war.

1.7.2 – Communication groups in the Israeli market and section 2.6.1 – Infrastructure – deployment

Regarding the holdings in IBC – To the best of the Company's knowledge, in May 2025, HOT and Israel Infrastructure Fund (IIF) received a binding offer from a corporation in The Phoenix Group to acquire their entire holdings in IBC. In this context, Cellcom (also a partner in IBC) announced its intention to exercise its tag along right for the sale of all of its holdings in IBC to the buyer. Subsequently, the transaction was completed in October 2025.

Section 1.7.3 – Regulatory supervision – the obligation of structural separation

Section 1.7.3.1 regarding cancellation of the structural separation – on April 8, 2025, the Ministry of Communications published its work plan for 2025, which outlined, as a main task, the development of a policy paper to assess regulatory provisions regarding structural separation for telecom companies. The plan also defined the publication of a decision by the end of 2025 as a success metric.

Additionally, on June 26, 2025, the Company received a request for information (the "Information Request"), which was sent to all telecommunications companies, requiring them to provide the Ministry of Communications with information on the main sectors of communications: fixed-line communications, mobile communications, and broadcasting, for 2023 and 2024. The purpose of this request is to review the issue of structural separation in the communications market and to publish a decision on the matter before the end of the year. The Information Request further noted that this issue was last reviewed in 2020, which led to amendments in certain structural separation regulations then in force. It is possible

² The May 2025 Forecast was an updated forecast to the original forecast published by the Company on March 12, 2025.

³ For the adjusted net profit, adjusted EBITDA, and CAPEX forecast, the Company will report, to the extent required, deviations of $\pm 10\%$ or more from the information set out in the May 2025 Forecast.

⁴ Adjusted net profit and adjusted EBITDA – net of other operating expenses/income, one-time losses/gains from impairment/appreciation, and equity compensation plan expenses.

⁵ See footnote 4.

⁶ CAPEX - payments (gross) for investment in fixed assets and intangible assets.

that the current review will result in even more significant changes. This issue is of considerable importance for both telecommunication companies and market competition, as well as for subscribers. The Company has submitted the requested information to the Ministry.

Further to the above, on October 22, 2025, the Ministry of Communications published a call for comments from the general public and telecommunications companies regarding a review of the structural separation requirement imposed on Bezeq Group and HOT. According to the call for public comments, the Ministry of Communications is seeking input on a comprehensive and in-depth review of the structural separation requirement imposed on the Bezeq and HOT telecommunications groups, in view of the significant changes in Israel's fixed-line telecommunications market, including the accelerated shift from copper networks to advanced fiber-optic networks, and the entry of new players into the infrastructure market and related markets. The call for public comments further notes that it is unclear whether the current separation continues to serve its intended purpose, and that from a competitive standpoint, the existing model may only partially address competition concerns. Therefore, it is necessary to consider whether alternative models could result in a more effective market structure. Accordingly, the call focuses on three main policy alternatives (while noting that additional alternatives may also be considered): Alternative A – full elimination of structural separation; Alternative B – functional separation; Alternative C – separation of the passive infrastructure's ownership.

The Company believes that complete removal of the structural separation would have a materially positive effect on its results. The Company intends to submit its comments to the Ministry by the specified date.

The information set out in the section above regarding the Company's assessment of the expected implications of canceling the structural separation is forward-looking information, as set out in the Israel Securities Law, based on the Company's assessments, assumptions, and expectations according to the information available at the time, and it may not materialize or may materialize in a significantly different manner than anticipated, among other things, due to the decisions of the Ministry of Communications and the results of the review, or other factors beyond the Company's control.

Section 1.7.6 – Additional regulatory aspects relevant to the entire Group or several Group companies

On May 8, 2025, the Communications Regulations (Telecommunications and Broadcasts) (General Permit for the Provision of Telecommunications Services) (Amendment 2), 2025 (the "Amendment") was published, prohibiting authorized providers from charging a fee for payments made by a standing order to a private subscriber's bank account. The regulations further stipulate that an authorized provider may require a subscriber paying through a standing order to complete payment before receiving the service, in accordance with billing cycles offered to subscribers. The Amendment came into effect on November 1, 2025 and is expected to result in an insignificant loss of revenue in the Group companies.

Section 1.7.8 – Iron Swords War

For an update on this section, see section 1.5 in the Directors Report.

Section 1.7 – General

Seabed cable

Bezeq Group is assessing the option of deploying new regional cables that will connect Israel to strategic landing points in Europe, allowing significant expansion in internet traffic capacity between Israel and Europe (the "Project"). This initiative arises in response to global trends of dramatic growth in digital traffic volumes, both into Israel and along the route connecting Europe with the Near and Far East, partly due to the growing presence of major data and cloud service providers in Israel and the wider region. The Company has started the initial phase of assessing the implications of the project. It should be noted that as the reporting date, no binding decision has been made, and there is no certainty that a decision will be made to execute the Project, in whole or in part.

It should be noted that further to the above, on July 14, 2025, the Company signed a preliminary and non-binding memorandum of understanding for the acquisition of 100% of the issued and paid up share capital (fully diluted) of Exelera Telecom Ltd. ("Exelera") from its shareholders (the "Sellers" and the "MoU," respectively), among other things, as an alternative to the Project. However, in September 2025, due to the inability of the Company and the Sellers to reach a detailed agreement, the parties decided not to continue negotiations for the acquisition of Exelera. Accordingly, the non-binding MoU signed by

the parties is no longer valid, including all undertakings therein, except for the confidentiality undertaking, which remains in effect in accordance with its terms.

The Company continues to assess and advance the development of new regional cables.

The information in the above section regarding the assessment and promotion of new regional cables, global trends in digital traffic growth, the decision as to whether to execute the Project, and the timing of such a decision is forward-looking information, as defined in the Israeli Securities Law, based on the Company's assessments, assumptions, and expectations according to information available at this time, and it may not materialize or may materialize in a significantly different manner than anticipated, depending, among other things, on the results of the assessment, the costs of carrying out the Project, the level of demand for internet traffic, pricing and economic feasibility, regulatory issues, and other factors beyond the Company's control.

2. Bezeq – domestic fixed-line communications

Section 2.6.2 – The internet segment

Regarding the rate of the Company's end-to-end ISP customers out of the Company's retail customers – this rate is Approx. 90% as at September 30, 2025.

Section 2.6.2.2 regarding the IRU agreement between the Company and Partner – In June 2025, Partner exercised the option granted to it under the IRU agreement for 24 thousand additional lines.

Section 2.6.2.2 regarding the IRU agreement between the Company and Gilat – On November 3, 2025, the Company and Gilat signed an addendum to the long-term agreement for the provision of an indefeasible right of use (IRU) for BSA fiber (wholesale market). This is an expansion of the existing agreement between the Company and Gilat dated December 15, 2024, under which Gilat was granted usage rights for 18 thousand fiber optic lines for a 15-year term starting on January 15, 2025, for a total consideration of Approx. NIS 140 million (including Approx. NIS 90 million in one-time payments). Under the addendum, Gilat was granted usage rights for an additional 90 thousand lines, to be deployed gradually in four phases over a 15-year usage period, starting from the payment date for each lot included in the phase.⁷ The consideration for the addendum is expected to reach a total amount exceeding NIS 600 million, subject to Gilat's full execution of all phases (including Approx. NIS 400 million in one-time payments, as well as annual maintenance fees plus interest and/or index-linked adjustments in accordance with the agreement terms). Most of the consideration expected to be paid during the initial years of the addendum. The expanded agreement includes options for bandwidth upgrades and extensions of the usage period through two five-year option terms (granted to Gilat), at a lower cost per line than in the initial agreement periods. Exercising these options will result in a corresponding increase in the total financial scope of the agreement. The addition to the agreement is expected to increase the usability and efficiency of the Company's fiber network, its revenues and profits, and improve its free cash flow (mainly in the initial year, while providing greater certainty for future revenues from the cables in the wholesale market).

Some of the information in the above section is forward-looking information as defined in the Israel Securities Law, based on the Company's assessments, including with respect to the competitive and regulatory structure of the telecommunications sector, the behavior of telecom operators and consumers, and the manner in which Gilat will exercise its usage rights for the lines in various regions. Actual estimates and results may be different depending on the changing variables set out above.

Section 2.7.2 – Infrastructure and domestic fixed-line communications equipment

Section 2.7.2.3 regarding the publication of a hearing by the Ministry of Communications on the policy principles for gradual copper switch off, on April 9, 2025, the Minister of Communications announced the adoption of the recommendations of the ministerial team to develop a plan for switching off the traditional copper networks of the Company and Hot, in favor of a full transition from copper to fiber infrastructure by 2030. Under the decision, the switch off will be in a number of stages as set out in the decision, a copy of which was attached to the Company's immediate report dated April 10, 2025, which is included in this report by way of a reference. The main stages are as follows:

- Stage A – exemption from copper deployment in areas of new construction
- Stage B – gradual switch off of the copper network – during the year, the requirement to connect new retail and wholesale subscribers to copper infrastructure will be eliminated in areas where a fiber network is available. Once 85% of users in a specific area receive fiber service, copper networks can be switched off with notice of at least three months.
- Stage C – from 2030 onwards, copper networks will be switched off in all areas where fiber optic infrastructure is available for every residential apartment, even if in certain areas, fewer than 85% of users receive fiber service, provided customers and wholesale service providers are given sufficient notice.

It should be noted that according to the decision (contrary to what was proposed at the hearing), communication infrastructure owners will only be required to install fiber cables underground if an entity,

⁷ The realization of phases 2-4 (which include 18 thousand lines in each phase) is subject to a condition based on the growth in Gilat's overall activity as set out in the agreement.

such as a local authority, initiates and finances excavation work for underground installation. To implement the plan for copper switch off, the Ministry plans to amend the Communications Law and introduce provisions through secondary legislation or licenses under the law.

The Company anticipates that switching off the copper network will lead to reductions in the Company's ongoing costs and investments in the short term, amounting to tens of millions of shekels annually.

Section 2.9.6 – Addressing the cancellation of structural separation with employee representatives

Regarding the agreements reached between the Company and the employee representatives regarding the handling of the cancellation of structural separation, as set out in the Periodic Report – on October 16, 2025, the Company received a notice from the chair of the Company's employee representatives stating that the employee representatives are withdrawing from the agreements.

The Company remains committed to its employees in accordance with the agreements and continues its efforts to advance the cancellation of structural separation, which, based on information provided to the Company, is expected to be decided upon by the Ministry of Communications by the end of 2025.

Section 2.13 – Financing

Regarding the shelf prospectus published by the Company on May 9, 2023 – in May 2025, the Israel Securities Authority approved an extension for offering securities under the shelf prospectus until May 9, 2026.

Section 2.13.6 – Credit rating

On May 5, 2025, Maalot reaffirmed the iIAA rating of the Company, of Pelephone, and of yes with a stable outlook and the iIAA rating for the Company's debentures. Additionally, on May 7, 2025, 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, 2025 and May 7, 2025, included in this report by way of reference, and section 3 in the Directors Report.

Section 2.16.4 – Advanced network – fiber and section 1.7.6.4 – Enforcement and financial sanctions

On August 4, 2025, the Company received a notice from the Ministry of Communications regarding its intention to impose a financial sanction of Approx. NIS 10 million, due to a violation related to the deployment of advanced infrastructure in incentive areas. According to the Ministry's supervisory report, the Company violated Section 14E of the Communications Law by deploying advanced infrastructure in incentive areas where it was not authorized to do so, prior to the lapse of five years from the mandatory deployment period set out in the licenses awarded for those areas. Accordingly, the Ministry of Communications announced its intention to impose a financial sanction of Approx. NIS 10 million on the Company. On September 3, 2025, the Company submitted its response to the Ministry's notice and supervisory report, stating that, under the circumstances and in particular given that the incidents were minor, isolated, and unintentional, there is no justification for imposing a financial sanction on the Company.

Section 2.16.5 – Wholesale market

Section 2.16.5.3 – Pricing of wholesale market services regarding the call for public comments issued by the Ministry of Communications on February 23, 2025, specifying that it was evaluating the extent of its intervention in BSA rates and seeking public comments to assess appropriate regulatory and supervisory measures aimed at expanding competition and reducing regulatory burdens – On March 23, 2025, the Company submitted an economic opinion and its response to the call for public comments, stating that the Israeli internet market is currently at a competitive balance, generating correct investment signals and positive vectors in all quantitative and qualitative metrics. Accordingly, this balance should be maintained and there should be no supervision in advance, and if no antitrust practices arise, retrospective supervision relying on antitrust laws will be sufficient.

Regarding the petition filed at the High Court of Justice in September 2024, which sought to advance the hearing date and apply the rates to be determined therein retroactively from September 2023 – in July 2025, the Ministry of Communications submitted an update stating that it is expected to publish a hearing in the coming weeks regarding the new cost model, and in September 2025, an additional

update was submitted regarding the publication of a hearing to determine maximum rates for use of the service (for further information about the hearing, see this section below). Subsequently, on October 15, 2025, the court issued a ruling dismissing the petition without an order for costs.

Regarding the hearing on the determination of maximum payments for use of the Company's passive infrastructure – following the Ministry of Communications' issuance of a temporary order to extend the validity of existing tariffs until December 31, 2025, for the purpose of completing internal work on the new cost model, on June 30, 2025, the Communications Regulations (Telecommunications and Broadcasting) (Use of a Domestic Carrier's Public Telecommunications Network) (Temporary Order) (Amendment), 2025, were amended and the validity of the tariffs was extended until December 31, 2025.

Ministry of Communications hearing – determining maximum payments in the wholesale market

On July 29, 2025, the Company received a hearing document published by the Ministry of Communications regarding the determination of maximum payments in the wholesale market. According to the hearing, the Ministry believes it is necessary to update the cost model underlying the wholesale tariffs and set new tariffs for the Company. Moreover, in the remainder of 2025 and through the next two years (2026-2027), all market participants will continue to have access to the BSA service, while the Company will remain obligated to provide the service upon request and without discrimination. However, in a gradual process until the end of 2027, this obligation will be reduced such that from January 1, 2028, the Company will no longer be required to provide the service to large telecommunications groups (companies with 300 thousand or more retail internet subscribers, including HOT), except for 5% of the Company's existing fiber subscribers.

