

Quarterly report

for the period ended
March 31, 2026



May 12, 2026

Bezeq The Israeli Telecommunications Corp. Ltd.

Quarterly report for the period ended March 31, 2026

Update to Chapter A (Description of Company Operations) of the
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Board of Directors' Report on the State of the Company's Affairs for
the Period ended March 31, 2026

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Quarterly Report on the Effectiveness of Internal Control on the
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March 31, 2026



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

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



Update to Chapter A | Description of Company Operations

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

1. General Development of the Group's Business

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

For further information about the dividend distribution approved by the general meeting of the Company's shareholders on April 13, 2026, which is scheduled for May 14, 2026, see Note 7 to the financial statements.

The Company's share buyback plan in the amount of up to NIS 150 million was approved by the Company's board of directors on March 8, 2026, and its execution began after the approval of the general meeting of the Company's shareholders on April 13, 2026. For further information see also Note 7 to the financial statements.

Retained distributable profits as at the reporting date: Approx. NIS 531 million (retained earnings accumulated over the past two years after deduction of the distributions made for that period). This balance is after deducting the dividend described above and after deducting the expected total cost of NIS 150 million for the share buyback plan (of which approx. NIS 70 million, representing approx. 46% of the plan, has been exercised as at the approval date of the report).

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

Section 1.5.4 – Main results and operational data²

Financial data (NIS millions) Group	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Operating profit before depreciation and amortization (EBITDA)	812	797	996	1,014	897
Other expenses (income), net	112	235	39	(8)	13
Share-based compensation expenses	4	5	6	7	4
Adjusted EBITDA¹	928	1,037	1,041	1,013	914
Effect of impairment loss in yes (reversal of impairment loss in yes)	0	(74)	(102)	(92)	3
Comparable EBITDA²	928	963	939	921	917
Net profit	211	242	446	426	303
Other operating expenses (income), net and amortization of excess cost, net of tax	92	181	30	(6)	12
Expenses for equity based compensation	4	5	6	7	4
Adjusted net profit¹	307	428	482	427	319
Effect of impairment loss in yes (reversal of impairment loss in yes)	0	(116)	(215)	(195)	(17)
Effect of impairment at Bezeq International	(7)	(1)	(9)	(3)	(14)
Comparable net profit²	300	311	258	229	288

- (1) Adjusted net profit and adjusted EBITDA – net of other operating expenses/income, one-time losses/gains from impairment/appreciation, and equity compensation plan expenses.
- (2) Comparable net profit and comparable EBITDA – adjusted net profit and adjusted EBITDA net of the total effect of fair value increases /decreases.

² For information about financial ratios and operational performance indices, see also section 7 of the Description of Company Operations for 2025 and the Board of Directors Report (non-GAAP financial indices).

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

Financial data (NIS millions)	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Revenues	1,110	1,114	1,111	1,102	1,101
Operating profit	362	144	328	386	384
Depreciation and amortization	267	272	269	261	258
Operating profit before depreciation and amortization (EBITDA) ⁽¹⁾	629	416	597	647	642
Share in loss (profit) of an investee	2	(1)	16	1	3
Net profit	242	67	179	218	256
Cash flow from operating activities	703	573	565	501	553
Payments for investments in fixed assets and intangible assets and other investments	270	257	280	266	294
Proceeds from the sale of fixed assets and intangible assets	1	1	4	31	3
Lease payments	30	48	39	36	42
Free cash flow ⁽²⁾	404	269	250	230	220
Operational data					
Total number of internet lines at the end of the period (thousands) ⁽³⁾	1,472	1,473	1,473	1,476	1,477
Of which, the number of subscribers connected to the fiber network at the end of the period (thousands) ⁽⁶⁾	1,029	993	954	907	863
The number of internet lines at the end of the period – retail (thousands) ⁽³⁾	968	980	990	999	1,003
Of which, the number of subscribers connected to the fiber network at the end of the period – retail (thousands) ⁽³⁾	643	628	609	583	554
The number of internet lines at the end of the period – wholesale (thousands) ⁽³⁾	504	493	483	477	474
Of which, the number of subscribers connected to the fiber network at the end of the period – wholesale (thousands) ⁽³⁾	386	365	345	324	309
Monthly average revenue per internet subscriber (NIS) – retail (ARPU) ⁽⁵⁾	139	138	136	136	134
Deployment of fiber optic network at the end of the period (thousands of households available for connection) ⁽⁶⁾	2,974	2,913	2,859	2,774	2,671
Average package speed per internet subscriber - retail (Mbps) ⁽⁴⁾	774	721	673	620	572
The number of Be routers used by the Company's customers (thousands)	873	875	873	870	864
The number of Be Mesh and Be Spot range extenders for home Wi-Fi (thousands)	481	474	472	470	466
The number of active telephony subscriber lines at the end of the period (thousands) ⁽⁷⁾	1,312	1,329	1,339	1,351	1,366
Monthly average revenue per telephony line (ARPL) (NIS) ⁽⁸⁾	29	29	30	30	31
Telephony churn rate ⁽⁹⁾	2.8%	2.2%	2.6%	2.3%	2.4%

- (1) Operating profit before depreciation and amortization (EBITDA) is a financial measure that is not based on generally accepted accounting principles. The Company presents this as an additional measure for assessing its business results since this is a generally accepted measure in the Company's area of operations that offsets aspects arising from the variance in the capital structure, various tax aspects and methods, and the amortization period for fixed assets and intangible assets. This measure is not a substitute for measures based on GAAP and it is not used as a sole measure for assessing the results of the Company's operations or cash flows. Additionally, the measure presented in this report may be calculated differently from corresponding measures in other companies. The Company's EBITDA is calculated as operating profit before depreciation, amortization, and ongoing losses from the impairment of fixed assets and intangible assets. To present fairly its financial activity, the Company presents continuing losses from the impairment of fixed assets and intangible assets in yes and Bezeq International under depreciation and amortization, and continuing losses from the impairment of broadcasting rights under general and operating expenses (in the statement of income). For further information, see Note 5 to the financial statements and section 7 of the Description of Company Operations for 2025.
- (2) Free cash flow is a non-GAAP financial measure. Free cash flow is defined as cash from operating activities less cash for the acquisition/sale of fixed assets and intangible assets, net, and 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 Description of Company Operations for 2025.
- (3) The total number of internet lines includes retail and wholesale lines. Retail – direct internet lines provided directly by the Company. Wholesale – internet lines provided through a wholesale service to other communications providers.
- (4) For packages with a range of speeds, the maximum speed per package is taken into account.
- (5) Revenues from retail internet services is divided by the average number of retail customers in the period. For further information, see section 7 of the Description of Company Operations for 2025.
- (6) As at the publication date of the report, approx. 2.99 million households are available for connection to the fiber optic network, of which approx. 1.040 million subscribers are connected to the fiber network (of which, approx. 395 thousand retail and approx. 645 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 section 7 of the Description of Company Operations for 2025.
- (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 section 7 of the Description of Company Operations chapter for 2025.

Section 1.5.4.2 – Pelephone

Financial data (NIS millions)	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025
Total revenues	518	554	517	530	566
Of which: revenues from interconnect fees⁽¹⁾	-	-	-	34	41
Total revenues less interconnect fees⁽¹⁾	518	554	517	496	525
Revenues from services	356	373	381	395	401
Revenues from services less interconnect fees⁽¹⁾	356	373	381	361	360
Revenues from the sale of terminal equipment	162	181	136	135	165
Operating profit (loss)	(52)	43	56	43	44
Depreciation and amortization	144	148	147	141	140
Operating profit before depreciation and amortization (EBITDA)⁽²⁾	92	191	203	184	184
Net profit (loss)	(44)	47	38	30	31
Cash flow from operating activities	184	186	216	187	175
Payments for investments in fixed assets, intangible assets, and other investments, net	92	91	88	91	84
Lease payments	77	54	64	53	96
Free cash flow⁽²⁾	15	41	64	43	(5)
<u>Operational data</u>					
Number of postpaid subscribers at the end of the period (thousands)⁽³⁾	2,349	2,315	2,295	2,279	2,265
Of which, number of 5G postpaid subscribers (thousands)⁽³⁾	1,425	1,375	1,348	1,315	1,276
Of which, number of MAX 5G subscribers (thousands)⁽³⁾	173	140	102	68	35
Number of prepaid subscribers at the end of the period (thousands)⁽³⁾	350	362	366	366	366
Number of subscribers at the end of the period (thousands)⁽³⁾	2,699	2,677	2,661	2,645	2,631
Monthly average revenue per user (ARPU) net of interconnect fees (NIS)⁽¹⁾⁽⁴⁾	44	47	48	46	45
Churn rate⁽⁵⁾	6.0%	5.9%	6.1%	5.6%	6.2%

- (1) ARPU net of interconnect fees – The reform to change the interconnect fees regime, which was applied gradually from June 2023 and continued until June 2025, resulted in a decrease in interconnect fees, most of which were cancelled as from this date, and a decrease in ARPU. Accordingly, Pelephone elected to present ARPU net of the revenue component from interconnect fees.
- (2) For the definition of operating profit before depreciation and amortization (EBITDA) and free cash flow, see comments (1) and (2) in the Bezeq Fixed-Line table.
- (3) Subscriber figures include Pelephone subscribers (excluding subscribers from other carriers hosted on the Pelephone network and excluding IOT subscribers), and do not include inactive subscribers connected to Pelephone’s service for six months or more. An inactive subscriber is one who in the past six months has not received one call, has not made one call / sent one SMS, or has performed no browsing activity, or has not paid for Pelephone services. Prepaid subscribers are included in the number of active subscribers from the date on which the subscriber loaded the device, and are removed from the list of active subscribers if the subscriber makes no outgoing use of the device for six months or more. 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. 1.45 million postpaid subscribers for these packages. As at the publication date of the report, of Pelephone’s 5G subscribers, approx. 184 thousand have joined the advanced 5G MAX services, which include prioritized data traffic. Pelephone estimates that the number of subscribers who will join its advanced 5G MAX services by the end of 2026 will reach approx. 300 thousand.
- (4) Monthly ARPU (postpaid and prepaid). The index is calculated by dividing the average total consolidated monthly revenue, including from cellular services, from Pelephone subscribers and other telecom carriers, including revenues from cellular carriers who use Pelephone’s network, repair services and extended warranty in the period, by the average number of active subscribers in the same period. For further information, see section 7 of the Description of Company Operations for 2025.
- (5) The churn rate is calculated at the ratio of subscribers who disconnected from Pelephone’s services and subscribers who became inactive in the period, to the average number of active subscribers in the period. For further information, see section 7 of the Description of Company Operations for 2025.

