



B. Communications Ltd.

Quarterly Report for the Period Ended September 30, 2025

Update to Chapter A (Description of the Corporation's Business) of the 2024 Annual Report

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

Chapter C – Condensed Interim Financial Statements for the Period ended September 30, 2025

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

THIS DOCUMENT IS AN ENGLISH TRANSLATION OF THE HEBREW VERSION OF THE COMPANY'S FINANCIAL STATEMENTS AND THE MANAGEMENT DISCUSSION AND ANALYSIS FOR Q3 2025 (THE "REPORTS"). THE HEBREW VERSION OF THE REPORTS IS THE BINDING VERSION AND THE ONLY VERSION HAVING LEGAL EFFECT. THE ENGLISH TRANSLATION HAS BEEN CREATED FOR THE PURPOSE OF CONVENIENCE ONLY. THE APPROVAL OF THE COMPANY'S BOARD OF DIRECTORS WAS GIVEN TO THE HEBREW VERSION ONLY AND NO SUCH APPROVAL HAS BEEN GIVEN TO THE ENGLISH TRANSLATION. THIS ENGLISH TRANSLATION WAS NOT SUBMITTED TO THE ISRAELI SECURITIES AUTHORITY AND IS NOT REVIEWED BY ANY REGULATORY AUTHORITY.



Update to Chapter A

(Description of the Corporation's Business)

Of the 2024 Periodic Report¹

¹ As published by the Company on March 12, 2025 (Reference No.: 2025-01-016387) ("**the Periodic Report**"), which is included in this report by way of reference.

Update² to Chapter A - Description of the Corporation's Business) of the 2024 Periodic Report

B. Communications Ltd. ("**the Company**") together with the subsidiary Bezeq the Israeli Telecommunications Corporation Ltd. ("**Bezeq**" or "**Bezeq Group**") and Bezeq's wholly owned subsidiaries, whose financial statements are consolidated with Bezeq's statements, will be called together in this periodic report - "**the Group**".

1. General updates of the Company

- 1.1. On January 26, 2025, the Company's General Meeting of Shareholders approved the reappointment of Ms. Efrat Duvdevani, serving as an external director of the Company, for an additional term (second term) of three years, which began on January 24, 2025, and will end on January 23, 2028. For further details, see the immediate report published by the Company on January 26, 2025 (Reference No.: 2025-01-006725), included in this report by way of reference.
- 1.2. On 17.3.2025, the Company sold, in an off-exchange transaction, 160,000,000 ordinary shares of Bezeq, each with a par value of NIS 1 ("**Bezeq Ordinary Shares**"), representing approximately 5.77% of Bezeq's issued and paid-up share capital, to several foreign and Israeli institutional investors for NIS 5.7 per share, with the total consideration (gross) for the shares sold amounting to NIS 912 million. Additionally, on 11.08.2025, the Company sold, in an off-exchange transaction, another 160,000,000 ordinary shares of Bezeq, representing approximately 5.77% of Bezeq's issued and paid-up share capital, to several foreign and Israeli institutional investors for NIS 6.03 per share, with the total consideration (gross) for the shares sold amounting to NIS 965 million. It should be noted that the Company notified the Ministry of Communications of the above Bezeq share sales, and that following the sale, the Company continues to hold the controlling interest in Bezeq. Following the above Bezeq share sales, and as of the date of this report, the Company holds approximately 15.91% of Bezeq's issued and paid-up share capital (approximately 15.62% on a fully diluted basis). For further details, see the immediate reports published by the Company on March 17, 2025, and August 11, 2025 (Reference Nos.: 2025-01-017754 and 2025-01-059548, respectively), included in this report by way of reference.
- 1.3. On May 12, 2025, the Company's shareholders' meeting approved the following issues: reappointment of Somekh-Chaikin CPA, KPMG, as the Company's auditor from the date of the meeting until the date of the next annual meeting of the Company; reappointment of Mr. Darren Glatt as a director in the Company until the date of the next annual meeting of the Company and authorization of the Board of Directors to determine his salary; reappointment of Mr. Phil Bacal as a director in the Company until the date of the next annual meeting of the Company; reappointment of Mr. Ran Forer as a director in the Company until the next annual meeting of the Company; Reappointment of Mr. Ajit Pai as a director in the Company until the date of the next annual meeting of the Company; reappointment of Mr. Stephen Joseph as an independent director in the Company until the date of the next annual meeting of the Company; granting exemption from liability and providing indemnification undertakings by the Company, until April 15, 2028, to directors and officers serving on behalf of the Company's controlling shareholders, and to such directors and officers who may serve in the Company from time to time; and the remuneration policy for the Company's directors and officers for a period of three years from the date of its approval by the General Meeting, in accordance with the provisions of the law. For more details, see immediate report published by the Company on May 12, 2025 (Reference No.: 2025-01-033086).
- 1.4. On April 21, 2025, the Company announced the decision of its Board of Directors to carry out a full early redemption, initiated by the Company, of the Series F debentures, which was completed on May 31, 2025. For further details, see the immediate reports published by the Company on April 21, 2025, and June 3, 2025 (Reference Nos.: 2025-01-028321 and 2025-01-039610, respectively), included in this report by way of reference.
- 1.5. On August 13, 2025, the Company announced the decision of its Board of Directors to carry out a full early redemption, initiated by the Company, of the Series G debentures, which was completed on August 31, 2025. For further details, see the immediate reports published by the Company on August