The hearing also proposes updated tariffs for wholesale services, including managed broadband access service and passive infrastructure access service:

Payment component	2025	2026	2027	2028	2029 onwards
Up to 1 Gbps	49.06	50.52	52.89	55.64	58.17
Above 1 Gbps and up to 2.5 Gbps	58.15	60.22	63.90	68.25	72.19
Passive infrastructure access service	150.3	153.8	157.3	160.9	164.6

*The other tariffs are set out in the hearing document attached to the Company's immediate report dated July 29, 2025, included in this report by way of a reference.

The full text of the hearing (without appendixes) is attached to the Company's immediate report dated July 29, 2025, included in this report by way of a reference.

On October 15, 2025, the Company submitted its response to the hearing, stating that, in its view, the reduced tariffs proposed in the hearing should be significantly increased.

The Company estimates that the proposed tariff reduction, if approved and implemented as outlined in the hearing notice, is not expected to have a material effect on the Company, due, among other things, to the IRU agreements signed by the Company. Furthermore, if the proposed tariff reduction is approved, it is expected to have a positive effect on yes. As a result, the Company recognized a one-time accounting gain of NIS 70 million in its financial statements for the third quarter of 2025, reflecting the increase in the fair value of yes in the Company's reports. For further information see also Note 15.6 to the Financial Statements.

The information in this section, including regarding the outcome of the hearing and its potential effect on the Company and its operations, constitutes forward-looking information as defined in the Israeli Securities Law. Such information is based on the Company's assessments, assumptions, and expectations based on the information available to it at the reporting date. The Company's assessments may not materialize, or may materialize only partially or in a materially different manner, depending on the factors mentioned above, including factors beyond the Company's control.

Section 2.18 – Legal proceedings

Sections A, C, D, E, F, and footnote 40 regarding civil legal proceedings that have been postponed at the request of the Attorney General due to ongoing related criminal proceedings – the proceedings have been delayed until May 8, 2025. In May 2025, an update and request were submitted in all proceedings

on behalf of the Attorney General, stating that a stay of proceedings is no longer being sought. At the same time, the court was petitioned to instruct that the Attorney General is notified prior to the investigation stage, to allow her to consider her position, at the appropriate time, of whether a stay of proceedings is required in view of developments in the criminal proceedings concerning related party transactions (section 1.1.5.3 of the 2024 reports). Following the above and the agreements between the parties in view of the criminal proceedings, the stay of proceedings continues, at this stage, until December 2025.⁸

Section B regarding the class action filed in November 2015, alleging that the Company abused its position in connection with competition in the communications market – the mediation on the case concluded without the parties reaching an agreement.

Section J regarding a motion to certify a class action in which an increased amount was claimed for payment for a higher browsing speed that the class members were actually able to use – In April 2025, the court dismissed a significant part of the motion, approving it only in part. As a result, the class on whose behalf the class action would be conducted was narrowed to include only current customers of the Company who purchased a service package and relocated during the validity period of the internet package, where the infrastructure in their new residence is capable of providing a lower speed than the one they had paid for, from April 27, 2014 until the approval date of the motion to certify. The remedies claimed are restitution; compensation for non-monetary damages; and an injunction ordering the respondent to cease selling services that cannot be provided and to adjust its conduct for the future. In view of the partial approval of the motion, the claim ceased to be material to the Company's activities. On May 20, 2025, the plaintiff filed an appeal regarding the narrowing of the class definition.

⁸ Regarding the proceedings described in footnote 40 of the 2024 reports – the Company is not a party to the procedure and has no information regarding its continued management.

3. Telephone – Cellular

Section 3.1.8

Section 3.1.8.4 – Following the publication of the policy document issued by the Ministry outlining the rules for allocation of frequencies for use by entities other than cellular operators or domestic carriers for the operation of local private networks (polygon area) per project – On September 15, 2025, the Ministry published revised draft to the Wireless Telegraph Regulations (Licenses, Certificates, and Fees) (Amendment), 2025, setting out the proposed regulatory framework for such private networks. This includes the licensing process (for private networks intended to provide services to third parties), rules for the establishment and operation of private networks, and the fees for license applications and frequency allocations in the designated bands (26 GHz, 3,500 MHz, and a narrow band within the 2,100 Mhz range).

Section 3.8.2 – Frequency usage rights

Section 3.8.2.2 regarding Pelephone's inventory of frequencies – the deployment of 800 MHz frequencies, originally planned for 2023, has not yet been carried out. Partial operation of these frequencies is expected in 2025-2026.

Section 3.10.1 – Suppliers of terminal equipment

Regarding Pelephone's material suppliers – Pelephone's agreement with Apple has been extended to March 2026.

Section 3.14.3 – Licensing of site construction

Section 3.14.3.3 – Regarding the Ministry of Communications' decision to permit entities that do not hold a cellular license ("Developers") to establish cellular radio centers (communication sites) and lease them to cellular operators — on September 10, 2025, the Ministry published an additional decision on the matter (including an amendment to the cellular operators' licenses), following a supplementary hearing published on September 24, 2024, which includes the following provisions: (1) Developers may own and maintain the equipment installed at the sites; (2) The sites may be used to fulfill the coverage requirements imposed on cellular operators (up to a permitted threshold derived from overall network traffic); (3) The sharing arrangement will generally exclude frequency sharing (other than in specific areas); (4) Developers will be required to register in the supplier registry under the Communications Law (and will be subject to the Ministry's licensing provisions), or alternatively, to obtain approval from the Ministry if they enter into agreements with a cellular operator involving more than 100 sites or for a term exceeding five years; (5) Government companies, mixed companies, local authorities, and municipal corporations seeking to act as developers will require approval from the Ministry of Communications, which will assess such requests based on criteria outlined in the decision. An agreement between a developer and a cellular operator, such as the Company, will be made based on a business decision and feasibility considerations of the cellular operator. At this stage, it is not possible to assess the expected impact of the decision, among other things, due to the rules set forth therein, the ability of the Developers to reach commercial agreements with cellular operators, the potential economic viability for developers and operators, and other related factors.

Section 3.15 – Material agreements

Section 3.15.2

regarding the extension of the agreement period – on June 29, 2025, an agreement was signed to extend the agreement until December 31, 2025.

Regarding the new tender for the provision of cellular services and equipment – on June 5, 2025, Pelephone was announced as the first-ranked candidate to serve as a primary supplier (to provide 60% of the services and equipment, replacing its previous role as the exclusive supplier under the expired tender) in a tender of the Accountant General in the Ministry of Finance for the supply of cellular communication services and telecommunications equipment to government ministries, subordinate units, and affiliated entities, according to a defined scope of services (Package 1) (the "**Tender**"). Pelephone, which has been providing cellular services to the State and its employees for several years,

following its success in previous tenders, participated in this Tender as well and was selected, as described below, as the first-ranked candidate to supply 60% of the services and equipment. Accordingly, Pelephone will continue to serve as the primary provider of cellular services and telecommunications equipment under the Tender to employees of government ministries, subordinate units, and related entities. Under the terms of the Tender, Pelephone will provide cellular services to at least 60 thousand subscribers, plus several tens of thousands of data subscribers (data communication), over 42 months (with an option for the State to extend the term up to a total of 72 months beyond the initial 42-month period). Under the Tender, Pelephone will offer equipment to tens of thousands of subscribers under a leasing mechanism. Pelephone's renewed success in the Tender is expected to secure significant revenue for the Company, amounting to hundreds of millions of NIS over the term of the agreement.

These forecasts of Pelephone and the Company are forward-looking information, as defined in the Israel Securities Law. The forecasts are based on Pelephone's assessments, assumptions, and expectations regarding, among other things, the number of subscribers who will receive service from Pelephone, and the scope of services and equipment to be provided under the terms of the Tender, which may not materialize or may materialize in a different manner than that described above.

Section 3.16.1 – Pending legal proceedings

Section D regarding the motion to certify a class action related to claims about the features of the filtering service for websites and harmful content, and how customers were informed of its existence – on May 19, 2025, a judgment was handed down approving a settlement agreement in the case. The key terms of the settlement (for Pelephone), include a limited time browsing benefit for both existing and new subscribers of the service, and payment of Approx. NIS 350 thousand to cover attorney's fees and compensation.

Section G regarding two motions to certify class actions related to fees for payment of the cellular bill through a standing order – in March 2025, the court decided to consolidate the two motions with another motion filed on the same subject.

Section 3.18 – Anticipated developments in the coming year

On July 15, 2025, Pelephone submitted a preliminary and non-binding letter of intent to Altice International Group for the acquisition of full ownership of Hot Mobile, for a total cash consideration of up to NIS 2 billion (subject to adjustments). It should be clarified that this is a preliminary and non-binding letter of intent, submitted without prior negotiations and is based solely on partial and publicly available information.⁹ There is no knowledge or assurance that its submission will lead to the start of negotiations or subsequently to discussions regarding a potential acquisition as stated. The letter of intent outlines a preliminary, non-binding, and general business framework, and is subject, among other things, to the completion of due diligence, commercial and legal agreements between the parties, and the receipt of required approvals, as well as maintaining the Company's high credit rating within the AA group and its current dividend policy. Following the above, Pelephone is conducting negotiations to assess the possibility of such an acquisition, and it submitted a formal, non-binding offer for the same amount.

The above section includes forward-looking information as defined in the Israel Securities Law, and there is no certainty as to its materialization, in whole or in part, including with regard to the start of negotiations between the parties; the formulation and signing of an agreement, its terms and timelines; the receipt of required approvals, including approval from the Ministry of Communications and the Antitrust Authority; and the completion of any transaction, for the reasons set out above.

⁹ Based on reports from the public company Altice International

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

Section 4.8 – Human resources

On November 2, 2025, Bezeq International received a notice from the Histadrut New Federation of Labor – Cellular, Internet, and High-Tech Workers Union, declaring a labor dispute at Bezeq International in accordance with the Labor Dispute Settlement Law, 1957 and a strike beginning on November 16, 2025. According to the notice, the subject of the labor dispute is a deadlock in negotiations between employee representatives and management regarding changes to the work-from-home format. At this stage, the Company and/or Bezeq International are unable to estimate the implications of the Notice.

Section 4.12.1 – Pending legal proceedings

Section B regarding a motion to certify a class action on the grounds that Bezeq International allegedly fails to inform its customers as required of the possible risks in using the internet and the option of joining a free content filtering service – On April 29, 2025, a judgment was handed down approving withdrawal without compensation, in which the motion for certification was struck out and the lawsuit against Bezeq International was dismissed.

Section C regarding a motion to certify a class action, alleging that Bezeq International charges customers for services it does actually not provide them, allegedly knowing that the customer had migrated to a different ISP and disconnected from Bezeq International – on June 23, 2025, a judgment was handed down dismissing the motion and striking the cause of action related to associated internet services. It should be noted that the additional motion referenced in this section remains pending. The additional motion refers to the allegation that Bezeq International charges customers for services despite allegedly knowing that the customer has not activated or used the services.

5. yes – multichannel television

Section 5.1.1 – Structure and changes to areas of operations

Footnote 65 – In April 2025, the temporary provision was extended to June 2025, according to which holders of television broadcasting licenses (in SD technology) and holders of radio broadcasting concessions were exempt from paying distribution fees.

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

In November 2025, the Knesset approved the first reading of the Communications (Broadcasting) Bill, 2025 (the “**Bill**”).¹⁰ The Bill includes amendments to the provisions of the memorandum published in 2023.

According to the Bill and its explanatory notes, the Bill is intended to amend the legislation based on recommendations made by various committees over the years (the most recent of which was the Folkman Committee) and to revise the rights and obligations applicable to all players operating in the audiovisual content market in several ways, including the following:

1. A new authority will be established to replace the Cable and Satellite Broadcasting Council and the Second Authority for Television and Radio. This authority will regulate the audiovisual content market in a way that will disregard the method and technology used for content distribution. The Authority will be responsible for competition in the audiovisual content market and will be authorized to issue directives aimed at preventing impairment of competition.
2. A limited and targeted set of obligations will apply to the major players in this market, including registration requirements (in this matter, it was proposed to set up a news providers registry and a

¹⁰ It is noted that Bill has not received approval from the Attorney General as required under Attorney General Directive 2.3005: Treatment of Government Bills.

content providers registry), investment in local productions (see subsection 6 below), distribution obligations for content from the Israel Broadcasting Corporation and the Knesset channel, obligations relating to sports, consumerism, and ethics. In addition, provisions have been established regarding a commercially significant provider (a registered content provider whose revenue exceeds a threshold to be determined by the Council), including an obligation to make its content available to other registered content providers on non-discriminatory terms, and an unbundling obligation that will apply to a registered content provider that is either a commercially significant provider or affiliated with such a provider.

3. As part of the effort to remove existing restrictions on economic models in the audiovisual content market (while retaining certain provisions regarding cross-ownership) – the prohibitions currently applicable to licensed broadcasters (including yes), regarding the broadcasting of advertisements and the production of news content will be lifted. Additionally, in view of the commencement and applicability dates set out in the Bill, the transmission arrangements set out in the Communications Law and the Broadcast Distribution Law are expected to remain in effect for additional periods after the law enters into force,
4. Specific arrangements will be determined regarding news content delivered to the public, including a requirement for registered content providers to transmit up to ten news channels free of charge, under the conditions set out in the bill, including continuous broadcasting across designated channel slots.
5. Arrangements will be established regarding the provision of sports content to the public, including arrangements designed to preserve competition among content providers and prevent cross-subsidization in subscriber pricing. Among other arrangements, it is proposed that a sports content provider will be required to make its content available to other registered content providers on non-discriminatory terms, and that an unbundling obligation will apply to the provider (if it provides sports content to subscribers).
6. Investment obligations will be established for high-quality local productions, applying, with necessary modifications, to all major players in Israel's audiovisual content supply market. The investment obligation will be set at 6.5% of the content provider's revenue, and will be applied gradually. The 6.5% investment obligation will also apply to international content providers with a significant scope of activity in Israel.
7. The Bill includes additional provisions, such as measures regarding the transfer of the Idan+ platform to an application and the establishment of related arrangements; provisions regarding the Council's authority to issue directives, in the cases set out in the Bill, regarding service unbundling and the manner in which content is made accessible to viewers, including rules related to the use of remote controls, subscriber-owned equipment, and the user interface; provisions regarding the Council's authority to establish rules concerning the publication of viewership data by registered content providers; provisions regarding the obligation to provide community content; provisions addressing pirated content; and provisions regarding administrative enforcement procedures.