Section 1.5.4.3 – Bezeq International

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

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

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

(3) The line item also includes long-term investments in assets.

Section 1.5.4.4 – yes

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

- (1) For the definition of operating profit before depreciation and amortization (EBITDA) and free cash flow, see comments (1) and (2) in the Bezeq Fixed-Line table.
- (2) Television subscriber – a single household or small business customer; in the case of a business customer with more than a certain number of decoders (such as a hotel or gym), the number of subscribers is standardized. The number of subscribers listed for business customers that are not small businesses is calculated by dividing the total payment received from all the business customers that are not small businesses by the average revenue per small business customer, which is determined periodically.
- (3) As at the publication date of the report, approx. 241 thousand subscribers have joined the international streaming services as part of the collaboration of yes with these services (see section 5.1.1.1 of the Description of Company Operations for 2025)
- (4) As at the publication date of the report, approx. 503 thousand television subscribers use yes+ and STING+ streamlining services, representing approx. 89% of all yes television subscribers. The number and rate of IP subscribers include subscribers using satellite services as well.
- (5) Monthly ARPU is calculated by dividing the total revenues of yes (excluding revenues from the sale of content to external broadcasting entities, revenues from the sale of end equipment, and revenues from ISP) by the average number of relevant customers in the period. The ARPU of yes is calculated by dividing the total revenues of yes (excluding revenues from the sale of content to external broadcasting entities and revenues from the sale of end equipment) by the average number of relevant customers in the period. For further information, see Note 5 to the financial statements and section 7 of the Description of Company Operations for 2025.
- (6) Number of television subscribers who left yes in the period, divided by the average number of registered television subscribers in the period. For further information, see section 7 of the Description of Company Operations for 2025.
- (7) As at the publication date of the report, approx. 137 thousand subscribers are connected to the fiber network.

1.7.10 – Submarine cable

MoU – cooperation in the submarine cable sector

On March 24, 2026, the boards of directors of the Company and of Bezeq International approved a MoU with an international communications company, for cooperation in the construction and operation of an international submarine cable system intended to establish a communications route between East and West via Israel. Under the MoU, the parties agreed on an outline for commercial cooperation that includes joint investment in the establishment of the cable system infrastructure. As at the reporting date, the Group's expected investment is estimated at approx. NIS 250 million, spread over three years, which is expected to generate a significant positive return for the Group.

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

The parties are working to finalize the Detailed Agreement within six months from signing the MoU, unless otherwise agreed between them. The Detailed Agreement is subject to the fulfillment of customary conditions and the receipt of all approvals required by law.

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

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

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

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

2. Bezeq – Domestic Fixed-line Communications

Section 2.9.5 – Officers and senior management of the Company

On April 13, 2026, the general meeting of the Company's shareholders approved the appointment of Yael Andorn Karni and Dan Amiram as external directors of the Company. Accordingly, as at the publication date of this report, the Company has nine directors, including five external directors, one independent director, and three directors who are not independent directors (including one director from among the employees).

Section 2.13.6 – Credit rating

On May 5, 2026, Maalot reaffirmed the iIAA rating of the Company, Pelephone, and yes with a stable outlook and the iIAA rating for the Company's debentures. Additionally, on May 11, 2026, Midroog upheld the Aa2.il rating for the Company and its debentures with a stable outlook. For further information

see the Company's immediate reports dated May 5, 2026 and May 11, 2026, included in this report by way of reference, and section 3 in the Board of Directors' Report.

Section 2.18 – Legal proceedings

Sub-section (H) regarding the filing of a motion with the Tel Aviv District Court for approval of a settlement agreement in a class action concerning asset balances in the financial statements of Bezeq International – On March 26, 2026, the Court handed down a judgment approving the settlement agreement, as set out in the original report. It should be noted that the judgment includes a certain reduction in the compensation and fees for the plaintiffs and their attorneys, which are included in the settlement amount; however, there was no change in the total settlement amount approved by the court.

3. Pelephone – Cellular

Section 3.8.2 – Frequency usage rights

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

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

Section 3.9.4 – Collective agreement and section 3.9.5 – Labor disputes

Regarding the renewal of the collective agreement at Pelephone – On March 19, 2026, Pelephone signed a renewal of the existing collective agreement between the Company, the Histadrut (General Federation of Labor), and the employees' representatives of Pelephone, for the period from January 1, 2026 to December 31, 2028 ("**the Agreement**" and "**the Agreement Period**" respectively). The Agreement includes the retirement of up to 150 permanent employees in the Agreement Period (including 80 employees whose retirement has already been agreed upon, and the remainder through a voluntary retirement plan to be offered), as well as salary increases, bonuses, and employee benefits.³ Accordingly, a one-time expense was recorded in the financial statements of Pelephone and the Company for the first quarter of 2026, for retirement expenses for 85 Pelephone employees (whose retirement was agreed upon as noted) and one-time employee bonuses, amounting to approx. NIS 86 million. During the term of the collective agreement, the parties will maintain industrial peace and a waiver of claims regarding all matters regulated therein.

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

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

³ This amount includes a change-of-control bonus in the amount of NIS 12 million, which was distributed to employees in accordance with the Group methodology implemented in the other Group companies.

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

Section 4.8 – Human resources

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

5. **yes – multichannel television**

Section 5.16 – Legal proceedings

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

In April 2026, a motion for certification of a class action, together with a statement of claim, was filed against yes to the Center District Court. According to the allegations in the motion, yes is in breach of the provisions of the law, inter alia by failing, in notices regarding price increases sent to its subscribers, to specify the price of the service or product prior to the increase and the amount by which the price was increased. Accordingly, it is alleged that the subscribers' ability to understand the effect of the price increase is impaired, and, among other things, this prevents the subscriber from negotiating in relation thereto. The motion states that the class action's amount cannot be assessed at this stage and that it exceeds NIS 2.5 million.

May 12, 2026

Date

Bezeq The Israeli Telecommunications Corp. Ltd

Names and titles of signatories:

Tomer Raved, Chairman of the board of directors

Nir David, CEO

Chapter B

Board of Directors' Report on the State of the Company's Affairs for the Period ended March 31, 2026

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



We hereby present the Board of Directors' Report on the state of affairs of Bezeq The Israeli Telecommunications Corp. Ltd. (the "Company") and the consolidated Group companies (the Company and the consolidated companies, jointly – the "Group") for the quarter ended March 31, 2026.

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

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

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

Breakdown of the Group's results:

	1-3.2026	1-3.2025	Change	
	NIS million		NIS million	%
Net profit	211	303	(92)	(30.4)
Adjusted net profit¹	307	319	(12)	(3.8)
Comparable net profit¹	300	288	12	4.2
EBITDA¹	812	897	(85)	(9.5)
Adjusted EBITDA¹	928	914	14	1.5
Comparable EBITDA¹	928	917	11	1.2
Free cash flow¹	455	262	193	73.7

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

The decrease in net profit is mainly due to expenses incurred with respect to the renewal of the collective agreement in the cellular communications segment.

For further information see section 1.2 below.

Non-GAAP based financial indices

As at the reporting date, the Group's management uses non-GAAP financial performance indices for assessing and presenting the Group's financial performance. These indices are not a substitute for the information included in the Company's financial statements. It should be noted that the indices should not be compared with similar indices designated by other companies due to a possible difference in the way the index is calculated.