² The update is in accordance with Regulation 39A of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and includes significant changes or innovations that have occurred in the business of the Company and/or Bezeq and / or the Group, in any matter that must be described in the periodic report. At the same time, in some cases and for the sake of the completeness, the Company included a detailed description in excess of what is required, which also includes information that in its opinion is not necessarily essential. The update is in relation to the Company's periodic report for 2024 and refers to the item numbers in Chapter A (Description of the Corporation's Business) in said periodic report.

13, 2025, and September 1, 2025 (Reference Nos.: 2025-01-060352 and 2025-01-066123, respectively), included in this report by way of reference.

- 1.6. On September 11, 2025, the Company's General Meeting of Shareholders approved the reappointment of Ms. Efrat Makov, serving as an external director of the Company, for an additional term (third term) of three years, which began on November 23, 2025, and will end on November 22, 2028. For further details, see the immediate report published by the Company on September 11, 2025 (Reference No.: 2025-01-068752), included in this report by way of reference.
- 1.7. On September 17, 2025, the Company's Board of Directors decided on a share buyback of 125,000 Company shares. The purchase was executed on that day at a price of NIS 21.1 per Company share, for a total consideration of NIS 2.6 million, through a purchase on the stock exchange. For further details, see the immediate report dated September 17, 2025 (Reference No.: 2025-01-070344), included in this report by way of reference.

2. Description of the general development of the Group's business

- 2.1. **Section 1.1.1 – The Group's activity and description of its business development – General, and Section 1.3 – Investments in Bezeq capital and transaction in its shares**

Sale of Bezeq shares

For details regarding the sale of Bezeq shares by the Company, see Section 1.2 above.

On 6.11.2025, two market makers were appointed - Migdal Capital Markets Ltd. and Proxima Dynamics Ltd. - who will operate in Bezeq's share. This follows Bezeq's engagement with the Tel Aviv Stock Exchange Ltd. ("**the Exchange**") in an agreement to establish a tailor-made market-making program ("**the Program**") for Bezeq's share. As part of the Program, the Exchange will be responsible for supervising the market makers' compliance with the Exchange's regulations and guidelines, and with the resolutions of the Exchange's Board of Directors, as amended from time to time. Bezeq will bear the payments to the market makers, which will include a fixed component for the activity and a variable component based on the market makers' performance. The amounts Bezeq will bear for the market-making activity are not material to Bezeq. The parties intend to operate the Program for at least one year. It should be noted that each party may terminate the Program with 60 days' prior notice. Notwithstanding the foregoing, during the first year from the commencement of the market makers' activity, the parties will not be entitled to give notice of termination of the Program, except in the case of a regulatory impediment. The market-making activity in Bezeq's shares is expected to commence on 20.11.2025.