At this stage, it is unclear which provisions of the Bill, if any, will be enacted into a binding law, nor what its content and regulatory arrangements will be, and therefore at this stage, it is difficult to assess the effect of such legislation on the business operations of yes (if any).

Section 5.2.2 – ISP services

As at the reporting date, the Company provides internet access services to yes (replacing Gilat).

Regarding the hearing published by the Ministry of Communications on July 29, 2025 on the determination of maximum payments in the wholesale market, see the update to section 2.16.5.

Section 5.10.3 – Bonuses and nature of employment agreements

In April 2025, yes, the Histadrut Israel National Labor Federation, and the employees' committee of yes signed an agreement to extend the collective agreement until December 31, 2025, which also anchored the additional agreements outlined in the memorandum of principles of February 2025.

Section 5.11.2 – Dependence on suppliers

Dependence on Gilat – In view of services received from the Company (see the update to section 5.2.2), the dependence has ended.

Section 5.12 – Financing

In November 2025, the Company approved a credit facility or an equity investment in yes in the amount of NIS 100 million, for 15 months starting on October 1, 2025. This approval is instead of similar approval given in August 2025 (and not in addition to it).

Section 5.15.1 – Space segment leasing agreement and goals and strategy

Regarding the plan for gradual migration from satellite broadcasting to internet-based broadcasting (OTT) (the "Migration Plan"), which is implemented by yes – in June 2025, yes resolved to continue its satellite broadcasts until the end of 2028. From February 2026, satellite service will be provided in a limited and targeted format to relevant customers, including institutional customers, subject to: (a) execution of an agreement (currently under negotiation) between yes and Space Communications Ltd. ("Spacecom") for a consideration that is not material to the Company, from March 1, 2026¹¹ until the end of 2028 (the "Agreement"); and (b) the launch and positioning of a new satellite at the scheduled times.¹²

The negotiations for the new agreement with Spacecom are based, among other things, on the following principles:

- yes will lease three (3) space segments from Spacecom on the new satellite and under the Agreement, Spacecom will declare that it holds the right to lease these segments to yes, granted by the satellite's rights holder.
- Spacecom will have the right to terminate the Agreement (not due to a breach) if requested by the satellite's rights holder, without compensation.

Extension of the Migration Plan is expected to have a positive effect on the results of yes.

The signing of the Agreement and the continuation of limited satellite broadcasts after February 2026 constitute forward-looking information, as defined in the Israel Securities Law, based, among other things, on the successful completion of negotiations on the Agreement as described above, execution of the Agreement, the successful operation of the satellite, relevant regulatory and licensing framework for yes, exercise of the rights by the new satellite's rights holder, availability of the resources and inputs required for continuing the migration process, and the relevant market conditions. However, the forecasts, preparations, objectives, and format of yes may not materialize, or may materialize in a substantially different manner, due to the possibility that negotiations for signing the Agreement may not be completed in the aforementioned format and/or at all, due to the possibility that the new satellite may not be deployed on schedule, as well as changes and/or limitations related to the resources required for its implementation, regulatory and/or other restrictions currently imposed or that may be imposed on yes, failure to obtain the required consents or the exercise of termination rights, fluctuations in demand for the proposed format, and other changes in the sector.

Section 5.15.2 – Agreement with Partner

In March 2025, yes received a letter from the Antitrust Authority regarding an application for exemption from approval of a restrictive arrangement between yes and Partner. According to the letter, based on the current review, the arrangement between yes and Partner includes restrictions that seemingly limit competition in a significant portion of the market affected by it, and they may have a substantial negative effect on competition in the market, based on several competitive aspects reviewed as part of the application for exemption. Accordingly, in the letter, the Antitrust Commissioner (the "Commissioner") noted that she is considering denying the application for exemption. yes believes that there is no basis for the concerns, and in April 2025 an oral hearing was held before the Commissioner.

Subsequently, and following the hearing and discussions with the Antitrust Authority regarding the application, in April 2025, an amendment to the agreement between yes and Partner was signed, which includes several revised arrangements. Among other things, according to the amendment to the agreement, yes will provide Partner with a license to use a dedicated audiovisual content application based on the Sting+ service operated by yes. Furthermore, yes will offer various services related to the application and grant broadcasting rights for the content, as set out in the agreement and the amendment to the agreement. In view of the amendments, the amendment to the agreement further

¹¹ On this date, the leasing of space segments on the Amos 3 satellite, currently leased by yes, will come to an end. If the new satellite becomes operational before March 1, 2026, under the term to be set out in the agreement, yes will be entitled to begin the lease at that time without any additional consideration.

¹² In July 2025, the satellite was launched and in August 2025, it was positioned in space.

stipulated that the precondition in the agreement regarding obtaining the approval of the Antitrust Authority for the completion and execution of the agreement was waived, following an independent self-assessment by each of the parties. It was further established that the other precondition set out in the agreement regarding the approvals required for yes to fulfill its obligations under the agreement has been met. Therefore, the agreement entered into effect when the amendment to the agreement was signed. In addition, under the amendment to the agreement, the commercial launch date will take effect within four to six months after it is signed, and Partner may extend the agreement for an additional year (in addition to the one-year extension set out in the agreement).

Furthermore and in accordance discussions for the amendment to the agreement, yes and Partner withdrew the application for an exemption.

Following further negotiations with the Antitrust Authority, in May 2025, the parties signed an additional amendment to the agreement, which, among other things, redefines the terms of joint content procurement through yes and updates the licensing terms for the dedicated app.

In July 2025, the parties signed an additional amendment to the agreement, which regulated the payment format for the app, and in September 2025, the commercial service was launched.

The Company and yes estimates that the agreement is not expected to have a material contribution to the business activity of Bezeq Group. It should be further noted that a one-time material positive accounting effect was recorded in the Company's financial statements for the second quarter of 2025. For further information see also Notes 5.1 and 15.4 to the Financial Statements.

The information regarding the estimated accounting implications, and the contribution of the agreement to Bezeq Group's business activity is forward-looking information, as this term is defined in the Israel Securities Law, Such information may not materialize or may materialize in a way that is materially different than anticipated, depending, among other things, on the variables set out above, including factors beyond the control of yes, such as how the agreement is implemented by the parties.

Section 5.15 – Material agreements

Agreement with RGE and Taboola

In September 2025, yes entered into an agreement with RGE Group Ltd. ("RGE") and Taboola.com Ltd. ("Taboola") (the "Agreement"), under which, among other terms, RGE and Taboola will engage with advertisers and manage advertising activities within yes's OTT multichannel television services, in accordance with the guidelines established by yes, utilizing advertising space to be allocated by yes to RGE and Taboola on an exclusive basis, subject to specific exceptions outlined in the Agreement.

According to the Agreement, the commercial launch will take place following the implementation of a suitable technological system and, in any case, not before January 2026. The term of the Agreement is three years after the commercial launch date, and yes has the right to extend the Agreement for two additional one-year periods. If yes extends the Agreement for an additional period (one year or more), RGE and Taboola will have the right to terminate the Agreement prematurely with six months' prior notice (such that the total term of the Agreement will be no less than 3.5 years from the commercial launch date). Additionally, subject to yes providing advertising space in the volume specified in the Agreement, yes will be entitled to payment based on the rates set out in the Agreement, which will be no less than the minimum consideration set out therein. If yes provides less advertising space than agreed, the minimum consideration will be reduced accordingly.

The Agreement has a one-time, positive, material accounting effect of Approx. NIS 72 million due to the increase in the value of yes in the Company's financial statements, which was recognized by the Company in its financial statements for the third quarter of 2025. For further information see also Note 15.7 to the Financial Statements.

The information regarding the commercial launch date, the expected payments to yes, and the accounting implications is forward-looking information, as this term is defined in the Israel Securities Law, Such information may not materialize or may materialize in a way that is materially different than anticipated, depending, among other things, on the volume of advertising space made available by yes, the extent of agreements with advertisers, factors beyond the control of yes, and the manner in which the Agreement is implemented by the parties.

Section 5.16.1 – Pending legal proceedings

Section C regarding the motion for certification of a derivative claim filed in connection with a motion for disclosure of documents regarding the Space transaction – see the update to section 2.18.1(D).

Section E regarding the claim filed against yes alleging that yes breached its obligations toward customers who subscribed to the yes Unlimited plan – in April 2025, a judgment was issued approving the applicant's withdrawal from the motion, striking it out and awarding compensation and legal fees to the applicant and his legal counsel.

Section F regarding the motion for certification of a derivative claim related to the sale of the Company's shares by B Communications, see the update to section 2.18.1(f).

November 10, 2025

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, 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.



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, 2025 (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, 2024 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 entering the electricity supply sector see Note 12.6 to the annual financial statements.

The telecommunications market is fiercely competitive, primarily 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. Multichannel television

For information about the investigation by the Israel Securities Authority and Israel Police, see Note 1.2 to the financial statements. The independent auditors have drawn attention to the matter in their opinion on the financial statements..

For further information concerning the Company's operations, including in the reporting period, see Chapter 1 - Update of Chapter A (Description of the Company's Business) of the Periodic Report for 2024.

Breakdown of the Group's results:

	1-9.2025	1-9.2024	Change		7-9.2025	7-9.2024	Change	
	NIS million		NIS million	%	NIS million		NIS million	%
Net profit	1,175	863	312	36.2	446	281	165	58.7
Adjusted net profit¹	1,228	900	328	36.4	482	309	173	56.0
EBITDA¹	2,907	2,699	208	7.7	996	880	116	13.2
Adjusted EBITDA¹	2,968	2,742	226	8.2	1,041	915	126	13.8
Free cash flow ¹	823	1,011	(188)	(18.6)	329	365	(36)	(9.9)

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

The increase in profit indices is mainly due to the reversal of an impairment loss on an asset of yes, see Note 5.1 to the financial statements.

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 adjusted to similarly designated 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 less 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 net of 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.
Free cash flow	Cash from operating activities less cash for the purchase/sale of fixed assets and intangible assets, net, and from 2018, 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.

Breakdown of the calculation of these indices:

	1-9.2025	1-9.2024	7-9.2025	7-9.2024
	NIS million		NIS million	
<u>Adjusted net profit</u>				
Net profit	1,175	863	446	281
Net of other operating expenses, net after tax	36	20	30	22
Net of expenses for equity based compensation	17	17	6	6
Adjusted net profit	1,228	900	482	309

<u>EBITDA and adjusted EBITDA</u>				
Operating profit	1,688	1,320	616	436
Net of depreciation, amortization, impairment and reversal of impairment loss	1,219	1,379	380	444
EBITDA	2,907	2,699	996	880
Net of other operating expenses, net	44	26	39	29
Net of expenses for equity based compensation	17	17	6	6
Adjusted EBITDA	2,968	2,742	1,041	915

<u>Free cash flow</u>				
Net cash from operating activities	2,430	2,617	866	907
Net of cash for purchase/sale of fixed assets and intangible assets, net	1,233	1,263	420	429
Net of lease payments	374	343	117	113
Free cash flow	823	1,011	329	365

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

	Sept 30, 2025	Sept 30, 2024	Change		Explanation
	NIS million			%	
Cash and current investments	2,886	3,196	(310)	(9.7)	For further information see section 1.3 below.
Current and non-current trade and other receivables	2,076	2,047	29	1.4	
Inventory	101	93	8	8.6	
Assets of a held for sale disposal group	-	81	(81)	(100.0)	The decrease is due to the sale of the subsidiary, Bezeq Online, in the second quarter of 2025
Right-of-use assets	1,751	1,761	(10)	(0.6)	
Fixed assets	7,371	7,036	335	4.8	The increase is mainly from the domestic fixed line communications segment, among other things, due to the progress made in the fiber network deployment project, and from yes, due to investments and reversal of an impairment loss on assets, see Note 5.1 to the financial statements.
Intangible assets	1,052	934	118	12.6	The increase is mainly attributable to yes, due to the reversal of an impairment loss on assets and from investments
Deferred expenses and non-current investments	548	328	220	67.1	The increase is due to a rise in the broadcasting rights at yes, mainly due to the reversal of an impairment loss on the asset and from investments in content.
Total assets	15,785	15,476	309	2.0	

1.1 Financial position (contd.) - Liabilities and equity

	Sept 30, 2025	Sept 30, 2024	Change		Explanation
	NIS million			%	
Debt to financial institutions and debenture holders	7,534	7,921	(387)	(4.9)	The decrease in the debt is due to repayment of debentures and loans, in accordance with repayment schedules, offsetting the issue of debentures by way of expansion of Series 13 and 14 in December 2024 in the domestic fixed-line communications segment.
Lease liabilities	1,947	1,947	-	-	
Trade and other payables	1,848	1,905	(57)	(3.0)	The decrease is mainly due to a decrease in current tax liabilities, offsetting an increase in trade payables in the domestic fixed-line communications segment.
Dividend payable	583	407	176	43.2	On September 11, 2025, the general meeting of the Company's shareholders approved the distribution of a cash dividend to the shareholders of the Company in the amount of NIS 583 million. The dividend was paid subsequent to the reporting date on October 19, 2025. See Note 7.2 to the financial statements.
Employee benefits	595	535	60	11.2	The increase is mainly due to increased provisions relating to termination of employer-employee relations for early retirement and voluntary redundancy within the Group, and for severance and leave pay in the domestic fixed-line communications segment, offset by payments for employee retirements and with respect to half of the special grant paid to the Company's employees under the amendment to the collective agreement, following a change in the rate of holdings by the Company's controlling shareholders (As of September 30, 2025, the liability for this payment is included under the Other Payables item and was actually paid in October 2025).
Provisions	197	123	74	60.2	The increase is due to an increase in provisions in the domestic fixed-line communications segment, most of which was recorded against a receivables asset with respect to an insurer obligation for indemnification coverage. For further information, see Note 6 to the financial statements).
Liabilities of a held for sale disposal group	-	31			The decrease is due to the sale of the subsidiary, Bezeq Online, in the second quarter of 2025
Deferred tax liabilities	70	89	(19)	(21.3)	The decrease is attributable to the domestic fixed line communications segment.
Derivatives and other non-current liabilities	302	222	80	36.0	The increase is due to an increase in long-term prepaid revenue in the domestic fixed-line communications segment mainly due 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	13,076	13,180	(104)	(0.8)	
Total equity	2,709	2,296	413	18.0	Equity constitutes 17.2% of the total balance sheet compared with 14.8% of the total balance sheet as at September 30, 2024. The increase in equity is due to accumulated profits, net of dividend distributions, as set out in Note 7.2 to the financial statements.
Total liabilities and equity	15,785	15,476	309	2.0	

1.2 Operating results

1.2.1 Highlights

	1-9.2025	1-9.2024	Change		7-9.2025	7-9.2024	Change	
	NIS million		%		NIS million		%	
Revenues	6,516	6,681	(165)	(2.5)	2,145	2,234	(89)	(4.0)
General operating expenses	2,169	2,500	(331)	(13.2)	661	832	(171)	(20.6)
Salaries	1,396	1,456	(60)	(4.1)	449	493	(44)	(8.9)
Depreciation, amortization, impairment and reversal of impairment loss	1,219	1,379	(160)	(11.6)	380	444	(64)	(14.4)
Other operating expenses (income), net	44	26	18	69.2	39	29	10	34.5
Operating profit	1,688	1,320	368	27.9	616	436	180	41.3
Financing expenses, net	254	187	67	35.8	82	70	12	17.1
Share in loss of an investee	20	6	14	233.3	16	3	13	433.3
Profit before income tax	1,414	1,127	287	25.5	518	363	155	42.7
Income tax	239	264	(25)	(9.5)	72	82	(10)	(12.2)
Net profit for the period	1,175	863	312	36.2	446	281	165	58.7

Explanation

The decrease is mainly due to the decrease in interconnect rates as of June 2024, and cancellation of most interconnect fees in June 2025, as well as the sale of the subsidiary, Bezeq Online, and its deconsolidation as of the second quarter of 2025, as set out in Note 15.3 to the financial statements. For further information see section 1.2.2 below.