Breakdown of the indices:

Index	Calculation and objectives of the index
Adjusted net profit	Net profit excluding other operating expenses/income, net after tax, and non-recurring losses/gains from impairment/appreciation after tax, and equity compensation plan expenses. The index allows comparison of performance of various periods by adjusting the effects of irregular non-recurring expenses/income.
EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)	Earnings before financing expenses/income, taxes, depreciation and amortization. The EBITDA index is a generally accepted measure used in the Group's area of operations, which offsets effects arising from the variance in the capital structure, various taxation aspects, and the depreciation method and period for fixed and intangible assets. The Group's EBITDA is calculated as operating profit before depreciation, amortization and impairment (including ongoing losses from impairment of fixed and intangible assets, as described in Note 5 to the financial statements).
Adjusted EBITDA	EBITDA excluding other operating expenses/income, one-time losses/gains from impairment/appreciation, and equity compensation plan expenses. The index allows comparison of operating performance of various periods by adjusting the effects of irregular non-recurring expenses/income.
Comparable EBITDA and comparable net profit	The Company's adjusted EBITDA and adjusted net profit, excluding the overall effect of appreciation/impairment.
Free cash flow	Cash from operating activities net of cash for the purchase/sale of fixed assets and intangible assets, net, and 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:

	1-3.2026	1-3.2025
	NIS million	
Adjusted net profit and comparable net profit		
Net profit	211	303
Excluding other operating expenses, net, and amortization of excess costs, net of tax	92	12
Excluding expenses for equity-based compensation	4	4
Adjusted net profit	307	319
Excluding the overall effect of impairment in yes Television and Communication Services Ltd. ("yes").	-	(17)
Excluding the overall effect of impairment in Bezeq International	(7)	(14)
Comparable net profit	300	288

EBITDA, adjusted EBITDA and comparable EBITDA		
Operating profit	325	441
Excluding depreciation, amortization and impairment	487	456
EBITDA	812	897
Excluding other operating expenses, net	112	13
Excluding expenses for equity-based compensation	4	4
Adjusted EBITDA	928	914
Excluding the overall effect of impairment on operating assets (mainly broadcasting rights of yes)	-	3
Comparable EBITDA	928	917

Free cash flow		
Net cash from operating activities	1,007	831
Net of cash for purchase/sale of fixed assets and intangible assets, net	(431)	(416)
Net of lease payments	(121)	(153)
Free cash flow	455	262

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

	March 31,	March	Change		Explanation
	2026	31, 2025		%	
	NIS million				
Cash and current investments	3,256	2,974	282	9.5	For further information see section 1.3 below.
Current and non-current trade and other receivables	2,043	2,055	(12)	(0.6)	
Inventory	102	141	(39)	(27.7)	The decrease is mainly due to the cellular communications segment, due to a reduction in the procurement of new device inventory compared with the corresponding quarter.
Assets of a held for sale disposal group	-	83	(83)	(100.0)	The decrease is due to closing of the transaction for the sale of the subsidiary, Bezeq Online, in the second quarter of 2025
Right-of-use assets	1,731	1,774	(43)	(2.4)	
Fixed assets	7,471	7,241	230	3.2	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, mainly due to reversal of an impairment loss on assets in 2025 and from investments, see Note 5.1 to the financial statements.
Intangible assets	1,086	945	141	14.9	The increase is attributable to yes, mainly due to the reversal of an impairment loss on assets, and from the recognition of recovered value for brand-related excess cost in 2025.
Broadcasting rights	397	115	282	-	The increase is attributable to yes, mainly due to the reversal of an impairment loss on the asset in 2025 and investments in content.
Deferred expenses and non-current investments	275	251	24	9.6	
Total assets	16,361	15,579	782	5.0	

1.1 Financial position (contd.) - Liabilities and equity

	March 31, 2026	March 31, 2025	Change		Explanation
	NIS million			%	
Debt to financial institutions and debenture holders	7,822	7,662	160	2.1	The increase in debt is due to the issuance of debentures through the expansion of Series 13 and 14 in December 2025, as well as the receipt of loans, offset by the final repayment of Debentures (Series 9 and 10) and scheduled loan repayments in the domestic fixed-line communications segment.
Lease liabilities	1,932	1,947	(15)	(0.8)	
Trade and other payables	2,100	1,995	105	5.3	The increase is mainly due to an increase in wage payables, prepaid revenues and trade payables, offset by a decrease in current tax liabilities.
Employee benefits	844	701	143	20.4	The increase is mainly due to increased provisions relating to termination of employer-employee relations for early retirement in the domestic fixed-line communications segment, and an increase in the current quarter in the cellular communications segment subsequent to the signing of the collective agreement renewal, offset by employee retirement payments across the Group and by the special grant paid to Company employees as part of the amendment to the collective agreement following the sale of the holdings of the former controlling shareholders in the Company.
Provisions	123	120	3	2.5	
Liabilities of a held for sale disposal group	-	34	(34)	(100.0)	The decrease is due to closing of the transaction for the sale of the subsidiary Bezeq Online, in the second quarter of 2025.
Deferred tax liabilities	44	52	(8)	(15.4)	
Derivatives and other non-current liabilities	328	261	67	25.7	The increase is due to an increase in long-term prepaid revenues 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	13,193	12,772	421	3.3	
Total equity	3,168	2,807	361	12.9	Equity constitutes 19.4% of the total balance sheet compared with 18.0% of the total balance sheet as at March 31, 2025. The increase in equity is due to profits accrued, offsetting the distribution of dividends.
Total liabilities and equity	16,361	15,579	782	5.0	

1.2 Operating results

1.2.1 Highlights

	1-3.2026	1-3.2025	Change		Explanation
	NIS million			%	
Revenues	2,169	2,235	(66)	(3.0)	The decrease is mainly due to the cancellation of most of the interconnect rates as of June 2025, as well as the sale of the subsidiary, Bezeq Online, and its deconsolidation as of the second quarter of 2025. The decrease was partially offset by an increase in revenues in the television and communication services segment, the Bezeq International services segment and the domestic fixed-line communications segment. For further information see section 1.2.2 below.
General operating expenses	768	829	(61)	(7.4)	The decrease is mainly due to a decrease in interconnect payments to communications operators, following cancellation of most of the applicable tariffs, mainly in the cellular communications segment.
Salaries	477	496	(19)	(3.8)	The decrease is due to the sale of the subsidiary, Bezeq Online, and its deconsolidation as of the second quarter of 2025, primarily offsetting an increase in salary expenses in the domestic fixed line communications segment.
Depreciation, amortization, and impairment	487	456	31	6.8	The increase is due to an increase in depreciation expenses at yes, mainly due to the reversal of an impairment loss on assets in 2025, depreciation of excess costs relating to the brand, and an increase across the Group's other segments.
Other operating expenses, net	112	13	99	-	The increase is mainly due to an increase in expenses related to termination of employer-employee relations for early retirement in the cellular communications segment resulting from the signing of the collective agreement renewal in the current quarter and in the domestic fixed-line communications segment, see Note 15.3 to the financial statements.
Operating profit	325	441	(116)	(26.3)	
Financing expenses, net	48	45	3	6.7	For further information, see Note 11 to the financial statements and section 1.2.2 below.
Share in losses of investees, net	2	3	(1)	(33.3)	The Company records its share in the net operating results of BezeqGen in its financial statements.
Profit before income tax	275	393	(118)	(30.0)	
Income tax	64	90	(26)	(28.9)	
Net profit for the period	211	303	(92)	(30.4)	

1.2.2 Operating segments

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

	1-3.2026		1-3.2025	
	NIS million	% of total revenues	NIS million	% of total revenues
Revenues by operating segment				
Domestic fixed-line communications	1,110	51.2	1,101	49.3
Cellular communications	518	23.9	566	25.3
Bezeq International services	289	13.3	273	12.2
Television and communication services	343	15.8	319	14.3
Others and adjustments	(91)	(4.2)	(24)	(1.1)
Total	2,169	100.0	2,235	100

	1-3.2026		1-3.2025	
	NIS million	% of segment revenues	NIS million	% of segment revenues
Operating profit (loss) by operating segment				
Domestic fixed-line communications	362	32.6	384	34.9
Cellular communications	(52)	(10.0)	44	7.8
Bezeq International services	17	5.9	14	5.1
Television and communication services	5	1.5	(20) ²	(6.3)
Others and adjustments	(7)	-	19	-
Consolidated operating profit / % of the Group's revenues	325	15.0	441	19.7

- (2) In the corresponding quarter last year, results of the television and communications services segment are presented excluding the total impact of impairment losses recognized since 2018 (proforma). 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.

1.2.2 Operating segments

B. Domestic fixed-line communications

	1-3.2026	1-3.2025	Change		Explanation
	NIS million			%	
Revenues from internet services	513	505	8	1.6	The increase is mainly due to an increase in wholesale market revenues and in the retail ARPU, mainly due to an increase in the number of fiber network subscribers.
Revenues from fixed line telephony revenues	113	128	(15)	(11.7)	The decrease is due to a decrease in average revenue per telephone line (ARPL), mainly due to the cancellation of most of the interconnect rates since June 2025. There has also been a decrease in the number of lines.
Revenues from data and other transmission and communications	390	381	9	2.4	The increase is mainly due to an increase in revenues from the metro transmission services.
Revenues from cloud and digital services	94	87	7	8.0	The increase is due to cloud services and virtual-PBX, offset by a decrease in revenues from the business directory (B144).
Total revenues	1,110	1,101	9	0.8	
General operating expenses	166	188	(22)	(11.7)	The decrease is mainly due to a decrease in expenses for terminal equipment and materials, as well as a decrease in interconnect payments to communications operators following the forgoing reduction in rates.
Salaries	288	267	21	7.9	The increase is mainly due to wage updates, an increase in bonus and actuarial provisions, mainly due to the signing of an amendment to the collective agreement between the Company, the employees' union, and the Histadrut in the current quarter, and by a decrease in capitalization of salary costs, offset by the retirement of employees.
Depreciation and amortization	267	258	9	3.5	
Other operating expenses, net	27	4	23	-	The increase is mainly due to an increase in expenses related to employee early retirement benefits, as well as recognition of a capital gain from the sale of real estate in the corresponding quarter, offset by a decrease in provisions for legal claims.
Operating profit	362	384	(22)	(5.7)	
Financing expenses, net	44	46	(2)	(4.3)	The decrease in net financing expenses is mainly due to the revaluation of investments and a decrease in expenses for CPI-linked differentials on debentures resulting from the decline in the known CPI in the current quarter, offset by the effect of changes in the USD exchange rate.
Share in loss of an investee	2	3	(1)	(33.3)	The Company records its share in the net operating results of BezeqGen in its financial statements.
Income tax	74	79	(5)	(6.3)	
Segment profit	242	256	(14)	(5.5)	