- 2.2. **Section 1.1.1 – The Group's activity and description of its business development – Fields of activity**

Signing an agreement for the sale of Bezeq Online

Regarding Bezeq's agreement with One Software Technologies Ltd. ("**the Buyer**") for the sale of all its holdings in Bezeq Online – on 17.4.2025, the transaction was completed after all the conditions precedent in the agreement were fulfilled. In accordance with the agreement, ownership was transferred to the Purchaser, and the contractual cash consideration was received.

- 2.3. **Section 1.1.5 – Allegations regarding transactions involving the former controlling shareholder and former officers of Bezeq**

Subsection 1.1.5.3 – indictment against the former controlling shareholder of Bezeq and former senior officers of the Bezeq Group: In May 2025, a conditional settlement for the discontinuation of proceedings, subject to conditions pursuant to Section B of Chapter I1 of the Securities Law, was published between the State and Ron Eilon, under which Ron Eilon admitted to facts related to the increase in yes's free cash flow in 2016.

- 2.4. **Section 1.4.2 – Dividend distribution by Bezeq**

For details regarding the dividend distribution made by Bezeq in May 2025 and October 2025, see Note 7 to the Statements.

The balance of Bezeq's distributable profits as of the date of the report: approx. NIS 730 million (surplus accumulated in the last two years after subtracting distributions made in respect of that period).

2.5. Section 1.5.4 - Main results and operational data

• Section 1.5.4.1 - Bezeq Fixed Lines (Bezeq's activity as NIO)

	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Financial data (NIS millions)							
Revenue	1,111	1,102	1,101	1,071	1,105	1,075	1,091
Operating profit	328	386	384	303	355	383	397
Depreciation and amortization	269	261	258	260	256	255	252
Operating profit before depreciation and amortization (EBITDA) (1)	597	647	642	563	611	638	649
Share in loss of equity-accounted investee	16	1	3	2	3	3	-
Net profit	179	218	256	193	217	238	258
Cash flow from current activity	565	501	553	626	589	491	748
Payments for investments in property, plant and equipment and intangible assets and other investments	280	266	294	303	300	266	270
Receipts from the sale of PP&E and intangible assets	4	31	3	-	7	4	2
Lease payments	39	36	42	38	38	37	31
Free cash flow (2)	250	230	220	285	258	192	449
Operating data							
Total number of active internet lines at the end of the period (thousands) (3)	1,473	1,476	1,477	1,479	1,486	1,486	1,489
Of which are subscribers connected to the fiber network at the end of the period (thousands) (6)	954	907	863	810	759	694	635
Internet lines at the end of the period - in retail (thousands) (3)	990	999	1,003	1,008	1,012	1,014	1,019
Of this number of subscribers connected to the fiber network at the end of the period - wholesale (in thousands) (3)	609	583	554	521	483	442	407
Internet lines at the end of the period - in wholesale (thousands) (3)	483	477	474	471	474	472	470
Of which are subscribers connected to the fiber network at the end of the period (thousands) (3)	345	324	309	289	276	252	228
Average monthly revenue per Internet subscriber (NIS) - Retail (ARPU) (5)	136	136	134	133	131	129	127
Fiber optic network deployment at the end of the period (thousands of households available for connection) (6)	2,859	2,774	2,671	2,571	2,448	2,312	2,191
Average plan speed for Internet subscriber – retail (Mbps) (4)	673	620	572	526	483	430	382
Number of Be routers in use by Company customers (thousands)	873	870	864	862	858	846	837
Number of Be Spot and Be Mesh reception range enhancers of the home internet network (thousands)	479	470	466	462	457	449	445
Number of active telephone lines at the end of the period (thousands) (7)	1,339	1,351	1,366	1,383	1,397	1,409	1,419
Average revenue per telephone line (ARPL) (8)	30	30	31	31	32	33	33
Telephone subscriber churn rate (9)	2.6%	2.3%	2.4%	2.3%	2.5%	2.1%	3.1%