The decrease is mainly due to the reversal of an impairment loss on a broadcasting rights asset in yes, as well as a decrease in interconnect payments to communications operators following such rate cuts, mainly in the cellular communications segment. For further information, see Notes 5.1 and 9 to the financial statements.

The decrease is due to the sale of the subsidiary, Bezeq Online, and its deconsolidation in the second quarter of 2025.

The decrease is mainly due to the reversal of an impairment loss on an asset of yes, see Note 5.1 to the financial statements.

The increase is mainly due to the domestic fixed-line communications segment, offsetting a decrease in the cellular communications segment. For further information, see Note 10 to the financial statements and section 1.2.2 below.

The increase in the period is mainly due to a decline in the value of forward transactions resulting from the USD exchange rate depreciation in the reporting period, affecting both the domestic fixed-line communications segment and the multichannel television segment. For further information, see Note 11 to the financial statements).

As of the second quarter of 2024 the Company records its share in the net operating results of BezeqGen in its financial statements.

1.2.2 Operating segments

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

	1-9.2025		1-9.2024		7-9.2025		7-9.2024	
	NIS million	% of total revenues	NIS million	% of total revenues	NIS million	% of total revenues	NIS million	% of total revenues
Revenue by operating segment								
Domestic fixed-line communications	3,314	50.9	3,271	49.0	1,111	51.8	1,105	49.5
Cellular communications	1,613	24.8	1,691	25.3	517	24.1	547	24.5
Bezeq International services	817	12.5	820	12.3	281	13.1	270	12.1
Multichannel television	960	14.7	948	14.2	321	15.0	317	14.2
Others and adjustments	(188)	(2.9)	(49)	(0.8)	(85)	(4.0)	(5)	(0.3)
Total	6,516	100	6,681	100	2,145	100	2,234	100

	1-9.2025		1-9.2024		7-9.2025		7-9.2024	
	NIS million	% of segment revenue	NIS million	% of segment revenue	NIS million	% of segment revenue	NIS million	% of segment revenue
Operating profit (loss) by operating segment								
Domestic fixed-line communications	1,098	33.1	1,135	34.7	328	29.5	355	32.1
Cellular communications	143	8.9	147	8.7	56	10.8	52	9.5
Bezeq International services	39	4.8	51	6.2	17	6.0	13	4.8
Multichannel television (proforma)²	(21)	(2.2)	(74)	(7.8)	1	0.3	(29)	(9.1)
Others and adjustments	429³	-	61	-	214³	-	45	-
Consolidated operating profit / % of the Group's revenues	1,688	25.9	1,320	19.8	616	28.7	436	19.5

- (2) Results of the multichannel television segment are presented net of the total impairment recognized beginning in 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. 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 multi-channel television segment (pro forma) and the accounting operating profit of yes, mainly for reversal of an impairment loss, see Note 5.1 and section 1.2.2E below.

1.2.2 Operating segments

B. Domestic fixed-line communications

	1-9.2025	1-9.2024	Change		7-9.2025	7-9.2024	Change		Explanation
	NIS million		%		NIS million		%		
Revenues from internet services	1,521	1,495	26	1.7	508	500	8	1.6	The increase is due to an increase in the retail ARPU, which is mainly due to an increase in the number of fiber network subscribers, offset by a decrease in wholesale market revenues, which in the period is due, among other things, to the decrease in duct access rates as of April 1, 2024.
Fixed line telephony revenue	371	416	(45)	(10.8)	120	135	(15)	(11.1)	The decrease is due to lower average revenue per telephone line (ARPL), mainly as a result of the reduction of interconnect rates since June 2024 and cancellation of most of the interconnect fees since June 2025, as well as a decrease in traffic volume. There has also been a decrease in the number of lines.
Revenue from data and other transmission and communications	1,153	1,099	54	4.9	391	383	8	2.1	The increase is mainly due to an increase in data transmission and communication services, sales of equipment to businesses, and in the period, also due to revenues from fee-based projects, offset by a decline in revenue from ISP transmission due to subscriber migration to the Company following the ISP reform, and in the quarter also due to a decrease in revenue from paid for work.
Revenue from cloud and digital services	269	261	8	3.1	92	87	5	5.7	The increase is due to cloud services and virtual switchboard services.
Total revenue	3,314	3,271	43	1.3	1,111	1,105	6	0.5	
General operating expenses	583	575	8	1.4	203	205	(2)	(1.0)	The change is mainly due to an increase in marketing and general expenses and in the period also to an increase in subcontractor expenses, offset by a decrease in interconnect payments to communications operators following the forgoing reduction in rates.
Salaries	807	783	24	3.1	270	265	5	1.9	The increase in the period is mainly due to salary increases, offsetting retirement of employees.
Depreciation and amortization	788	763	25	3.3	269	256	13	5.1	
Other operating expenses, net	38	15	23	153.3	41	24	17	70.8	The increase is mainly due to an increase in expenses for a provision for legal claims and expenses due to early retirement severance pay, and in the period also due to a decrease in capital gains from the sale of real estate. The increase is partially offset due to a capital loss with respect to the Company's agreement to sell all of its holdings in the subsidiary, Bezeq Online, which was recorded in the corresponding quarter last year.
Operating profit	1,098	1,135	(37)	(3.3)	328	355	(27)	(7.6)	
Financing expenses, net	220	189	31	16.4	73	67	6	9.0	The increase in expenses in the period is mainly due to a decline in the value of forward transactions resulting from the USD exchange rate depreciation in the reporting period.
Share in loss of an investee	20	6	14	-	16	3	13	-	As of the second quarter of 2024 the Company records its share in the net operating results of BezeqGen in its financial statements.
Income tax	205	227	(22)	(9.7)	60	68	(8)	(11.8)	
Segment profit	653	713	(60)	(8.4)	179	217	(38)	(17.5)	

1.2.2 Operating segments

C. Cellular communications

	1-9.2025	1-9.2024	Change		7-9.2025	7-9.2024	Change		Explanation
	NIS million		%		NIS million		%		
Revenue from services less interconnect fees ⁴	1,102	1,048	54	5.2	381	365	16	4.4	The increase is mainly due to a increase in postpaid revenue resulting from growth in the number of subscribers (including subscriber of 5G packages), an increase in content revenue and an increase in revenue from roaming services as a result of recovery from the effects of the war.
Interconnect revenue ⁴	75	194	(119)	(61.3)	-	41	(41)	(100.0)	The decrease is mainly due to a reduction in interconnect fees, most of which were canceled in June 2025.
Sale of terminal equipment	436	449	(13)	(2.9)	136	141	(5)	(3.5)	The decrease is mainly due to erosion of device prices.
Total revenue	1,613	1,691	(78)	(4.6)	517	547	(30)	(5.5)	
General operating expenses	795	886	(91)	(10.3)	235	277	(42)	(15.2)	The decrease is mainly due to a decrease in interconnect revenue expenses (parallel to the decrease in revenue). This decrease is mainly offset by an increase in frequency fee costs due to the cancellation of discounts granted up to the end of 2024.
Salaries	248	242	6	2.5	81	80	1	1.3	The increase is mainly due to the effects of the collective agreement and minimum wage increase. On the other hand, there has been a decrease in the employee headcount.
Depreciation and amortization	428	407	21	5.2	147	135	12	8.9	The increase is mainly due to an increase in new investments.
Other operating expenses (income), net	(1)	9	(10)	-	(2)	3	(5)	-	The decrease in the period is mainly due to legal expenses and costs related to retirement of employees.
Operating profit	143	147	(4)	(2.7)	56	52	4	7.7	
Financing expenses, net	12	6	6	100.0	6	2	4	200.0	The increase is due to the effect of changes in the USD exchange rate and an increase in financing expenses on leasing liabilities.
Income tax	32	34	(2)	(5.9)	12	12	-	-	
Segment profit	99	107	(8)	(7.5)	38	38	-	-	

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

1.2.2 Operating segments

D. Bezeq International services

	1-9.2025	1-9.2024	Change		7-9.2025	7-9.2024	Change		Explanation
	NIS million		%		NIS million		%		
Revenues	817	820	(3)	(0.4)	281	270	11	4.1	The decrease in the period is mainly due to a decrease in revenue from ISP services in the private sector due to a decrease in the number of subscribers as a result of the ISP regulatory reform, and a decrease in revenue from internet services in the business sector and international data communication services. This decrease is partially offset mainly by an increase in revenue from cloud operations, from the sale of equipment, licensing and service contracts, and from an increase in revenue from international telephony services. The increase in the quarter is mainly due to an increase in revenue from the sale of equipment, licensing and service contracts, and due to an increase in cloud activities. This increase is partially offset due to a decrease in revenue from ISP services in the private sector and a decrease in revenue from international data communication.
Operating and general expenses and impairment	546	538	8	1.5	189	179	10	5.6	The increase is mainly due to an increase in cloud activity expenses, an increase in expenses of equipment, licensing and service contracts, and due to international telephony services. This increase was offset due to a decrease in expenses for private-sector ISP, business-sector ISP, and international data communications services.
Salaries	161	157	4	2.5	52	53	(1)	(1.9)	The increase in the period is mainly due to an increase in salaries in the subsidiaries, offsetting a decrease in salaries at Bezeq International as a result of the ongoing downsizing of its headcount.
Depreciation, amortization, and impairment	71	76	(5)	(6.6)	23	23	-	-	The decrease in the period is mainly due to a decrease in recorded impairment losses, resulting from a decrease in investing activity compared with the corresponding period last year.
Other operating expenses (income), net	-	(2)	2	(100)	-	2	(2)	(100)	The decrease in the period is due to recording of other income, net, in the corresponding period last year with respect to the amendment of the server farm lease agreement (Bnei Zion), offsetting the expenses of the provision for claims recorded in the period and quarter last year.
Operating profit	39	51	(12)	(23.5)	17	13	4	30.8	
Financing expenses, net	6	3	3	100	2	1	1	100	The increase is due to exchange rate differences and financing costs with respect to the capitalization of the streamlining provision. This increase was offset by an increase in interest income.
Income tax	-	1	(1)	(100)	(1)	1	(2)	-	
Segment profit	33	47	(14)	(29.8)	16	11	5	45.5	

1.2.2 Operating segments

E. Multichannel television (proforma) ⁵

	1-9.2025	1-9.2024	Change		7-9.2025	7-9.2024	Change		Explanation
	NIS million		%		NIS million		%		
Revenues	960	948	12	1.3	321	317	4	1.3	The increase is mainly due to an increase in revenue from combined television and fiber bundles, and first recognition of revenue from the Partner transaction in the quarter.
General operating expenses	668	691	(23)	(3.3)	219	236	(17)	(7.2)	The decrease is mainly due to a decrease in satellite costs, a decrease in content costs and a decrease in costs related to collaborations with international content providers that were partially offset by an increase in the fiber operation costs.
Salaries	132	139	(7)	(5.0)	44	47	(3)	(6.4)	The decrease in the period is mainly due to a decrease in the headcount and increase in capitalization of wages and partial offset by the effects of the collective agreement.
Depreciation and amortization	174	189	(15)	(7.9)	57	64	(7)	(10.9)	The decrease is mainly due to a revision in the estimated useful life of assets, as well as fully depreciated assets.
Other operating expenses (income)	7	3	4	133.3	-	(1)	1	(100.0)	The increase in the period is mainly due to the recording of expenses with respect to a provision for a contingent bonus to employees in the event of a changes in control of Bezeq, which was partially offset by recording of an expense with respect to a provision for claims in the corresponding period last year.
Operating profit (loss)	(21)	(74)	53	(71.6)	1	(29)	30	(103.4)	
Financing expenses (income), net	18	(12)	30	-	3	-	3	100.0	The change is mainly due to a decline in the value of forward transactions resulting from the depreciation of the USD exchange rate.
Income tax	-	1	(1)	(100.0)	-	1	(1)	(100.0)	
Segment loss	(39)	(63)	24	(38.1)	(2)	(30)	28	(93.3)	

- (5) Results of the multichannel television segment are presented net of the total impairment recognized beginning in 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. For further information, see Notes 5.1 and 13 to the financial statements. In addition, see Note 14.3 to the financial statements for selected condensed information from the financial statements of yes and the table below:

yes Results - Comparison between accounting profit or loss and proforma profit or loss