1.2.2 Operating segments

C. Cellular communications

	1-3.2026	1-3.2025	Change		Explanation
	NIS million			%	
Revenues from services excluding interconnect fees³	356	360	(4)	(1.1)	The decrease is due to the effect of the war on roaming services, which outweighed the increase in revenues from services mainly due to an increase in the number of postpaid subscribers. Excluding the effect of the war on roaming activity, revenues from services were 2% higher compared with the corresponding quarter.
Interconnect revenues³	-	41	(41)	(100.0)	The decrease is due to cancellation of most of the interconnect fees in June 2025.
Sale of terminal equipment	162	165	(3)	(1.8)	
Total revenues	518	566	(48)	(8.5)	
General operating expenses	253	296	(43)	(14.5)	The decrease is mainly due to a decrease in interconnect revenue expenses (parallel to the decrease in revenues).
Salaries	88	85	3	3.5	The increase is mainly due to the effect of salary increases subsequent to the collective agreement. This increase is partially offset by a decrease in the number of employees.
Depreciation and amortization	144	140	4	2.9	
Other operating expenses, net	85	1	84	-	The current quarter includes expenses related to employee retirements and one-time bonuses for employees subsequent to signing the renewed collective agreement, in the quarter, between Pelephone, the Histadrut, and the employee representatives.
Operating profit (loss)	(52)	44	(96)	-	
Financing expenses, net	2	3	(1)	(33.3)	
Income tax expenses (income)	(10)	10	(20)	-	
Segment profit (loss)	(44)	31	(75)	-	

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

1.2.2 Operating segments

D. Bezeq International services

	1-3.2026	1-3.2025	Change		Explanation
	NIS million			%	
Revenues	289	273	16	5.9	The increase is due to an increase in revenues from the sale of equipment, licensing and service contracts, and from cloud services. This increase is offset by a decrease in revenues from ISP services in the private sector and a decrease in revenues from international data communications and telephony services. The decrease in revenues is also affected by the decline in the USD exchange rate.
Operating and general expenses and impairment	197	185	12	6.5	The increase is due to an increase in expenses related to the sale of equipment, licensing and service contracts, and cloud services activity. This increase was offset by a decrease in expenses for ISP services in the private sector and a decrease in expenses for data communications and international telephony services. The increase in expenses was partially offset by the effect of the depreciation in the USD exchange rate.
Salaries	52	55	(3)	(5.5)	The decrease is mainly due to a decrease in salary expenses at Bezeq International, resulting from the continued decline in its employee headcount.
Depreciation, amortization, and impairment	23	19	4	21.1	The increase is due to an increase in recognition of impairment losses resulting from an increase in investments in the quarter compared with the corresponding quarter last year, which was offset by a decrease in depreciation expenses.
Operating profit	17	14	3	21.4	
Financing expenses, net	1	3	(2)	(66.7)	
Income tax	1	-	1	-	
Segment profit	15	11	4	36.4	

1.2.2 Operating segments

E. Television and communications services ⁴

	1-3.2026	1-3.2025	Change		Explanation
	NIS million			%	
Revenues	343	319	24	7.5	The increase is mainly due to revenues from the collaboration for providing content services to Partner, and due to an increase in revenues from bundled television-fiber packages.
General operating expenses	240	227	13	5.7	The increase is mainly due to an increase in costs related to the collaboration for providing content services to Partner and due to fiber network operating costs, offset by a decrease in the costs of content and satellite segments.
Salaries	48	44	4	9.4	The increase is due to the effect of the collective agreement, the increase in minimum wage, and options.
Depreciation and amortization	50	60	(10)	(16.7)	The decrease is due, among other things, to fully depreciated assets as well as the extension of the useful life of converters following the extension of the agreement with Spacecom until the end of 2028.
Other operating expenses, net	-	8	(8)	(100.0)	The corresponding quarter included recording of expenses relating to contingent bonuses to employees relating to the change in control of Bezeq.
Operating profit (loss)	5	(20)	25	-	
Financing expenses (income), net	1	(6)	7	-	The change is mainly due to a reduction in the value of forward transactions resulting from the USD exchange rate depreciation.
Income tax	1	-	1	-	
Segment profit (loss)	3	(14)	17	-	

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

1.3 Cash flows

	1-3.2026	1-3.2025	Change		Explanation
	NIS million			%	
Net cash flow from operating activities	1,007	831	176	21.2	The increase in net cash flows from operating activities is due to a decrease in income taxes paid in the fixed-line domestic communications segment, as well as changes in working capital, partially offset by a decrease in profit.
Net cash used in investing activities	(438)	(720)	282	(39.2)	The decrease in net cash flows used in investing activities is mainly due to net investments in bank deposits and other financial investments in the corresponding quarter, in the domestic fixed line communications segment.
Net cash used for financing operations	(148)	(178)	30	(16.9)	The decrease in net cash flows used for financing operations is due to a decrease in principal and interest payments with regard to leases.
Net increase (decrease) in cash	421	(67)	488	-	

Average volume in the reporting quarter

Long-term liabilities (including current maturities) to financial institutions and debenture holders: NIS 7,816 million.

Supplier credit: NIS 1,042 million. Short-term customer credit: NIS 1,447 million. Long-term customer credit: NIS 232 million.

Working capital

As at March 31, 2026, the Group has a working capital surplus (current assets less current liabilities) of NIS 727 million compared with a working capital surplus in the amount of NIS 796 million as at March 31, 2025.

The Company has (based on its standalone financial information) a working capital surplus in the amount of NIS 889 million as at March 31, 2026, compared with a working capital surplus in the amount of NIS 963 million as at March 31, 2025.

The decrease in the working capital surplus in the Group and in the Company is mainly due to an increase in employee benefit liabilities.

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 three months ended March 31, 2026, the known CPI decrease was reflected in recording of financing income with respect to the Group's financial debt in an amount of NIS 2 million (NIS 4 million financing expenses after hedging), a change of NIS 9 million (a decrease of NIS 6 million after hedging) compared with the corresponding quarter last year.

It is noted that the effect of the CPI changes 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 March 31, 2026, every 1% increment in the CPI is expected to cause an increase of NIS 24 million in the Group's financing expenses (NIS 14 million after hedging).

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

2. Disclosure concerning the Company's financial reporting

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

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

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

3. Information about a debenture series

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

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

4. Miscellaneous

For further information about the liabilities of the Company and the companies consolidated in its financial statements as at March 31, 2026, see the reporting form posted by the Company on the MAGNA website on May 13, 2026.

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

Tomer Raved
Chairman of the board of directors

Nir David
CEO

Signed on: May 12, 2026

Chapter C

Condensed Consolidated Interim Financial Statements as at March 31, 2026 (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.



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

Introduction

We have reviewed the accompanying financial information of Bezeq -The Israel Telecommunication Corporation Ltd. and its subsidiaries (hereinafter – “Group”) comprising the condensed consolidated interim statement of financial position as of March 31, 2026 and the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of the financial information for this interim period in accordance with IAS 34 “Interim Financial Reporting” and are also responsible for the preparation of the financial information for this interim period 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 this interim period based on our review.

Scope of Review

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

Conclusion

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

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

Explanatory Paragraph

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

Somekh Chaikin
Certified Public Accountants (Isr.)

May 12, 2026

Condensed Consolidated Interim Financial Statements as at March 31, 2026 (Unaudited)

Condensed Consolidated Interim Statements of Financial Position as at

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

The accompanying notes to the condensed consolidated interim financial statements form an integral part thereof.

Condensed Consolidated Interim Statements of Financial Position as at (continued)

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
Liabilities and equity	NIS millions	NIS millions	NIS millions
Debentures, loans and borrowings	1,040	1,124	992
Current maturities of lease liabilities	431	417	425
Trade and other payables	2,100	1,995	1,901
Employee benefits	616	389	542
Provisions	89	90	174
Liabilities of disposal group held for sale	-	34	-
Total current liabilities	4,276	4,049	4,034
Loans and debentures	6,782	6,538	6,818
Lease liabilities	1,501	1,530	1,530
Employee benefits	228	312	219
Derivatives and other liabilities	328	261	292
Deferred tax liabilities	44	52	56
Provisions	34	30	34
Total non-current liabilities	8,917	8,723	8,949
Total liabilities	13,193	12,772	12,983
Equity attributable to owners of the Company			
Share capital	3,890	3,883	3,887
Share premium	405	396	398
Reserves	408	404	410
Deficit	(1,537)	(1,878)	(1,742)
Total equity attributable to owners of the Company	3,166	2,805	2,953
Non-controlling interests	2	2	2
Total equity	3,168	2,807	2,955
Total liabilities and equity	16,361	15,579	15,938

Tomer Raved
Chairman of the Board of
Directors

Nir David
CEO

Yohai Benita
CFO, Bezeq Group

Approval date of the financial statements: May 12, 2026

Condensed Consolidated Interim Statements of Income

	Note	Three-month period ended March 31,		Year ended December 31,
		2026 (Unaudited) NIS millions	2025 (Unaudited) NIS millions	2025 (Audited) NIS millions
Revenues	8	2,169	2,235	8,702
Operating expenses				
General operating expenses*	9	768	829	2,860
Salaries		477	496	1,859
Depreciation, amortization, impairment and reversal of impairment loss*		487	456	1,687
Other operating expenses, net	10	112	13	279
Total operating expenses		1,844	1,794	6,685
Operating profit		325	441	2,017
Financing expenses (income)				
Financing expenses		115	105	498
Financing income		(67)	(60)	(191)
Financing expenses, net	11	48	45	307
Profit after financing expenses, net		277	396	1,710
Share in loss of equity-accounted investee		2	3	19
Profit before income taxes		275	393	1,691
Income taxes		64	90	274
Total profit for the period		211	303	1,417
Profit for the period attributable to owners of the Company		211	303	1,417
Earnings per share (NIS)				
Basic and diluted earnings per share		0.08	0.11	0.51

* See Note 5 regarding impairment loss, recognized by yes and Bezeq International in the reporting period.

Condensed Consolidated Interim Statements of Comprehensive Income

	Three-month period ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Net profit for the period	211	303	1,417
Remeasurement of defined benefit plan, net of tax - will not be reclassified to profit or loss	(6)	(1)	(4)
Other comprehensive income (loss) items in respect of hedging, net of tax - will be reclassified to profit or loss	4	(3)	(9)
Total comprehensive income for the period	209	299	1,404
Total comprehensive income for the period attributable to owners of the Company	209	299	1,404

The accompanying notes to the condensed consolidated interim financial statements form an integral part thereof.

Condensed Consolidated Interim Financial Statements as at March 31, 2026 (Unaudited)

Condensed Consolidated Interim Statements of Changes in Equity

	Share capital	Share premium	Capital reserve for transaction between corporation and controlling shareholder	Capital reserve for employee options	Other reserves	Deficit	Total	Non-controlling interests	Total equity
NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Attributable to owners of the Company									
For the three-month period ended March 31, 2026 (Unaudited)									
Balance as at January 1, 2026	3,887	398	390	68	(48)	(1,742)	2,953	2	2,955
Profit for the period	-	-	-	-	-	211	211	-	211
Other comprehensive income (loss) for the period, net of tax	-	-	-	-	4	(6)	(2)	-	(2)
Total comprehensive income for the period	-	-	-	-	4	205	209	-	209
Transactions with owners recognized directly in equity									
Share-based payments	-	-	-	4	-	-	4	-	4
Exercise of options into shares	3	7	-	(10)	-	-	-	-	-
Balance as at March 31, 2026	3,890	405	390	62	(44)	(1,537)	3,166	2	3,168

The accompanying notes to the condensed consolidated interim financial statements form an integral part thereof.

Condensed Consolidated Interim Financial Statements as at March 31, 2026 (Unaudited)

	Share capital	Share premium	Capital reserve for transaction between corporation and controlling shareholder	Capital reserve for employee options	Other reserves	Deficit	Total	Non-controlling interests	Total equity
NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Attributable to owners of the Company									
For the three-month period ended March 31, 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	-	-	-	-	-	303	303	-	303
Other comprehensive loss for the period, net of tax	-	-	-	-	(3)	(1)	(4)	-	(4)
Total comprehensive income (loss) for the period	-	-	-	-	(3)	302	299	-	299
Transactions with owners recognized directly in equity									
Share-based payments	-	-	-	4	-	-	4	-	4
Exercise of options into shares	1	3	-	(4)	-	-	-	-	-
Balance as at March 31, 2025	3,883	396	390	56	(42)	(1,878)	2,805	2	2,807

The accompanying notes to the condensed consolidated interim financial statements form an integral part thereof.

Condensed Consolidated Interim Financial Statements as at March 31, 2026 (Unaudited)

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

The accompanying notes to the condensed consolidated interim financial statements form an integral part thereof.

Condensed Consolidated Interim Financial Statements as at March 31, 2026 (Unaudited)

Condensed Consolidated Interim Statements of Cash Flows

	Three-month period ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Cash flows from operating activities			
Profit for the period	211	303	1,417
Adjustments:			
Depreciation, amortization and reversal of impairment loss (impairment loss)	487	456	1,687
Capital gain, net	-	(5)	(7)
Financing expenses, net	53	57	342
Reversal of excess cost	-	-	(36)
Share in loss of equity-accounted investee	2	3	19
Impairment loss of disposal group held for sale	3	2	2
Share-based payment	4	4	22
Income tax expenses	64	90	274
Change in trade and other receivables	(56)	(85)	(39)
Change in inventory	(7)	15	54
Change in trade and other payables	225	163	129
Change in provisions	(17)	6	22
Change in employee benefits	76	(1)	112
Change in broadcasting rights (including reversal of impairment loss)	3	-	(283)
Miscellaneous	-	1	(16)
Income tax paid, net	(41)	(178)	(437)
Net cash provided by operating activities	1,007	831	3,262
Cash flows used in investing activities			
Purchase of property, plant and equipment	(310)	(325)	(1,265)
Investment in intangible assets and deferred expenses	(122)	(94)	(413)
Investment in deposits with banks and other financial investments	-	(568)	(2,335)
Proceeds from repayment of bank deposits and other financial investments	-	257	2,110
Proceeds from sale of property, plant and equipment	1	3	40
Interest received from bank deposits	9	17	80
Investment in equity-accounted investee	-	(11)	(31)
Proceeds from sale of subsidiary, net of cash disposed of	-	-	28
Miscellaneous	(16)	1	(14)
Net cash used in investing activities	(438)	(720)	(1,800)
Cash flows used in financing activities			
Issuance of debentures and receipt of loans	-	-	1,190
Repayment of debentures and loans	-	-	(1,123)
Principal and interest payments in respect of leases	(121)	(153)	(491)
Interest paid	(27)	(25)	(238)
Dividend paid	-	-	(975)
Proceeds from hedge transactions that ended	-	-	6
Net cash used in financing activities	(148)	(178)	(1,631)
Increase (decrease) in cash and cash equivalents	421	(67)	(169)
Cash and cash equivalents at beginning of period	643	784	784
Change in cash balance of subsidiary sold	-	7	28
Cash and cash equivalents at end of period	1,064	724	643

The accompanying notes to the condensed consolidated interim financial statements form an integral part thereof.

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 consolidated financial statements of the Company as at March 31, 2026 include those of the Company and its subsidiaries (jointly referred to as "the Group"). The Group is a major provider of communications services in Israel (see also Note 13 - Segment Reporting).

2. Basis of Preparation

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

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

2.3 The condensed consolidated interim financial statements were approved by the Board of Directors on May 12, 2026.

2.4 Use of estimates and judgment

In preparing the condensed consolidated interim financial statements in accordance with IFRS, management is required to exercise judgment and use estimates, assessments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from the estimates determined.

Management's judgment in applying the Group's accounting policies and the key assumptions used in estimates involving uncertainty are consistent with those used in the Annual Financial Statements.

3. Reporting Principles and Accounting Policy

The Group's accounting policy in these condensed consolidated interim financial statements is 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 Communications Services Ltd. (yes)

4.1.1 As at March 31, 2026, according to the financial statements of yes, its equity balance was NIS 618 million and its working capital deficit was approximately NIS 301 million. In accordance with the forecasts of yes, it expects that during the coming year it will continue to rely, as necessary, on the undertaking of the parent company to provide support, together with continued gradual improvement in its operating results.

On March 8, 2026, the Board of Directors of the Company approved a credit facility or investment in the equity of yes in the amount of NIS 50 million until December 31, 2026, in lieu of previous undertakings, the most recent of which was given in November 2025 (in the amount of NIS 100 million). It should be noted that during 2025 yes did not use any of the credit facilities provided by the Company.

Management of yes estimates that the sources of financing available to it, which include, among other things, the continuation of the existing policy of a working capital deficit and the credit facility and equity investments from the Company, will be sufficient for the operating needs of yes for the coming year.

4.1.2 See Note 5.1 below regarding impairment of assets recognized by yes in the financial statements as at March 31, 2026.

4.2 Bezeq International Ltd.

See Note 5.2 below regarding impairment of assets recognized by Bezeq International in the financial statements as at March 31, 2026.

5. Impairment

5.1 Impairment in the Television and Communications Services segment (yes)

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

As at March 31, 2026, yes examined whether indications of impairment existed, in accordance with IAS 36. In the estimation of yes, there are no indications pointing to possible impairment of its assets as at March 31, 2026.

Set forth below is a breakdown of the allocation of the reversal of impairment loss (impairment loss) to Group assets:

	Three-month period ended March 31,		Year ended December 31,
	2026 (Unaudited) NIS millions	2025 (Unaudited) NIS millions	2025 (Audited) NIS millions
Broadcasting rights - net of rights used *	-	(18)	214
Property, plant and equipment **	-	(11)	84
Intangible assets **	-	(7)	80
Right-of-use assets for leased assets **	-	-	1
Other receivables (prepaid expenses) *	-	(1)	8
Total reversal of impairment loss or (impairment loss) recognized	-	(37)	387

* The reversal of the expense (expense) was presented within general operating expenses.

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

For information regarding how yes determined the fair value (Level 3) of the assets less costs of disposal, see Note 10.4 to the Annual Financial Statements.

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

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

As at March 31, 2026, it was found that during the three months that elapsed from the date of the previous valuation there were no material changes in the market, or regulatory changes that could materially affect Bezeq International forecasts for future years, and there were no material changes in the discount rate. Therefore, as at March 31, 2026, there was no change in the enterprise value of Bezeq International, which amounted to a negative amount of NIS 93 million.