	1-9.2025		1-9.2024		7-9.2025		7-9.2024	
	Accounting profit or loss	Proforma profit or loss	Accounting profit or loss	Proforma profit or loss	Accounting profit or loss	Proforma profit or loss	Accounting profit or loss	Proforma profit or loss
NIS million								
Revenues	960	960	948	948	321	321	317	317
General operating expenses	471	668	681	691	115	219	224	236
Salaries	138	132	145	139	46	44	51	47
Depreciation and amortization	(62)	174	136	189	(56)	57	30	64
Other operating expenses (income)	7	7	3	3	-	-	(1)	(1)
Operating profit (loss)	406	(21)	(17)	(74)	216	1	13	(29)
Financing expenses (income), net	18	18	(12)	(12)	3	3	-	-
Income tax	-	-	1	1	-	-	1	1
Profit (loss) for the period	388	(39)	(6)	(63)	213	(2)	12	(30)

1.3 Cash flows

	1-9.2025	1-9.2024	Change		7-9.2025	7-9.2024	Change		Explanation
	NIS million		%		NIS million		%		
Net cash flow from operating activities	2,430	2,617	(187)	(7.1)	866	907	(41)	(4.5)	The decrease in net cash flows from operating activities in the period is mainly due to a change in broadcasting rights and in the period, also from an increase in income tax paid in the domestic fixed-line communications segment.
Net cash from (used for) investing activities	(1,196)	(1,915)	719	(37.5)	(584)	(421)	(163)	38.7	The decrease in net cash flows used for investing activities in the period is mainly due to a decrease in net investment in bank deposits and other financial investments in the domestic fixed line communications segment. The increase in net cash flows used for investing activities in the quarter is mainly due to an increase in investment in bank deposits and other financial investments in the domestic fixed line communications segment.
Net cash from (used for) financing activities	(1,123)	(8)	(1,115)	-	(148)	(145)	(3)	2.1	The increase in net cash flows used for financing activities in the period is mainly due to the fact that the corresponding period last year, included an issue of debentures (expansion of Debentures Series 11 and 13) and receipt of loans in the domestic fixed-line communications sector.
Net increase (decrease) in cash	111	694	(583)	(84.0)	134	341	(207)	(60.7)	

Average volume in the reporting period

Long-term liabilities (including current maturities) to financial institutions and debenture holders: NIS 7,583 million

Supplier credit: NIS 956 million; short-term customer credit: NIS 1,412 million; long-term customer credit: NIS 235 million

Working capital

As at September 30, 2025, the Group has working capital deficit in the amount of NIS 492 million, compared with surplus working capital in the amount of NIS 778 million as at September 30, 2024.

The Company has (based on its separate financial information) working capital deficit in the amount of NIS 411 million as at September 30, 2025, compared with surplus working capital in the amount of NIS 802 million as at September 30, 2024.

The working capital deficit of the Group and of the Company is mainly due to an increase in debenture current maturities as, according to the repayment schedule, the first repayment date of Series 11 and 12 is in June 2026, and due to a decrease in dividends payable and a decrease in cash and cash equivalents.

The Company's board of directors reviewed, among other things, the existing and expected cash sources and needs in the foreseeable future of the Company and of the Group, the investment needs of the Company and the Group, the sources of credit available to the Company and the Group, and reviewed sensitivity analysis for unexpected adverse events on the businesses of the Company and the Group. In this regard, the Company's board of directors decided that the foregoing working capital deficit does not indicate a liquidity problem in the Company or in the Group, and that there is no reasonable concern that the Company or the Group will fail to meet their existing and expected liabilities when they fall due. The Company and the Group are able to meet their existing and expected cash needs in the foreseeable future, also in the event of any unexpected deterioration in their businesses, by using the cash reserves that they have as well as by generating cash from operations, by using net liquid resources from subsidiaries, and by raising and recycling a significant scope of debts from banking and non-banking sources.

The foregoing information includes forward-looking information based on the Company's estimates regarding liquidity. The actual data may differ materially from the foregoing estimate if there is a change compared with the Company's estimates in one or more of the elements taken into account in those estimates, and including estimates with regard to the risk factors specified in the Company's periodic report for 2024.

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, 2025, the CPI increase was reflected in financing expenses with respect to the Group's financial debt in an amount of NIS 72 million (NIS 58 million after hedging), a decrease of NIS 16 million (a decrease of NIS 11 million after hedging) compared with the corresponding period last year.

It is noted that the effect of the CPI increase on the Group's operating results was immaterial. Furthermore, it should be noted that there has been no change in the Bank of Israel interest rate in this period.

Based on the volume of the Group's CPI linked debt as at September 30, 2025, every 1% increment in the CPI is expected to cause an increase of NIS 25 million in the Group's financing expenses (NIS 12 million after hedging).

Furthermore, based on the Company's current debt at variable interest, every 1% increment 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.

1.5 Armed conflict – Swords of Iron war

Since October 7, 2023, the State of Israel has been in a state of war of varying intensity on various fronts. The war was prolonged and involved extensive mobilization of reservists, and generated security, financial and social impacts on the Israeli economy. Recently, in October 2025, a ceasefire was declared and a gradual return to normalcy began in the economy.

Throughout the war, the Group companies, which provide, among other things, essential communication services to private, commercial, and institutional customers, including state institutions, the security forces, and the health system, were prepared for the state of emergency and maintained operating continuity, providing solutions for the market needs, including addressing malfunctions, increasing cyber vigilance and preparedness, and assisting the community in many ways. The Group companies also initiated lowering of charges for customers of the communities on the Gaza border and the northern border areas.

During this period, effects on the Group companies' activities were reflected, among other things, by a decrease in Pelephone's roaming activities due to a decrease in travel abroad, and the cancellation/freezing of business lines in sectors that were affected by the war, together with an increase in demand for some of the services, mainly in the early stages of the war. Furthermore, several regulatory measures were adopted as part of Israel's state of emergency preparations, including the legislation of a law for deferral of payment dates for eligible persons and relief for telephone call charges, including calls relating to online studies.

The effects of the war and its consequences as described above have not had a material effect on the Group's activities and business results. The Group's liquidity and financial position also allowed it to function well during this period.

In this context, attention is also drawn to the relevant risk factors listed in Chapter A (Description of the Company's Operations) to the 2024 Periodic Report (sections 2.20.11, 2.20.15, 3.19.2.9, 4.14.8, 5.18.1.2, and 5.18.1.4).

Some of the information in this section is forward-looking information, as defined in the Israel Securities Law, based on the Company's estimates, assumptions, and forecasts which may not materialize or may materialize in a way that is materially different than anticipated, depending, among other things, on how the war will develop and the state of the economy as a whole.

2. Disclosure concerning the Company's financial reporting

2.1 Disclosure concerning valuations

Below is a breakdown concerning a very material valuation pursuant to Regulation 8B(9) of the Israel Securities Regulations (Periodic and Immediate Reports), 1970. For further information, see Note 5.1 to the financial statements). The valuation is attached to the financial statements.

yes Television and Communication Services Ltd. ("yes")
Very material valuation as at September 30, 2025

Subject of the valuation	Review of impairment of yes assets as at September 30, 2025
Date of the valuation	September 30, 2025 The valuation was signed on November 5, 2025
Value shortly before the valuation date if reevaluation based on the valuation had not been required under GAAP, including depreciation and amortization	The carrying amount prior to adjustment of value as at September 30, 2025, is positive amounting to NIS 295 million.
Value based on the valuation	The value in use of yes assets, under the income capitalization approach (value in use) at a positive value of NIS 480 million. In accordance with IAS 36, the recoverable amount of the yes assets was calculated as NIS 480 million. Based on the valuation, in the quarter the Group recognized a reversal of impairment loss in the amount of NIS 185 million, and a reversal of impairment loss of NIS 295 million for the period of nine months.
Valuator's identity and profile	The valuation was prepared by Guy Feiwisch, Partner, Valuations and Economic Modeling in the Economic Department at Ernst Young (Israel) Ltd. CPA Feiwisch has a BA in Economics, specializing in Accounting, from Ben Gurion University in Beer Sheva, and is a certified public accountant in Israel. As part of his position, CPA Feiwisch heads projects with leading private and public companies in their fields in Israel and worldwide, and provides assistance for transactions in Israel and abroad. He guides complex valuations for diverse purposes, including for financial reporting, taxation, regulatory compliance and raising of capital in various sectors including the real estate, retail, industry, energy and communications sectors. Furthermore, as part of his duties, he assists companies in planning and implementing strategy and business processes. CPA Feiwisch also has experience in providing financial opinions for legal proceedings and/or commercial disputes. The valuator is not dependent on the Company. The Company undertook to indemnify the valuator for any damages in excess of three times the fee, other than if the valuator acted with malicious intent or gross negligence.
Valuation model	Discounted cash flow model (DCF)
Assumptions used by the valuator in the valuation	Discount rate – 10% (after tax) Permanent growth rate - 1% Scrap value percentage of total value set in the valuation – 80%.

2.2 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.

2.3 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, 2025, Maalot rating agency ratified the iIAA rating of the Company with stable outlook and the iIAA rating for the Company's debentures (see the immediate report dated May 5, 2025).

Similarly, on May 7, 2025, Midroog rating agency ratified the Aa2.il rating for the Company and for its debentures, with stable outlook (see the immediate report dated May 7, 2025).

4. Miscellaneous

For further information concerning the liabilities of the Company and the companies consolidated in its financial statements as at September 30, 2025, see the reporting form posted by the Company on the MAGNA website on November 11, 2025.

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

Tomer Raved
Chairman of the board of directors

Nir David
CEO

Signed: November 10, 2025

Chapter C

Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)



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.

Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)

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Somekh Chaikin
KPMG Millennium Tower
17 Ha'arba'a Street, PO Box 609
Tel Aviv 6100601, Israel
+972 3 684 8000

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, 2025 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 Note 1.2 of the financial information, which refers to that stated in Note 1.3 to the annual consolidated financial statements, regarding the Israel Securities Authority's (ISA) and the Israel Police investigation. As stated in the above note, the Company is unable to assess the effects of the investigations, their findings and their results on the Company, and on the financial statements and on the estimates used in the preparation of these financial statements, if any.

In addition, without qualifying our abovementioned conclusion, we draw attention to lawsuits filed against the group which in this stage cannot be assessed or the exposure in respect thereof cannot yet be calculated, as set forth in Note 6.

Somekh Chaikin

Certified Public Accountants (Isr.)

November 10, 2025

Condensed Consolidated Interim Statements of Financial Position

		September 30, 2025	September 30, 2024	December 31, 2024
		(Unaudited)	(Unaudited)	(Audited)
Assets	Note	NIS million	NIS million	NIS million
Cash and cash equivalents		923	1,242	784
Investments	12.1	1,963	1,954	1,917
Trade receivables		1,437	1,409	1,395
Other receivables		246	214	172
Inventory		101	93	162
Assets of a held for sale disposal group		-	81	83
Total current assets		4,670	4,993	4,513
Trade and other receivables		393	424	410
Right-of-use assets		1,751	1,761	1,762
Fixed assets		7,371	7,036	7,160
Intangible assets		1,052	934	948
Deferred expenses and non-current investments		548	328	368
Total non-current assets		11,115	10,483	10,648
Total assets		15,785	15,476	15,161

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

Condensed Consolidated Interim Statements of Financial Position (Contd.)

		September 30, 2025	September 30, 2024	December 31, 2024
		(Unaudited)	(Unaudited)	(Audited)
Liabilities and equity	Note	NIS million	NIS million	NIS million
Debentures, loans, and borrowings		1,822	1,065	1,123
Current maturities of lease liabilities		424	428	438
Trade and other payables		1,848	1,905	1,935
Dividend payable		583	407	-
Employee benefits		321	286	400
Provisions	6	164	93	84
Liabilities of a held for sale disposal group		-	31	34
Total current liabilities		5,162	4,215	4,014
Loans and debentures		5,712	6,856	6,523
Lease liabilities		1,523	1,519	1,530
Employee benefits		274	249	300
Derivatives and other liabilities		302	222	214
Deferred tax liabilities		70	89	46
Provisions		33	30	30
Total non-current liabilities		7,914	8,965	8,643
Total liabilities		13,076	13,180	12,657
Equity attributable to shareholders of the Company				
Share capital		3,885	3,880	3,882
Share premium		398	390	393
Reserves		406	409	407
Deficit		(1,982)	(2,384)	(2,180)
Total equity attributable to shareholders of the Company		2,707	2,295	2,502
Noncontrolling interests		2	1	2
Total equity		2,709	2,296	2,504
Total liabilities and equity		15,785	15,476	15,161

Tomer Raved
Chairman of the board of directors

Nir David
CEO

Yohai Benita
CFO Bezeq Group

Approval date of the financial statements: November 10, 2025

Condensed Consolidated Interim Statements of Income

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025 (Unaudited) NIS million	2024 (Unaudited) NIS million	2025 (Unaudited) NIS million	2024 (Unaudited) NIS million	2024 (Audited) NIS million
Revenues (Note 8)	6,516	6,681	2,145	2,234	8,884
Operating expenses					
General and operating expenses (Note 9)*	2,169	2,500	661	832	3,257
Salaries	1,396	1,456	449	493	1,932
Depreciation, amortization, impairment, and reversal of impairment loss*	1,219	1,379	380	444	1,844
Other operating expenses, net (Note 10)	44	26	39	29	199
Total operating expenses	4,828	5,361	1,529	1,798	7,232
Operating profit	1,688	1,320	616	436	1,652
Financing expenses (income) (Note 11)					
Financing expenses	395	348	127	113	446
Financing income	(141)	(161)	(45)	(43)	(196)
Financing expenses, net	254	187	82	70	250
Profit after financing expenses, net	1,434	1,133	534	366	1,402
Share in loss of an investee	20	6	16	3	8
Profit before income tax	1,414	1,127	518	363	1,394
Income tax	239	264	72	82	321
Total profit for the period	1,175	863	446	281	1,073
Net profit for the period attributable to shareholders of the Company	1,175	863	446	281	1,072
Profit for the period attributable to holders of noncontrolling interests	-	-	-	-	1
Basic and diluted earnings per share (NIS)	0.42	0.31	0.16	0.10	0.39

* For information about the reversal of the impairment loss recognized in the reporting period, see Note 5.