The fair value, net of the assets of Bezeq International as at March 31, 2026 was negative in the amount of NIS 79 million.

Since the enterprise value is lower than the fair value of the assets and liabilities, net, Bezeq International wrote down its assets up to the amount of the fair value, net of these assets. As at March 31, 2026, the carrying amount of the depreciable assets exceeds their fair value, net, by approximately NIS 14 million. Accordingly, in the three-month period ended March 31, 2026, the Group recognized an impairment loss of approximately NIS 14 million.

Notes to the Condensed Consolidated Interim Financial Statements as at March 31, 2026 (Unaudited)

Set forth below are details regarding the enterprise value of Bezeq International and the fair value of the assets and liabilities, net, as determined by an external valuer, and the impairment losses recognized:

	Bezeq International enterprise value (using the DCF method)	Fair value of Bezeq International assets and liabilities, net	Carrying amount of Bezeq International assets and liabilities, net, before recognition of impairment	Impairment loss
	NIS millions	NIS millions	NIS millions	NIS millions
As at March 31, 2026 and for the three-month period then ended (Unaudited)	(93)	(79)	(65)	(14)
Total impairment recognized in the three-month period ended March 31, 2026				(14)
As at December 31, 2025 and for the year then ended (Audited)	(93)	(79)	(53)	(73)

Set forth below is a breakdown of the allocation of the impairment loss to Group assets:

	Three-month period ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Property, plant and equipment and intangible assets **	(10)	(7)	(43)
Short-term and long-term prepaid expenses *	(3)	(5)	(21)
Long-term prepaid expenses for capacities **	(1)	-	(9)
Total impairment recognized	(14)	(12)	(73)

* The expense was presented within general operating expenses.

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

For information regarding how Bezeq International determined the fair value (Level 3) of the assets less costs of disposal, see Note 10.5 to the Annual Financial Statements.

6. Contingent Liabilities

6.1 In the ordinary course of business, lawsuits have been filed against the Group companies or various legal proceedings are pending against them (hereinafter in this section: "legal claims").

In the opinion of the managements of the Group companies, based, among other things, on legal opinions regarding the likelihood of the legal claims, adequate provisions in the amount of approximately NIS 84 million, where provisions were required, have been included in the financial statements to cover the exposure as a result of the aforementioned legal claims.

In the opinion of the managements of the Group companies, the amount of additional exposure (beyond the aforementioned provisions), as at March 31, 2026, in respect of legal claims filed against Group companies on various matters and for which the probability of realization is not expected, amounted to a total of approximately NIS 1.5 billion. In addition, there is additional exposure of approximately NIS 2.5 billion in respect of claims for which, at this stage, it is not yet possible to assess their likelihood. In addition, applications have been filed against Group companies to recognize claims as class actions in which no exact claim amount was stated, for which the Group has additional exposure beyond the above.

The amounts of additional exposure in this note are nominal.

6.2 Set forth below is a description of the Group's contingent liabilities and provisions that were in effect as at March 31, 2026, classified according to groups with similar characteristics:

Group of claims	Nature of claims	Provision balance	Amount of additional exposure	Exposure amount in respect of claims whose likelihood cannot yet be assessed
		NIS millions	NIS millions	NIS millions
Customer claims	Mainly applications for approval of class actions (and claims thereunder) concerning allegations of unlawful collection of amounts and harm to the provision of services supplied by Group companies.	72	1,505	663
Venture and company claims	Legal claims in which liability of Group companies is alleged in connection with their activity and/or investments.	12	-	1,808 ⁽¹⁾
Claims of employees and former employees of Group companies	Mainly individual legal claims filed by employees and former employees of the Group concerning various payments.	-	-	1
Miscellaneous	Other legal claims, including tort claims (other than claims for which the existence of insurance coverage is undisputed), real estate, infrastructures, suppliers, and the like.	-	40	8
Total legal claims against the Company and consolidated companies ⁽²⁾		84	1,545	2,480

(1) Includes two applications for approval of a class action in the total amount of approximately NIS 1.8 billion filed in June 2017 against the Company, officers in the Group and companies from the group of the then controlling shareholder of the Company concerning the transaction for the purchase of yes shares by the Company from Eurocom D.B.S. Ltd. Pursuant to a court decision, a consolidated application is expected to be filed in lieu of these two applications. It should be noted that a partial judgment was issued approving a partial settlement arrangement in the consolidated proceeding between the applicants, B Communications and Messrs. Shaul and Or Elovitch. The court approved an application to stay the proceedings at this stage until June 1, 2026.

(2) In addition, see Note 6.6 to the Annual Financial Statements.

6.3 Regarding investigations by the Israel Securities Authority and the Israel Police in respect of suspicions of offenses under the Israel Securities Law and the Penal Law, see Note 1.3 to the Annual Financial Statements.

6.4 Subsequent to the financial statements date, a claim for which the exposure amounted to approximately NIS 18 million was concluded. In addition, two applications for approval of a class action were filed against Group companies, the amount of which cannot be estimated. As at the approval date of the financial statements, the likelihood of the aforementioned applications cannot be assessed.

7. Equity

7.1 Details regarding the share capital of the Company:

	As at March 31, 2026	As at March 31, 2025	As at December 31, 2025
	Number of shares (Unaudited)	Number of shares (Unaudited)	Number of shares (Audited)
Registered share capital	2,849,485,753	2,849,485,753	2,849,485,753
Issued and paid-up share capital	2,777,668,380	2,771,084,335	2,774,784,744

7.2 Distribution of a dividend

7.2.1 See Note 20.2.1 to the Annual Financial Statements regarding the dividend distribution policy approved by the Board of Directors of the Company on March 11, 2025.

7.2.2 On April 13, 2026, the General Meeting of shareholders of the Company approved (further to the recommendation of the Board of Directors of the Company dated March 8, 2026) the distribution of a cash dividend to the shareholders of the Company in a total amount of NIS 549 million (representing NIS 0.1978265 per share on the record date for the distribution). The dividend will be paid on May 14, 2026.

7.3 Repurchase of Company shares

Further to Note 20.2.3 to the Annual Financial Statements regarding a plan to repurchase Company shares in the amount of NIS 150 million, on April 13, 2026 the General Meeting approved, further to the recommendation of the Board of Directors, the implementation of the plan. As at the approval date of the report, NIS 70 million, representing approximately 46% of the plan, had been utilized.

8. Revenues

	Three-month period ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Domestic fixed-line communications - Bezeq Fixed-Line			
Internet - infrastructure	484	485	1,941
Transmission and data communications	276	265	1,064
Fixed-line telephony	112	125	480
Cloud and digital services	94	88	365
Other services	73	76	321
	1,039	1,039	4,171
Cellular communications - Pelephone			
Cellular services and terminal equipment	354	397	1,535
Sale of terminal equipment	161	165	616
	515	562	2,151
Television and Communications Services Ltd. - yes	343	319	1,299
Internet services (ISP), international communications and ICT solutions - Bezeq International	272	261	1,027
Others	-	54	54
Total revenues	2,169	2,235	8,702

9. General Operating Expenses

	Three-month period ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Terminal equipment and materials	207	219	837
Interconnect and payments to communications operators in Israel and abroad	64	125	389
Content costs, including impairment (reversal of impairment loss)	148	129	268
Marketing and general	130	140	516
Maintenance of buildings and sites	63	66	267
Services and maintenance by subcontractors	143	134	519
Vehicle maintenance	13	16	64
Total general operating expenses	768	829	2,860

10. Other Operating Expenses, Net

	Three-month period ended March 31, 2026	Three-month period ended March 31, 2025	Year ended December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
	Capital gain (mainly from sale of real estate)	-	(5)
Creation of provision for claims	-	7	29
Expenses in respect of termination of employer-employee relations in early retirement at the Company	24	-	267
Expenses in respect of termination of employer-employee relations in early retirement and efficiency agreement at Pelephone, Bezeq International and yes (see Note 15.2 below)	66	-	4
Impairment loss of disposal group held for sale	3	2	2
Reversal of excess cost	-	-	(36)
Other expenses	19	9	20
Total other operating expenses, net	112	13	279

11. Financing Expenses, Net

	Three-month period ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Interest expenses in respect of financial liabilities	73	69	277
Exchange differences	12	1	7
Linkage differences	4	9	57
Financing expenses in respect of lease liabilities	19	19	77
Financing expenses in respect of employee benefits	5	5	24
Change in fair value of financial assets measured at fair value through profit or loss	-	-	46
Other financing expenses	2	2	10
Total financing expenses	115	105	498
Income in respect of credit embodied in sales	7	7	28
Interest income from investments	25	18	67
Change in fair value of financial assets measured at fair value through profit or loss	24	23	49
Other financing income	11	12	47
Total financing income	67	60	191
Financing expenses, net	48	45	307

12. Financial Instruments

12.1 Composition of investments

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Shekel deposits with banks (1)	1,612	1,033	1,612
Investment in securities at fair value through profit or loss	575	1,197	570
Derivatives	5	20	5
	2,192	2,250	2,187

(1) Shekel deposits with banks are due for repayment until December 2026.

12.2 Financial instruments measured at fair value for disclosure purposes only

The following table sets forth the differences between the carrying amount and the fair value of financial liabilities. The methods used to determine the fair value of financial instruments are described in Note 30.8 to the Annual Financial Statements.

	March 31, 2026		March 31, 2025		December 31, 2025	
	Carrying amount (including accrued interest)	Fair value	Carrying amount (including accrued interest)	Fair value	Carrying amount (including accrued interest)	Fair value
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Loans from banks and institutional bodies (unlinked)	1,442	1,429	1,518	1,482	1,443	1,432
Debentures issued to the public (CPI-linked)	2,298	2,275	2,362	2,292	2,289	2,271
Debentures issued to the public (unlinked)	3,440	3,461	3,141	3,078	3,403	3,450
	7,180	7,165	7,021	6,852	7,135	7,153

12.3 Fair value hierarchy

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

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Level 1 - investment in securities measured at fair value through profit or loss	575	1,197	570
Level 2 - forward contracts	1	40	24

13. Segment Reporting**13.1 Operating segments**

For the three-month period ended March 31, 2026 (Unaudited)						
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Television and communications services*	Adjustments	Consolidated
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
External revenues	1,039	515	272	343	-	2,169
Inter-segment revenues	71	3	17	-	(91)	-
Total revenues	1,110	518	289	343	(91)	2,169
General operating	166	253	197	240	(88)	768
Salaries	288	88	52	48	1	477
Depreciation, amortization, impairment and reversal of impairment loss	267	144	23	50	3	487
Segment results - operating profit (loss)	362	(52)	17	5	(7)	325
Financing expenses	102	11	5	3	(6)	115
Financing income	(58)	(9)	(4)	(2)	6	(67)
Total financing expenses, net	44	2	1	1	-	48
Segment profit (loss) before income taxes	318	(54)	16	4	(7)	277
Share in loss of equity-accounted investee	2	-	-	-	-	2
Income tax expenses (income)	74	(10)	1	1	(2)	64
Segment results - net profit (loss)	242	(44)	15	3	(5)	211

Notes to the Condensed Consolidated Interim Financial Statements as at March 31, 2026 (Unaudited)

For the three-month period ended March 31, 2025 (Unaudited)							
	Domestic fixed-line communications	Cellular communications	Bezeq International services	Television and communications services*	Others	Adjustments	Consolidated
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
External revenues	1,039	562	261	319	54	-	2,235
Inter-segment revenues	62	4	12	-	-	(78)	-
Total revenues	1,101	566	273	319	54	(78)	2,235
General operating	188	296	185	227	8	(75)	829
Salaries	267	85	55	44	43	2	496
Depreciation, amortization, impairment and reversal of impairment loss	258	140	19	60	1	(22)	456
Segment results - operating profit (loss)	384	44	14	(20)	2	17	441
Financing expenses	92	10	6	1	-	(4)	105
Financing income	(46)	(7)	(3)	(7)	-	3	(60)
Total financing expenses (income), net	46	3	3	(6)	-	(1)	45
Segment profit (loss) before income taxes	338	41	11	(14)	2	18	396
Share in loss of equity-accounted investee	3	-	-	-	-	-	3
Income tax expenses	79	10	-	-	1	-	90
Segment results - net profit (loss)	256	31	11	(14)	1	18	303

Notes to the Condensed Consolidated Interim Financial Statements as at March 31, 2026 (Unaudited)

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

* The results of the television and communications services segment are presented excluding the aggregate effect of impairment recognized from 2018. This is in accordance with the manner in which the Group chief operating decision maker assesses segment performance and makes decisions regarding the allocation of resources to the segment. In addition, see Note 14.3 regarding condensed selected data from the financial statements of yes.

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

Data from the statement of financial position:

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Current assets	912	781	880
Non-current assets	2,162	2,130	2,139
Total assets	3,074	2,911	3,019
Current liabilities	807	711	695
Long-term liabilities	772	781	786
Total liabilities	1,579	1,492	1,481
Equity	1,495	1,419	1,538
Total liabilities and equity	3,074	2,911	3,019

Data from the statement of income:

	Three-month period ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Revenues from services	356	401	1,550
Revenues from sale of terminal equipment	162	165	617
Total revenues from services and sales	518	566	2,167
Operating expenses			
General operating expenses	253	296	1,061
Salaries	88	85	329
Depreciation and amortization	144	140	576
Total operating expenses	485	521	1,966
Other operating expenses, net	85	1	15
Operating profit (loss)	(52)	44	186
Financing expenses (income)			
Financing expenses	11	10	44
Financing income	(9)	(7)	(45)
Financing expenses (income), net	2	3	(1)
Profit (loss) before income taxes	(54)	41	187
Income tax expenses (income)	(10)	10	41
Profit (loss) for the period	(44)	31	146

14.2 Bezeq International Ltd.

Data from the statement of financial position:

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Current assets	463	441	399
Non-current assets	532	538	538
Total assets	995	979	937
Current liabilities	441	426	394
Long-term liabilities	297	337	301
Total liabilities	738	763	695
Equity	257	216	242
Total liabilities and equity	995	979	937

Data from the statement of income:

	Three-month period ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Revenues	289	273	1,080
Operating expenses			
General operating expenses and impairment	197	185	720
Salaries	52	55	214
Depreciation, amortization and reversal of impairment losses	23	19	103
Total operating expenses	272	259	1,037
Operating profit	17	14	43
Financing expenses (income)			
Financing expenses	5	6	19
Financing income	(4)	(3)	(12)
Financing expenses, net	1	3	7
Profit before income taxes	16	11	36
Income tax expenses	1	-	-
Profit for the period	15	11	36

14.3 yes Television and Communications Services Ltd. (yes)

Data from the statement of financial position:

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Current assets	198	207	181
Non-current assets	969	445	954
Total assets	1,167	652	1,135
Current liabilities	499	468	467
Long-term liabilities	50	55	54
Total liabilities	549	523	521
Equity	618	129	614
Total liabilities and equity	1,167	652	1,135

Data from the statement of income:

	Three-month period ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Revenues	343	319	1,300
Operating expenses			
Operating and general expenses, impairment and reversal of impairment loss	240	227	637
Salaries	48	47	184
Depreciation, amortization, impairment and reversal of impairment losses	50	40	(43)
Other operating expenses, net	-	8	12
Total operating expenses	338	322	790
Operating profit (loss)	5	(3)	510
Financing expenses (income)			
Financing expenses	3	1	29
Financing income	(2)	(7)	(5)
Financing expenses (income), net	1	(6)	24
Profit before income taxes	4	3	486
Income tax expenses	1	-	1
Profit for the period	3	3	485

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

- 15.1** See Note 7.2.2 regarding a dividend distribution that will be paid in cash on May 14, 2026.
- 15.2** See Note 7.2.3 regarding the repurchase plan.
- 15.3** On March 19, 2026, Pelephone signed the renewal of the existing collective agreement between it and the General Federation of Labor and the employee representatives of Pelephone for the period from January 1, 2026 to December 31, 2028. The agreement includes the retirement of up to 150 permanent employees during the years of the agreement (of whom 80 employees whose retirement was agreed upon and the remainder under a voluntary retirement plan that will be offered), salary improvements, grants and employee benefits. Further to this, a one-time expense was recorded for the first quarter of 2026 in the amount of approximately NIS 86 million.
- 15.4** See Note 16.8 to the Annual Financial Statements regarding an amendment to the collective agreement signed at Bezeq.

Condensed Separate Interim Financial Information as at March 31, 2026

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



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Somekh Chaikin
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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 March 31, 2026 and for the three-month period then ended. The separate interim financial information is the responsibility of the Company's Board of Directors and of its Management. Our responsibility is to express a conclusion on the separate interim financial information based on our review.

Scope of Review

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

Conclusion

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

Explanatory Paragraph

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

Somekh Chaikin
Certified Public Accountants (Isr.)
May 12, 2026

Condensed Separate Interim Financial Information as at March 31, 2026 (Unaudited)

Condensed Interim Information on Financial Position as at

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Assets			
Cash and cash equivalents	545	351	171
Investments	2,192	2,241	2,187
Trade receivables	703	716	738
Other receivables and debit balances	97	146	141
Assets of a disposal group held for sale	-	34	-
Total current assets	3,537	3,488	3,237
Trade and other receivables	215	226	216
Fixed assets	6,285	6,155	6,298
Intangible assets	248	247	245
Goodwill	265	265	265
Investment in investees	2,472	1,841	2,505
Right-of-use assets	655	634	657
Noncurrent and other investments	169	181	157
Total noncurrent assets	10,309	9,549	10,343
Total assets	13,846	13,037	13,580

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

Condensed Interim Information on Financial Position as at (cont.)