Condensed Consolidated Interim Statements of Comprehensive Income

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Net profit for the period	1,175	863	446	281	1,073
Remeasurement of a defined benefit plan, net of tax – not to be carried to profit or loss	(1)	-	-	-	(5)
Additional items of other comprehensive income (loss) for hedging, net of tax – to be carried to profit or loss	(11)	-	(4)	(3)	(1)
Total comprehensive income for the period	1,163	863	442	278	1,067
Total comprehensive income for the period attributable to the Company's shareholders	1,163	863	442	278	1,066
Total comprehensive income for the period attributable to holders of noncontrolling interests	-	-	-	-	1

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

Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)

Condensed Consolidated Interim Statements of Changes in Equity

	Share capital	Share premium	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
Attributable to shareholders of the Company									
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 income for the period, net of tax	-	-	-	-	(10)	(2)	(12)	-	(12)
Total comprehensive income for the period	-	-	-	-	(10)	1,173	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	(49)	(1,982)	2,707	2	2,709
Nine months ended September 30, 2024 (unaudited):									
Balance as at January 1, 2024	3,879	387	390	44	(38)	(2,466)	2,196	1	2,197
Profit for the period	-	-	-	-	-	863	863	-	863
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	863	863	-	863
Transactions with shareholders recognized directly in equity									
Dividend to the Company's shareholders	-	-	-	-	-	(781)	(781)	-	(781)
Share-based payments	-	-	-	17	-	-	17	-	17
Exercise of options for shares	1	3	-	(4)	-	-	-	-	-
Balance as at September 30, 2024	3,880	390	390	57	(38)	(2,384)	2,295	1	2,296

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

Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)

	Share capital	Share premium	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
Attributable to shareholders of the Company									
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 Company 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
Three months ended September 30, 2024 (unaudited)									
Balance as at July 1, 2024	3,879	387	390	55	(35)	(2,258)	2,418	1	2,419
Profit for the period	-	-	-	-	-	281	281	-	281
Other comprehensive loss for the period, net of tax	-	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive income (loss) for the period	-	-	-	-	(3)	281	278	-	278
Transactions with shareholders recognized directly in equity									
Dividend to the Company's shareholders	-	-	-	-	-	(407)	(407)	-	(407)
Share-based payments	-	-	-	6	-	-	6	-	6
Exercise of options for shares	1	3	-	(4)	-	-	-	-	-
Balance as at September 30, 2024	3,880	390	390	57	(38)	(2,384)	2,295	1	2,296

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

Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)

	Share capital	Share premium	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
Attributable to shareholders of the Company									
Year ended December 31, 2024 (audited)									
Balance as at January 1, 2024	3,879	387	390	44	(38)	(2,466)	2,196	1	2,197
Profit for 2024	-	-	-	-	-	1,072	1,072	1	1,073
Other comprehensive income (loss) for the year, net of tax	-	-	-	-	(1)	(5)	(6)	-	(6)
Total comprehensive income for the period	-	-	-	-	(1)	1,067	1,066	1	1,067
Transactions with shareholders recognized directly in equity									
Dividend to the Company's shareholders	-	-	-	-	-	(781)	(781)	-	(781)
Share-based payment	-	-	-	21	-	-	21	-	21
Exercise of options for shares	3	6	-	(9)	-	-	-	-	-
Balance as at December 31, 2024	3,882	393	390	56	(39)	(2,180)	2,502	2	2,504

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
	2025 (Unaudited) NIS million	2024 (Unaudited) NIS million	2025 (Unaudited) NIS million	2024 (Unaudited) NIS million	2024 (Audited) NIS million
Cash flow from operating activities					
Profit for the period	1,175	863	446	281	1,073
Adjustments:					
Depreciation, amortization, impairment and reversal of impairment loss	1,219	1,379	380	444	1,844
Financing expenses, net	280	203	89	85	269
Capital gain, net	(7)	(16)	-	(4)	(17)
Share in loss of an investee	20	6	16	3	8
Impairment loss of a held for sale disposal group	2	10	-	10	9
Share-based payment	17	17	6	6	21
Income tax expenses	239	264	72	82	321
Change in trade and other receivables	(55)	1	(25)	30	67
Change in inventory	52	(38)	10	-	(109)
Change in trade and other payables	97	117	73	48	147
Change in provisions	11	10	12	10	(5)
Change in employee benefits	(68)	(41)	(17)	(7)	115
Change in broadcasting rights (including reversal of impairment loss)	(196)	-	(105)	-	(57)
Miscellaneous	(8)	1	(5)	(2)	4
Net income tax paid	(348)	(159)	(86)	(79)	(244)
Net cash from operating activities	2,430	2,617	866	907	3,446
Cash flow used in investing activities					
Purchase of fixed assets	(961)	(985)	(301)	(340)	(1,356)
Investment in intangible assets and deferred expenses	(311)	(292)	(121)	(96)	(390)
Investment in bank deposits and other financial investments	(723)	(1,375)	(155)	-	(2,045)
Proceeds from repayment of bank deposits and other financial investments	719	671	-	-	1,381
Proceeds from the sale of fixed assets	39	14	4	7	16
Proceeds from the sale of a subsidiary net of cash sold	28	-	-	-	-
Interest received from bank deposits	40	51	8	10	90
Investment in an investee	(21)	-	(10)	-	(10)
Government grant for frequencies	-	-	-	-	4
Miscellaneous	(6)	1	(9)	(2)	8
Net cash used in investing activities	(1,196)	(1,915)	(584)	(421)	(2,302)

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
	2025 (Unaudited) NIS million	2024 (Unaudited) NIS million	2025 (Unaudited) NIS million	2024 (Unaudited) NIS million	2024 (Audited) NIS million
Cash flow for financing activities					
Issue of debentures and receipt of loans	-	1,084	-	-	1,648
Repayment of debentures and loans	(211)	(227)	(6)	(7)	(1,071)
Payments of principal and interest for leases	(374)	(343)	(117)	(113)	(449)
Interest paid	(146)	(148)	(25)	(25)	(249)
Dividend paid	(392)	(374)	-	-	(781)
Proceeds for expired hedging transactions	-	-	-	-	7
Net cash used in financing activities	(1,123)	(8)	(148)	(145)	(895)
Net increase in cash and cash equivalents	111	694	134	341	249
Cash and cash equivalents at beginning of period	784	563	789	916	563
Change in cash balance of a subsidiary sold	28	(15)	-	(15)	(28)
Cash and cash equivalents at end of period	923	1,242	923	1,242	784

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

1. General

1.1 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, 2025 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).

1.2 Investigations by the Israel Securities Authority and Israel Police

Regarding the indictment against the former controlling shareholder of the Company and former senior officers of Bezeq Group – in May 2025, a conditional arrangement was published to halt proceedings under Section B of Chapter 9.1 of the Israel Securities Law, between the state and Ron Eilon, under which Ron Eilon admitted to facts concerning the increase in the free cash flow of yes in 2016.

For information about 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.

As set out in Note 1.3.3 to the annual financial statements, the Company still does not have complete information about the investigations, their content, the material, and the evidence in the possession of the law enforcement authorities. Accordingly, the Company is unable to assess any effects of the investigations, their findings, and their outcome on the Company, on the financial statements, and on the estimates used in the preparation of the financial statements.

2. Basis of Preparation

2.1 The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, and 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, 2024 and the year then ended, and their accompanying notes (the “Annual Financial Statements”). The Notes to the condensed consolidated interim financial statements include only the material changes that have occurred from the date of the most recent Annual Financial Statements until the date of these consolidated interim financial statements.

2.3 The condensed consolidated interim financial statements were approved by the board of directors on November 10, 2025.

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 consistent with the policy applied in the Annual Financial Statements.

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, 2025, yes has positive equity amounting to NIS 517 million, and on the other hand, a working capital deficit amounting to NIS 259 million. According to the forecasts of yes, it expects to transition from operating losses to modest operating profits in the coming year and it may not meet its obligations and to continue operating as a going concern without the Company's support.

On November 10, 2025, the Company's board of directors approved a credit facility or capital investment for yes in the amount of NIS 100 million, for 15 months starting from October 1, 2025 until December 31, 2026, instead of a similar undertaking in August 2025. It should be noted that to date, in 2025, yes has not made any use of the credit facilities provided by the Company.

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

4.1.2 See Note 5.1 below for information about the reversal of the impairment loss recognized by yes in the financial statements as at September 30, 2025.

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, 2025.

5. Impairment

5.1 Impairment in the multichannel television segment (yes)

Further to Note 10.5 to the Annual Financial Statements regarding impairment recognized in 2024, the valuation as at December 31, 2025 presented an enterprise value that is significantly lower than the carrying amount of yes.

To calculate the enterprise value as at September 30, 2025, the forecast used for the valuation as at June 30, 2025 was updated to include the expected cash flow from advertising activity, after an agreement was signed with the advertising provider as described in Note 15.7 below. Additionally, the forecast for wholesale internet expenses was updated in view of the Ministry of Communications' public hearing regarding adjustments to wholesale market pricing. See Note 15.6 below.

The nominal capital price used in the valuation is 10% after tax (12.2% before tax) and a terminal growth rate of 1% was assumed.

The enterprise value as at September 30, 2025, taking into account the updated forecasts as set out above and the effect of the progression of time, amounts to NIS 480 million.

The recoverable amount of the Company's operations is based on the enterprise value, calculated using the discounted cash flow approach.

Based on the valuation of the enterprise value, carried out by an external appraiser as at September 30, 2025, the carrying amount of the depreciable assets is NIS 185 million lower than its enterprise value. Accordingly, in the three months ended September 30, 2025, the Group recognized the reversal of an impairment loss of NIS 185 million and in the nine months ended September 30, 2025, a reversal of an impairment loss of NIS 295 million.

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

Notes to the Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)

	Enterprise value of yes (based on the DCF method)	Net fair value of assets and liabilities of yes	Net carrying amount of assets and liabilities of yes, before impairment recognition	Reversal of impairment loss
	NIS million	NIS million	NIS million	NIS million
As at September 30, 2025 and for the three months then ended (unaudited)	480	*	295	185
As at June 30, 2025 and for the three months then ended (unaudited)	274	(49)	127	147
As at March 31, 2025 and for the three months then ended (unaudited)	61	(75)	98	(37)
Total reversal of the impairment loss recognized in the nine months ended September 30, 2025				295
As at December 31, 2024 and for the year then ended (audited)	86	(34)		(151)

* As at September 30, 2025, the enterprise value under the DCF approach is positive, while the net fair value of the assets and liabilities of yes remains negative. Accordingly, starting from this quarter, yes no longer presents the net fair value of assets and liabilities in its financial statements.

It should be noted that the valuation of the enterprise value is sensitive to the net cash flow in the terminal year in general, and to the ARPU and number of users at the end of the range of the forecast in particular. A change of NIS 1 in ARPU over the forecast years and in the terminal year results in a change in the enterprise value of NIS 61 million to NIS (60) million and a change of 5 thousand subscribers over the forecast years and in the terminal year results in a change in the enterprise value of NIS 71 million to NIS (71) million.

Attribution of reversal of the impairment loss from impairment of the Group assets:

Reversal of impairment loss					
	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Broadcasting rights *	148	(66)	92	(16)	(64)
Fixed assets **	58	(41)	34	(6)	(41)
Intangible assets **	80	(39)	54	(5)	(39)
Other receivables (prepaid expenses) *	8	(7)	5	-	(7)
Rights of use for leased assets **	1	-	-	-	-
Total recognized impairment loss	295	(153)	185	(27)	(151)

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

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

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

5.2 Impairment in ISP, international communications, and NEP services, and ICT services (Bezeq International)

Further to Note 10.6 to the Annual Financial Statements regarding impairment recognized in Bezeq International in 2024, the valuation as at December 31, 2024 presented a value-in-use that is significantly lower than the carrying amount of Bezeq International.

As at September 30, 2025, it was found that in 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 in the coming years, and there were no material changes in the discount rate. Therefore, as at September 30, 2025, no adjustment is required for the change in the enterprise value of Bezeq International and it remains a negative amount of NIS 89 million, as set out in the valuation as at December 31, 2024.

The net fair value of the assets of Bezeq International as at September 30, 2025 is a negative amount of NIS 56 million.

Since the enterprise value is lower than the net fair value of the assets and liabilities, Bezeq International depreciated its assets to the amount of the net fair value of these assets. As at September 30, 2025, the carrying amount of the depreciable assets is NIS 14 million higher than the net fair value. Accordingly, in the nine and three months ended September 30, 2025, the Group recognized an impairment loss of NIS 47 million and NIS 14 million, respectively.

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

Notes to the Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)

	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, 2025 and for the three months then ended (unaudited)	(89)	(56)	(42)	(14)
As at June 30, 2025 and for the three months then ended (unaudited)	(89)	(59)	(38)	(21)
As at March 31, 2025 and for the three months then ended (unaudited)	(89)	(57)	(45)	(12)
Total impairment recognized in the nine months ended September 30, 2025				(47)
As at December 31, 2024 and for the year then ended (audited)	(89)	(51)		(91)

Attribution of impairment loss to Group assets:

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Fixed assets and intangible assets**	(28)	(32)	(7)	(9)	(57)
Short-term and long-term prepaid expenses *	(13)	(15)	(4)	(4)	(21)
Long-term prepaid expenses for capacities**	(6)	(12)	(3)	(4)	(13)
Total impairment recognized	(47)	(59)	(14)	(17)	(91)

* 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 10.6 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 NIS 159 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, 2025 for Legal Claims filed against Group companies on various matters, which are unlikely to be realized, amounts to NIS 7.1 billion. There is also additional exposure of NIS 2.5 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, 2025, 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 regarding allegations of unlawful collection of payment and faulty service provided by the Group companies	74	1,618	661
Claims by enterprises and companies	Claims alleging liability of the Group companies in respect of their activities and/or investments	80 ⁽¹⁾	15	1,808 ⁽²⁾
Claims by the State and authorities	Various claims by the State of Israel, government institutions and authorities ("the Authorities"). These are mainly procedures related to regulations relevant to the Group companies and financial disputes concerning monies paid by the Group companies to the Authorities.	5	5	-
Miscellaneous	Other legal claims, including claims in tort (excluding claims for which the insurance coverage is not disputed), real estate, infrastructure, and suppliers	-	49	8
Total legal claims against the Company and subsidiaries ⁽³⁾		159	1,687	2,477

(1) The provision was recognized as an indemnification asset of NIS 68 million due to the existence of insurance coverage. The asset is presented under other receivables in the statement of financial position as at September 30, 2025, in accordance with the provisions of IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

(2) Includes two motions for certification of a class action amounting to a total of 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 judgment was handed down approving a partial settlement in the consolidated procedure between the applicants, B Communications, and Shaul and Or Elovitch. The court approved the parties' mutual petitions to suspend the proceedings at this stage until December 2025.