	March 31, 2026	March 31, 2025	December 31, 2025
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Liabilities			
Debentures, loans and borrowings	1,040	1,124	992
Trade and other payables	974	952	932
Employee benefits	450	274	437
Current maturities of lease liabilities	117	115	103
Provisions (Note 5)	67	60	142
Total current liabilities	2,648	2,525	2,606
Loans and debentures	6,781	6,538	6,818
Loans from subsidiaries	170	140	170
Employee benefits	191	249	181
Lease liabilities	601	574	607
Derivatives and other liabilities	273	199	237
Deferred tax liabilities	16	7	8
Total noncurrent liabilities	8,032	7,707	8,021
Total liabilities	10,680	10,232	10,627
Equity			
Share capital	3,890	3,883	3,887
Share premium	405	396	398
Reserves	408	404	410
Deficit	(1,537)	(1,878)	(1,742)
Total equity	3,166	2,805	2,953
Total liabilities and equity	13,846	13,037	13,580

Tomer Raved
Chairman of the Board of
Directors

Nir David
CEO

Yohai Benita
CFO, Bezeq Group

Approval date of the financial statements: May 12, 2026

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

Condensed Separate Interim Financial Information as at March 31, 2026 (Unaudited)
Condensed Interim Information on Income

	Three months ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	(NIS million)	NIS million	NIS million
Revenues (Note 2)	1,110	1,101	4,428
Operating expenses			
Salaries	288	267	1,089
Depreciation and amortization	267	258	1,060
General operating expenses (Note 3)	166	188	750
Other operating expenses, net (Note 4)	27	4	287
Total operating expenses	748	717	3,186
Operating profit	362	384	1,242
Financial expenses (income)			
Financial expenses	102	92	427
Financial income	(58)	(46)	(148)
Financial expenses, net	44	46	279
Profit after financial expenses, net	318	338	963
Share in profits (losses) of investees, net	(33)	44	678
Profit before income tax	285	382	1,641
Income tax	74	79	224
Profit for the period	211	303	1,417

Condensed Interim Information on Comprehensive Income

	Three months ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	(NIS million)	NIS million	NIS million
Profit for the period	211	303	1,417
Items of other comprehensive loss for the period, net of tax	(2)	(4)	(13)
Total comprehensive income for the period	209	299	1,404

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

Condensed Interim Information on Cash Flows

	Three months ended		Year ended
	March 31,		December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	(NIS million)	(NIS million)	(NIS million)
Cash flows from operating activities			
Profit for the period	211	303	1,417
Adjustments:			
Depreciation and amortization	267	258	1,060
Share in losses (profits) of investees, net	33	(44)	(678)
Financial expenses, net	41	50	283
Capital gain, net	-	(5)	(7)
Loss from impairment of disposal group held for sale	3	2	2
Share-based payment	2	2	10
Income tax expenses	74	79	224
Change in trade and other receivables	16	(33)	21
Change in trade and other payables	83	101	112
Change in provisions	(7)	7	21
Change in employee benefits	16	(3)	142
Sundry	-	-	(16)
Net cash used in operating activities due to transactions with subsidiaries	(4)	(2)	(15)
Income tax paid, net	(32)	(162)	(384)
Net cash provided by operating activities	703	553	2,192
Cash flows from investing activities			
Investment in intangible assets and other investments	(43)	(37)	(159)
Proceeds from sale of fixed assets	1	3	39
Investment in bank deposits and other financial investments	-	(568)	(2,335)
Proceeds from repayment of bank deposits and other financial investments	-	257	2,107
Acquisition of fixed assets	(227)	(257)	(938)
Dividend received	-	-	15
Proceeds from sale of subsidiary	-	-	34
Sundry	(10)	1	3
Interest received from bank deposits	7	15	68
Investment in investee	-	(11)	(31)
Net cash used in investing activities	(272)	(597)	(1,197)
Cash flows from financing activities			
Issue of debentures and receipt of loans	-	-	1,190
Repayment of debentures and loans	-	-	(1,123)
Interest paid	(27)	(25)	(238)
Payment of principal and interest for a lease	(30)	(42)	(165)
Dividend paid	-	-	(975)
Payment for expired hedging transactions	-	-	5
Net cash provided by financing activities due to transactions with subsidiaries	-	-	20
Net cash used in financing activities	(57)	(67)	(1,286)
Net increase (decrease) in cash and cash equivalents	374	(111)	(291)
Cash and cash equivalents at beginning of period	171	462	462
Cash and cash equivalents at end of period	545	351	171

The accompanying notes are an integral part of the condensed separate interim 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 2025.

1.2 Principles used for preparing financial information

The condensed separate interim financial information is presented in accordance with Regulation 38D (the "Regulation") and the Tenth Schedule to the Securities Regulations (Periodic and Immediate Reports), 1970 (the "Tenth Schedule"), concerning a corporation's condensed separate interim financial information (the "Report").

This Report should be read together with the separate financial information as of and for the year ended December 31, 2025 and together with the condensed consolidated interim financial statements as of March 31, 2026 (the "Consolidated Statements").

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

2. Revenues

	Three months ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	(NIS million)	NIS million	NIS million
Internet infrastructure	513	505	2,032
Transmission and data communications	313	302	1,211
Fixed-line telephony	113	128	488
Cloud and digital services	94	87	365
Other services	77	79	332
Total revenues	1,110	1,101	4,428

3. General Operating Expenses

	Three months ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	(NIS million)	NIS million	NIS million
Maintenance of buildings and sites	28	28	118
Marketing and general	50	52	198
Interconnectivity and payments to telecom operators	4	12	29
Services and maintenance by subcontractors	56	54	234
Vehicle maintenance	10	10	46
Terminal equipment and materials	18	32	125
Total general operating expenses	166	188	750

4. Other Operating Expenses, Net

	Three months ended March 31,		Year ended December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
	(NIS million)	(NIS million)	(NIS million)
Capital gain from the sale of fixed assets (mainly real estate)	-	(5)	(7)
Employee termination expenses due to early retirement	24	-	267
Loss from impairment of disposal group held for sale	3	2	2
Other expenses (mainly provisions for claims)	-	7	25
Total other operating expenses, net	27	4	287

5. Contingent Liabilities

- 5.1** During the normal course of business, legal claims were filed against the Company or there are various legal proceedings pending against it (in this section: "Legal Claims"). In the opinion of the Company's management, based, inter alia, on legal opinions as to the likelihood of the Legal Claims, the financial statements include adequate provisions in the amount of approximately NIS 67 million, where provisions were required, to cover the exposure resulting from such Legal Claims. In addition, motions to certify claims as class actions have been filed against the Company, in respect of which the Company has additional exposure beyond the aforesaid, in view of the fact that the claim does not state an exact amount of claim.

As at March 31, 2026:

Balance of provision	Additional exposure *	Exposure for claims whose chances cannot yet be assessed *
NIS million		
67	611	2,474 ⁽¹⁾

* Nominal

- (1) Includes two motions to certify class actions for a total amount of approximately NIS 1.8 billion that were 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 D.B.S. Ltd. In accordance with a court decision, a consolidated motion is expected to be filed in lieu of these two motions. It should be noted that a partial judgment was given, which approved a partial settlement arrangement in the consolidated proceeding among the applicants, B-Com and Messrs. Shaul and Or Elovitch. The Court approved a motion to stay the proceedings at this stage until June 1, 2026.
- 5.2** See Note 6.6 to the annual Consolidated Statements concerning the balance of long-term receivables and authorities in respect of permit fees and betterment levy paid by the Company to the Israel Land Authority and the Or Yehuda Local Authority in respect of the sale of the Sakia property in 2019.
- 5.3** For further information concerning contingent liabilities, see Note 6 to the Consolidated Statements.
- 5.4** Subsequent to the date of the financial statements, a claim, in respect of which the exposure amounted to approximately NIS 18 million, was concluded.

6. Significant Events During and Subsequent to the Reporting Period

- 6.1** With respect to the investigation by the Israel Securities Authority and the Police, see Note 6.3 to the Consolidated Statements.
- 6.2** On March 8, 2026, the Company's Board of Directors approved a credit facility or investment in yes's equity in a total amount of NIS 50 million, for a period of 12 months commencing January 1, 2026. This approval is in place of the approval given in November 2025 (in the amount of NIS 100 million), and not in addition to it.
- 6.3** With respect to information concerning impairment in respect of Bezeq International and yes, see Note 5 to the Consolidated Statements.
- 6.4** See Note 7.2 to the Consolidated Statements concerning a dividend distribution by the Company subsequent to the date of the financial statements.
- 6.5** See Note 7.3 to the Consolidated Statements concerning a share repurchase plan of the Company's shares.
- 6.6** For information concerning additional significant events subsequent to the period of the financial statements, see Note 15 to the Consolidated Statements.

Chapter E

Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure for the Period Ended March 31, 2026



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

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

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

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

For this matter, the members of Management are:

1. Nir David, CEO
2. Meni Baruch, VP Technologies and Network¹
3. Yohai Benita, CFO Bezeq Group
4. Erez Hasdai, VP Economics and Regulation
5. Yifat Fogel, VP, General Counsel
6. Tali Poleg, VP Marketing
7. Moran Kita, VP Human Resources and Organizational Operations
8. Eyal Kamil, VP Operations and Logistics²
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 CEO³ 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.

¹ Meni Baruch ended his term of office with the Company on April 19, 2026. Uzi Malka was appointed Acting VP Technologies and Network as of that date.

² Eyal Kamil ended his term of office with the Company on April 1, 2026, as part of an organizational change in which the Operations and Logistics Division was abolished and its departments were merged with the Human Resources Division and the Economics and Regulation Division.

³ Regarding the transfer of the CEO's authority in all matters connected with investees of the Company to the Board of Directors – see Section 1.1.3 of the Description of Company Operations chapter in the Company's Periodic Report for 2025.

In the annual report on the effectiveness of internal control over financial reporting and disclosure, which was attached to the periodic report for the period ended December 31, 2025 (the "Last Annual Report on Internal Control"), the Board of Directors and Management assessed the internal control in the Company; based on this assessment, the Board of Directors and Management of the Company reached the conclusion that said internal control as of December 31, 2025 is 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 presented in the Last Annual Report on Internal Control.

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

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

2. Declaration of Executives:

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

I, Nir David, declare that:

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

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

Date: May 12, 2026

Nir David, CEO

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

I, Yohai Benita, declare that:

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

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

Date: May 12, 2026

Yohai Benita, CFO Bezeq Group