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

6.3 Subsequent to the date of the financial statements, a motion for certification of a class action was filed against the Group companies, which did not include a financial assessment. As at the approval date of the financial statements, it is not yet possible to assess the chances of the motion.

7. Equity

7.1 Share capital

	September 30, 2025	September 30, 2024	December 31, 2024
	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	2,772,960,866	2,768,053,577	2,769,916,866

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 23, 2025, the general meeting of the Company's shareholders approved (further to the recommendation of the Company's board of directors on March 11, 2025), the distribution of a cash dividend to the Company's shareholders totaling NIS 392 million (representing NIS 0.1414586 per share at the date of record). The dividend was paid on May 14, 2025.

7.2.3 On September 11, 2025, the general meeting of the Company's shareholders approved (further to the recommendation of the Company's board of directors on August 5, 2025), the distribution of a cash dividend to the Company's shareholders totaling NIS 583 million (representing NIS 0.2102446 per share at the date of record). The dividend was paid subsequent to the reporting date on October 19, 2025.

8. Revenues

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Domestic fixed-line communication (Bezeq Fixed-Line)					
Internet – infrastructure	1,456	1,481	484	496	1,961
Transmission and data communication	812	769	274	258	1,025
Fixed-line telephony	364	406	118	132	531
Cloud and digital services	269	261	92	87	348
Other services	224	205	78	85	264
	3,125	3,122	1,046	1,058	4,129
Cellular telephony– Telephone					
Cellular services and terminal equipment	1,166	1,224	379	401	1,615
Sale of terminal equipment	435	448	135	141	616
	1,601	1,672	514	542	2,231
Multichannel television – yes	959	947	320	316	1,264
ISP, international communications, and ICT services – Bezeq International	777	781	265	260	1,053
Other	54	159	-	58	207
Total revenues	6,516	6,681	2,145	2,234	8,884

9. General Operating Expenses

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Terminal equipment and materials	608	597	203	199	828
Interconnectivity and payments to domestic and international telecommunications operators	318	494	79	147	613
Content costs (including impairment or reversal of loss from impairment of content)	192	385	25	122	491
Marketing and general	409	376	132	132	483
Maintenance of buildings and sites	203	197	73	71	264
Services and maintenance by subcontractors	393	397	134	143	511
Vehicle maintenance	46	54	15	18	67
Total general and operating expenses	2,169	2,500	661	832	3,257

10. Other Operating Expenses, Net

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Capital gain (mainly disposal of real estate)	(7)	(16)	-	(4)	(17)
Impairment loss of a held for sale disposal group	2	10	-	10	9
Creation of a provision for claims	18	19	18	10	20
Expenses for severance pay in early retirement in the Company	21	13	19	8	104
Expenses for severance pay in early retirement and the efficiency agreement in Pelephone, Bezeq International, and yes	10	8	-	3	91
Other expenses (income)	-	(8)	2	2	(8)
Total other operating expenses, net	44	26	39	29	199

11. Financing Expenses, Net

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Interest expenses for financial liabilities	208	206	70	68	274
Financing expenses for lease liabilities	59	52	21	18	72
Change in fair value of derivatives at fair value through profit or loss	37	-	1	-	-
Linkage and exchange differences	58	69	24	30	71
Exchange rate differences	11	-	5	-	-
Other financing expenses	8	8	1	(7)	8
Financing expenses for employee benefits	14	13	5	4	21
Total financing expenses	395	348	127	113	446
Change in fair value of financial assets at fair value through profit or loss	39	46	14	6	59
Interest income from investments	53	65	19	22	80
Income for credit in sales	21	21	6	8	26
Other financing income	28	29	6	7	31
Total financing income	141	161	45	43	196
Financing expenses, net	254	187	82	70	250

12. Financial Instruments

12.1 Composition of investments

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Bank deposits in NIS (1)	727	910	873
Investment in securities at fair value through profit or loss	1,225	1,025	1,035
Derivatives	11	19	9
	1,963	1,954	1,917

(1) Bank deposits in NIS are repayable until December 2025.

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, 2025		September 30, 2024		December 31, 2024	
	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)	1,305	1,286	1,525	1,454	1,517	1,479
Debentures issued to the public (CPI-linked)	2,431	2,376	2,541	2,457	2,342	2,287
Debentures issued to the public (unlinked)	3,155	3,154	3,220	3,088	3,110	3,046
Total	6,891	6,816	7,286	6,999	6,969	6,812

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, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Level 1 – investment in financial reserves at fair value through profit or loss	1,225	1,025	1,035
Level 2 – forward contracts	4	55	32

13. Segment Reporting

Nine months ended September 30, 2025 (Unaudited):							
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Multichannel television*	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 loss 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

Notes to the Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)

Nine months ended September 30, 2024 (Unaudited):							
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Multichannel television*	Other	Adjustments	Consolidated
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues from external sources	3,122	1,672	781	947	159	-	6,681
Inter-segment revenues	149	19	39	1	-	(208)	-
Total revenues	3,271	1,691	820	948	159	(208)	6,681
General operating	575	886	538	691	-	(190)	2,500
Salaries	783	242	157	139	-	135	1,456
Depreciation, amortization, impairment and reversal of impairment loss	763	407	76	189	3	(59)	1,379
Segment results – operating profit (loss)	1,135	147	51	(74)	4	57	1,320
Financing expenses	308	29	11	4	-	(4)	348
Financing income	(119)	(23)	(8)	(16)	-	5	(161)
Total financing expenses (income), net	189	6	3	(12)	-	1	187
Segment profit (loss) after financing expenses, net	946	141	48	(62)	4	56	1,133
Share in loss of an investee **	6	-	-	-	-	-	6
Income tax	227	34	1	1	1	-	264
Segment results – net profit (loss)	713	107	47	(63)	3	56	863

* Results of the multichannel television segment are presented net of the total effect of impairment recognized as from 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.

** As from the second quarter of 2024, Bezeq began to record its share in the losses of BezeqGen.

Notes to the Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)

Three months ended September 30, 2025 (unaudited):							
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Multichannel television*	Other	Adjustments	Consolidated
	NIS million	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	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 loss of an investee **	16	-	-	-	-	-	16
Income tax	60	12	(1)	-	-	1	72
Segment results – net profit (loss)	179	38	16	(2)	-	215	446

Notes to the Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)

Three months ended September 30, 2024 (unaudited):							
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Multichannel television*	Other	Adjustments	Consolidated
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues from external sources	1,058	542	260	316	58	-	2,234
Inter-segment revenues	47	5	10	1	-	(63)	-
Total revenues	1,105	547	270	317	58	(63)	2,234
General operating	205	277	179	236	-	(65)	832
Salaries	265	80	53	47	-	48	493
Depreciation, amortization, impairment and reversal of impairment loss	256	135	23	64	2	(36)	444
Segment results – operating profit (loss)	355	52	13	(29)	3	42	436
Financing expenses	100	11	3	2	-	(3)	113
Financing income	(33)	(9)	(2)	(2)	-	3	(43)
Total financing expenses (income), net	67	2	1	-	-	-	70
Segment profit (loss) after financing expenses, net	288	50	12	(29)	3	42	366
Share in loss of an investee **	3	-	-	-	-	-	3
Income tax	68	12	1	1	-	-	82
Segment results – net profit (loss)	217	38	11	(30)	3	42	281

* Results of the multichannel television segment are presented net of the total effect of impairment recognized as from the fourth quarter of 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.

** As from the second quarter of 2024, Bezeq began to record its share in the losses of BezeqGen.

Notes to the Condensed Consolidated Interim Financial Statements as at September 30, 2025 (Unaudited)

Year ended December 31, 2024 (audited)							
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Multichannel television*	Other	Adjustments	Consolidated
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues from external sources	4,129	2,231	1,053	1,264	207	-	8,884
Inter-segment revenues	213	23	52	1	-	(289)	-
Total revenues	4,342	2,254	1,105	1,265	207	(289)	8,884
General operating	738	1,178	722	911	29	(321)	3,257
Salaries	1,037	321	211	184	171	8	1,932
Depreciation, amortization, impairment and reversal of impairment loss	1,023	552	118	254	5	(108)	1,844
Segment results – operating profit (loss)	1,438	189	(16)	(92)	2	131	1,652
Financing expenses	398	37	15	5	-	(9)	446
Financing income	(148)	(30)	(10)	(15)	-	7	(196)
Total financing expenses (income), net	250	7	5	(10)	-	(2)	250
Segment profit (loss) before income tax	1,188	182	(21)	(82)	2	133	1,402
Share in loss of an investee **	8**	-	-	-	-	-	8
Income tax	274	44	1	1	1	-	321
Segment results – net profit (loss)	906	138	(22)	(83)	1	133	1,073

* Results of the multichannel television segment are presented net of the total effect of impairment recognized as from the fourth quarter of 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.

** As from the second quarter of 2024, Bezeq began to record its share in the losses of BezeqGen.

14. Condensed Financial Statements of Pelephone, Bezeq International, and yes**14.1 Pelephone Communications Ltd.**

Information from the statement of financial position:

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Current assets	838	857	796
Non-current assets	2,155	2,107	2,084
Total assets	2,993	2,964	2,880
Current liabilities	693	708	733
Long-term liabilities	810	761	760
Total liabilities	1,503	1,469	1,493
Equity	1,490	1,495	1,387
Total liabilities and equity	2,993	2,964	2,880

Information from the statement of income:

	Nine months ended September 30		Three months ended September 30		Year ended December 31,
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenue from services	1,177	1,242	381	406	1,636
Revenue from the sale of terminal equipment	436	449	136	141	618
Total revenues from services and sales	1,613	1,691	517	547	2,254
Operating expenses					
General operating expenses	795	886	235	277	1,178
Salaries	248	242	81	80	321
Depreciation and amortization	428	407	147	135	552
Total operating expenses	1,471	1,535	463	492	2,051
Other operating expenses (income), net	(1)	9	(2)	3	14
Operating profit	143	147	56	52	189
Financing expenses (income)					
Financing expenses	34	29	13	11	37
Financing income	(22)	(23)	(7)	(9)	(30)
Financing expenses (income), net	12	6	6	2	7
Profit before income tax	131	141	50	50	182
Income tax expenses	32	34	12	12	44
Profit for the period	99	107	38	38	138

14.2 Bezeq International Ltd.

Information from the statement of financial position:

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Current assets	407	365	390
Non-current assets	549	539	542
Total assets	956	904	932
Current liabilities	386	343	397
Long-term liabilities	332	290	331
Total liabilities	718	633	728
Equity	238	271	204
Total liabilities and equity	956	904	932

Information from the statement of income:

	Nine months ended September 30		Three months ended September 30		Year ended December 31,
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues	817	820	281	270	1,105
Operating expenses					
Operating expenses, general, and impairment	546	538	189	179	722
Salaries	161	157	52	53	211
Depreciation, amortization, and impairment	71	76	23	23	118
Other (income) expenses, net	-	(2)	-	2	70
Total operating expenses	778	769	264	257	1,121
Operating profit (loss)	39	51	17	13	(16)
Financing expenses (income)					
Financing expenses	15	11	5	3	15
Financing income	(9)	(8)	(3)	(2)	(10)
Financing expenses, net	6	3	2	1	5
Profit (loss) before income tax	33	48	15	12	(21)
Income tax expenses	-	1	(1)	1	1
Profit (loss) for the period	33	47	16	11	(22)

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

14.3 yes Television and Communication Services Ltd. (yes)

Information from the statement of financial position:

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Current assets	172	251	164
Non-current assets	817	324	418
Total assets	989	575	582
Current liabilities	431	453	404
Long-term liabilities	41	52	53
Total liabilities	472	505	457
Equity	517	70	125
Total liabilities and equity	989	575	582

Information from the statement of income:

	Nine months ended September 30		Three months ended September 30		Year ended December 31,
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues	960	948	321	317	1,265
Operating expenses					
Operating expenses, general, impairment, and reversal of impairment loss	471	681	115	224	870
Depreciation, amortization, impairment and reversal of impairment loss	(62)	136	(56)	30	155
Salaries	138	145	46	51	192
Other operating expenses (income), net	7	3	-	(1)	8
Total operating expenses	554	965	105	304	1,225
Operating profit (loss)	406	(17)	216	13	40
Financing expenses (income)					
Financing expenses	22	4	4	2	5
Financing income	(4)	(16)	(1)	(2)	(15)
Financing expenses (income), net	18	(12)	3	-	(10)
Profit (loss) before income tax	388	(5)	213	13	50
Income tax expenses	-	1	-	1	1
Profit (loss) for the period	388	(6)	213	12	49

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

- 15.1** See Note 7.2 above for information about the distribution of a dividend in and subsequent to the Reporting Period.
- 15.2** On February 27, 2025, yes signed a memorandum of principles with the Histadrut and the employees' committee of yes, according to which, subject to the approval of the board of directors of yes, the parties agreed to extend the collective agreement originally signed on August 11, 2021, with certain adjustments, until December 31, 2025. Among other things, under the memorandum of principles, the employees' committee of yes will fully cooperate with the Company's activities to cancel the structural separation. In April 2025, yes, the Histadrut Israel National Labor Federation, and the Company's employees' committee signed an agreement to extend the collective agreement until December 31, 2025, which also anchored the additional agreements outlined in the memorandum of principles of February 2025.
- 15.3** Further to Note 12.5 in the Annual Financial Statements regarding the sale of the subsidiary Bezeq Online, on April 17, 2025, the transaction was completed, after all the preconditions in the agreement were fulfilled. Under the agreement, ownership was transferred to the buyer and the full net cash consideration of NIS 34 million was received, less the cash balance in the amount of NIS 6 million of the sold entity.
- 15.4** On April 23, 2025, yes and Partner Communications Ltd. signed an agreement. Under the agreement, yes will grant Partner a license to use a dedicated content app based on the Sting+ service, provide related services, and grant a license to broadcast content. The commercial launch date was set for four to six months from the signing date. In May and July 2025, additional amendments to the agreement were signed, which regulated the terms for the purchase of shared content, the license to use the app, and the payment format for it. In September 2025, the commercial service was launched. The agreement has a significant one-time positive accounting effect of NIS 120 million, reflected in the reversal of impairment. See Note 5.1 above.
- 15.5** On May 5, 2025, the Company received an extension for the validity of its shelf prospectus, from May 9, 2023 to May 9, 2026.
- 15.6** On July 29, 2025, the Company received a hearing document published by the Ministry of Communications regarding the determination of maximum payments in the wholesale market. According to the hearing, the Ministry believes it is necessary to update the cost model underlying the wholesale rates and set lower rates for the Company. The Company and yes believe that the proposed rate reduction will be approved, even if the final rates differ from the rates published at the hearing. Accordingly, and as set out in Note 5.1 and the valuation report, yes updated the forecast used for the revised valuation and recorded a one-time material positive effect of NIS 70 million due to the reversal of asset impairments.
- 15.7** In September 2025, yes entered into an agreement with RGE Group Ltd. ("RGE") and Taboola.com Ltd. ("Taboola") (the "Agreement"), under which, among other terms, RGE and Taboola will engage with advertisers and manage advertising activities within yes's OTT multichannel television services, in accordance with the guidelines established by yes, utilizing advertising space allocated to RGE and Taboola on an exclusive basis, subject to specific exceptions outlined in the Agreement. The agreement has a significant one-time positive accounting effect of NIS 72 million for the reversal of impairment. See Note 5.1 above.
- 15.8** On November 3, 2025, the Company and Gilat signed an addendum to the long-term agreement for the provision of an indefeasible right of use (IRU) for BSA fiber (wholesale market). This is an expansion of the existing agreement between the Company and Gilat dated December 15, 2024, under which Gilat was granted usage rights for 18 thousand fiber optic lines for a 15-year term starting on January 15, 2025, for a total consideration of NIS 140 million (including NIS 90 million in one-time payments). Under the addendum, Gilat was granted usage rights for an additional 90 thousand lines, to be deployed gradually in four phases over a 15-year usage period, starting from the payment date for each lot included in the phase (the realization of phases 2-4, which include 18 thousand lines in each phase, is subject to a condition based on the growth in Gilat's overall activity as set out in the agreement. The consideration for the addendum is expected to reach NIS 600 million, subject to Gilat's full execution of all phases (including NIS 400 million in one-time payments, as well as annual maintenance fees plus interest and/or index-linked adjustments in accordance with the agreement terms). Most of the consideration expected to be paid during the initial years of the addendum. The expanded agreement includes options for bandwidth upgrades and extensions of the usage period through two five-year option terms (granted to Gilat), at a lower cost per line than in the initial agreement periods. Exercising these options will result in a corresponding increase in the total financial scope of the agreement.

Condensed Separate Interim Financial Information as of September 30, 2025



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
8 Hartum Street, Har Hotzvim
PO Box 212
Jerusalem 9100102, Israel
+972 2 531 2000

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, 2025 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 Note 6 of the financial information, which refers to Note 1.3 to the annual consolidated financial statements, regarding the Israel Securities Authority's (ISA) and the Israel Police investigation. As stated in the above note, the Company is unable to assess the effects of the investigations, their findings and their results on the Company, and on the financial statements and on the estimates used in the preparation of these financial statements, if any.

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

Somekh Chaikin
Certified Public Accountants (Isr.)

November 10, 2025

Condensed Separate Interim Information on Financial Position

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Assets			
Cash and cash equivalents	491	738	462
Investments	1,963	1,946	1,912
Trade receivables	739	700	708
Other receivables	158	125	101
Disposal group assets held for sale	-	50	49
Total current assets	3,351	3,559	3,232
Trade and other receivables	219	240	226
Fixed assets	6,216	6,001	6,111
Intangible assets	252	257	258
Goodwill	265	265	265
Investment in investees	2,317	1,915	1,792
Right-of-use assets	636	640	648
Noncurrent and other investments	164	191	177
Total noncurrent assets	10,069	9,509	9,477
Total assets	13,420	13,068	12,709

Condensed Separate Interim Information on Financial Position (cont.)

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Liabilities			
Debentures, loans and borrowings	1,822	1,065	1,123
Trade and other payables	889	920	988
Dividend payable	583	407	-
Employee benefits	217	204	279
Current maturities of lease liabilities	112	104	112
Provisions (Note 5)	139	57	53
Total current liabilities	3,762	2,757	2,555
Loans and debentures	5,711	6,855	6,523
Loans from subsidiaries	170	140	140
Employee benefits	217	229	244
Lease liabilities	586	589	593
Derivatives and other liabilities	245	158	151
Deferred tax liabilities	22	45	1
Total noncurrent liabilities	6,951	8,016	7,652
Total liabilities	10,713	10,773	10,207
Equity			
Share capital	3,885	3,880	3,882
Share premium	398	390	393
Reserves	406	409	407
Equity deficit	(1,982)	(2,384)	(2,180)
Total equity attributable to the Company's shareholders	2,707	2,295	2,502
Total liabilities and equity	13,420	13,068	12,709

Tomer Raved
Chairman of the Board of Directors

Nir David
Chief Executive Officer

Yohai Benita
Chief Financial Officer, Bezeq Group

Date of approval of the financial statements: November 10, 2025

The accompanying notes are an integral part of the separate financial information

Condensed Separate Interim Information on Income

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues (Note 2)	3,314	3,271	1,111	1,105	4,342
Operating expenses					
Salaries	807	783	270	265	1,037
Depreciation and amortization	788	763	269	256	1,023
General operating expenses (Note 3)	583	575	203	205	738
Other operating expenses, net (Note 4)	38	15	41	24	106
Total operating expenses	2,216	2,136	783	750	2,904
Operating profit	1,098	1,135	328	355	1,438
Financial expenses (income)					
Financial expenses	331	308	107	100	398
Financial income	(111)	(119)	(34)	(33)	(148)
Financial expenses, net	220	189	73	67	250
Profit after financial expenses, net	878	946	255	288	1,188
Share in profits of investees, net	502	144	251	61	158
Profit before income tax	1,380	1,090	506	349	1,346
Income tax	205	227	60	68	274
Profit for the period attributable to the Company's shareholders	1,175	863	446	281	1,072

Condensed Separate Interim Information on Comprehensive Income

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit for the period	1,175	863	446	281	1,072
Items of other comprehensive loss, net of tax	(12)	-	(4)	(3)	(6)
Total comprehensive income for the period attributable to the Company's shareholders	1,163	863	442	278	1,066

The accompanying notes are an integral part of the separate financial information

Condensed Separate Interim Information on Cash Flows

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flows from operating activities					
Profit for the period	1,175	863	446	281	1,072
Adjustments:					
Depreciation and amortization	788	763	269	256	1,023
Share in profits of investees, net	(502)	(144)	(251)	(61)	(158)
Financial expenses, net	224	187	73	76	242
Capital gain, net	(7)	(14)	-	(2)	(14)
Loss from impairment of disposal group held for sale	2	10	-	10	9
Share-based payment	8	7	3	3	9
Income tax expenses	205	227	60	68	274
Change in trade and other receivables	(23)	12	(16)	17	41
Change in trade and other payables	112	45	57	6	93
Change in provisions	17	3	15	8	-
Change in employee benefits	(57)	(31)	(8)	(2)	49
Miscellaneous	(8)	8	(5)	4	10
Net cash provided by (used in) operating activities due to transactions with subsidiaries	(5)	14	(3)	(3)	(2)
Income tax paid, net	(310)	(122)	(75)	(72)	(194)
Net cash provided by operating activities	1,619	1,828	565	589	2,454
Cash flows from investing activities					
Investment in intangible assets and other investments	(124)	(131)	(58)	(37)	(172)
Proceeds from the sale of fixed assets	38	13	4	7	13
Investment in bank deposits and other financial investments	(724)	(1,375)	(156)	-	(2,045)
Proceeds from repayment of bank deposits and other financial investments	716	668	-	-	1,378
Purchase of fixed assets	(716)	(705)	(222)	(263)	(967)
Dividend received	15	-	-	-	141
Proceeds from the sale of a subsidiary	34	-	-	-	-
Interest received from bank deposits	32	39	5	5	75
Investment in an investee	(21)	(10)	(10)	(10)	(10)
Miscellaneous	4	1	2	-	3
Net cash used in investing activities	(746)	(1,500)	(435)	(298)	(1,584)

The accompanying notes are an integral part of the separate financial information.

Condensed Separate Interim Information on Cash Flows (cont.)

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(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	-	1,084	-	-	1,648
Repayment of debentures and loans	(211)	(226)	(6)	(6)	(1,070)
Interest paid	(146)	(148)	(25)	(25)	(249)
Dividend paid	(392)	(374)	-	-	(781)
Payment of principal and interest for a lease	(117)	(106)	(39)	(38)	(144)
Payment for expired hedging transactions	-	-	-	-	7
Net cash provided by financing activities due to transactions with subsidiaries	22	46	28	50	47
Net cash provided by (used in) financing activities	(844)	276	(42)	(19)	(542)
Net increase in cash and cash equivalents	29	604	88	272	328
Cash and cash equivalents at the beginning of the period	462	134	403	466	134
Cash and cash equivalents at the end of the period	491	738	491	738	462

The accompanying notes are an integral part of the separate financial information.

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 2024.

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, 2024 and together with the condensed consolidated interim financial statements as of September 30, 2025 (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, 2024.

2. Revenues

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Internet infrastructure	1,521	1,495	508	500	1,999
Transmission and data communications	921	887	310	296	1,179
Fixed-line telephony	371	416	120	135	544
Cloud and digital services	269	261	92	87	348
Other services	232	212	81	87	272
Total revenues	3,314	3,271	1,111	1,105	4,342

3. General Operating Expenses

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Maintenance of buildings and sites	90	87	34	33	115
Marketing and general	158	144	51	44	187
Interconnectivity and payments to telecom operators	25	47	4	12	56
Services and maintenance by subcontractors	182	169	70	70	217
Vehicle maintenance	33	35	11	13	42
Terminal equipment and materials	95	93	33	33	121
Total general operating expenses	583	575	203	205	738

4. Other Operating Expenses, Net

	Nine months ended September 30		Three months ended September 30		Year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Capital gain from the sale of fixed assets (mainly real estate)	(7)	(14)	-	(2)	(14)
Employee termination expenses due to early retirement	21	13	19	8	104
Loss from impairment of disposal group held for sale	2	10	-	10	9
Other expenses (mainly provisions for claims)	22	6	22	8	7
Total other operating expenses, net	38	15	41	24	106

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 NIS 139 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, which do not specify the exact amount of the claim and for which the Group has additional exposure beyond the aforesaid.

Breakdown of the Company's contingent liabilities as of September 30, 2025:

Balance of provision	Additional exposure*	Exposure for claims whose chances cannot yet be assessed*
NIS million		
139 ⁽¹⁾	634	2,470 ⁽²⁾

* The exposure amounts in this note are nominal.

- (1) An indemnification asset of NIS 68 million was recognized against a provision of NIS 68 million, in view of the existence of insurance coverage. The asset was presented under the item "Other receivables" in the statement of financial position as of September 30, 2025, pursuant to the provisions of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets."
- (2) Includes two motions to certify class actions for a total of 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 has approved motions agreed upon by the parties to stay proceedings for the time being until December 2025.
- 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 For further information concerning contingent liabilities, see Note 6 to the Consolidated Statements.

6. Material Events During and After the Reporting Period

- 6.1** Regarding the investigation by the Israel Securities Authority and the Israel Police, see Note 1.2 to the Consolidated Statements.
- 6.2** In November 2025, the Company's Board of Directors approved an irrevocable undertaking by the Company to provide yes with a credit facility or capital investment in the amount of NIS 100 million for 15 months, as of October 1, 2025 until December 31, 2026, in lieu of a similar undertaking from August 2025. See Note 4.1 to the Consolidated Statements.
- 6.3** Regarding an impairment loss and 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 the distribution of a dividend by the Company after the financial statements date.
- 6.5** For information about the sale of the subsidiary Bezeq Online, see Note 15.3 to the Consolidated Statements.
- 6.6** In September 2025, loans received from Bezeq International for a total of NIS 140 million were replaced by a new loan that includes a postponement of the maturity dates from 2026-2030 to 2031-2036. Furthermore, in September 2025, Bezeq International granted the Company an additional loan of NIS 30 million.
- 6.7** For information about an addition to the agreement signed on November 3, 2025 between the Company and Gilat, see Note 15.8 to the Consolidated Statements.
- 6.8** For information about additional material events after the reported 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, 2025



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 Israel Telecommunication 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. Meni Baruch, VP Technologies and Network
3. Yohai Benita, CFO Bezeq Group
4. Erez Hasdai, VP Economics and Regulation
5. Yoel Nagari, Acting Legal Counsel¹
6. Tali Poleg, VP Marketing
7. Moran Kita, VP Human Resources
8. Eyal Kamil, VP Operations and Logistics
9. Dror Rosman, VP Private Customers Division
10. Daniel Shimoni, VP Business Customers Division
11. 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 CEO² 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, that was attached to the quarterly report for the period ended June 30, 2025 (the "Last Quarterly Report on Internal Control"), 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 Legal Counsel, replaces Amir Nachlieli who ended his term of office on October 20, 2025.

² Regarding the transfer of the CEO's authority in matters connected with investees of the Company to the Board of Directors – see Section 1.1.3 of the chapter "Description of Company Operations" in the Periodic Report for 2024.

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 the Board of Directors and Management as aforesaid, the internal control is effective.

Concerning the investigations of the Israel Securities Authority and the Israel Police, as detailed in section 1.1.5 of the Description of Company Operations chapter in this Report, the Company does not have complete information about the investigations (primarily regarding transactions involving the Company's former controlling shareholder and Chairman of the Board of Directors, Mr. Shaul Elovitch, with respect to the purchase of yes shares and provision of satellite communications services to yes), their content, or the material 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 in this regard Note 1.3 to the financial statements for 2024.

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 Israel Telecommunication Corporation Ltd. (the "Company") for the third quarter of 2025 (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;
 - 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 the Company's 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;
 - 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, 2025

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 other financial information included in the reports for the interim period of Bezeq - The Israel Telecommunication Corporation Ltd, (the "Company") for the third quarter of 2025 (the "Reports" or the "Reports for the Interim Period").
2. To the best of my knowledge, the interim financial statements and 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 financial statements and 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;
 - 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 the Company's 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;
 - 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, 2025

Yohai Benita, CFO Bezeq Group