(1) Operating profit before depreciation and amortization (EBITDA) is a financial index that is not based on generally accepted accounting principles. The Company presents this index as another index for evaluating its business results since it is an accepted index in Bezeq's area of activity which neutralizes aspects resulting from variability in capital structure, various taxation aspects and manner and period of amortization of property, plant and equipment and intangible assets. This index is not a substitute for indices based on generally accepted accounting principles, and does not serve as a single index for assessing Bezeq's results of operations or cash flow. Also, the index presented in this report may not be calculated in the same way as other indices in other companies. The Company's EBITDA is calculated as operating profit before depreciation, amortization and ongoing losses from impairment of property, plant and equipment and intangible assets. For the purpose of adequate presentation of economic activity, the Company presents ongoing losses from impairment of property, plant and equipment and intangible assets in Yes and Bezeq International under the depreciation and amortization item, as well as ongoing losses from impairment of broadcasting rights under the operating and general expenses item (in the statement of income). For this matter, see Note 5 to the Statements and Section 7 of the chapter describing the corporation's business for the year 2024.

- (2) Free cash flow is a financial measure that is not based on generally accepted accounting principles. Free cash flow is defined as cash arising from current operations minus cash for the purchase / sale of property, plant and equipment. The Company presents free cash flow as an index to evaluate business results and cash flows, since the Company is of the opinion that cash flow is an important liquidity index that reflects the cash derived from its current operations after investing cash in infrastructure and property, plant and equipment and other intangible assets. For this matter, see Section 7 of the chapter describing the corporation's business for the year 2024.
- (3) Total number of Internet subscribers including retail and wholesale subscribers. Retail – the Company's direct Internet subscribers. Wholesale - Internet subscribers through wholesale service to other communication providers.
- (4) In plans where there is a range of speeds, the maximum speed in the plan is taken into account.
- (5) Revenue from retail Internet services divided by the average number of retail customers in the period. Starting with the second quarter of 2022, the figure also includes revenue from Internet access service (ISP). For this matter, see Section 7 of the chapter describing the corporation's business for the year 2024.
- (6) As of the date of this report, the fiber-optic network rollout covers approximately 2.882 million households available for connection, of which around 969k subscribers are connected to the fiber network (approximately 616k retail and 353k wholesale).
- (7) Inactive subscribers are subscribers whose Bezeq lines have been physically disconnected (excluding a subscriber who has not paid his debt to Bezeq on time in the first three months (approximately) of collection proceedings).
- (8) Calculated according to the average of subscribers for the period. For this matter, see Section 7 of the chapter describing the corporation's business for the year 2024.
- (9) Number (gross) of telephony subscribers who abandoned Bezeq Fixed Lines during the period divided by the average number of telephony subscribers registered in the period. see also Section 7 of the chapter describing the corporation's business for the year 2024.

2.5.1. Section 1.5.4.2 - Pelephone

Financial data (NIS millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Total revenue	517	530	566	563	547	561	583
Of which: revenue from interconnect (1)	-	34	41	39	41	72	81
Total revenue excluding interconnect (1)	517	496	525	524	506	489	502
Revenue from services	381	395	401	394	406	420	416
Revenue from services excluding interconnect (5)	381	361	360	355	365	348	335
Revenue from sale of end equipment	136	135	165	169	141	141	167
Operating profit	56	43	44	42	52	55	40
Derpreciation and amortization	147	141	140	145	135	134	138
Operating profit before depreciation and amortization (EBITDA) (2)	203	184	184	187	187	189	178
Net profit	38	30	31	31	38	39	30
Cash flow fromm current activity	216	187	175	153	212	161	122
Payments for investments in PP&E, intangible assets, and other investments, net	88	91	84	76	65	82	82
Leasehold payments	64	53	96	55	58	52	79
Free cash flow (2)	64	43	(5)	22	89	27	(39)
Operating data							
Number of postpaid subscribers for the end of the period (thousands) (3)	2,295	2,279	2,265	2,257	2,251	2,228	2,213
Of which are postpaid subscribers in 5G packages (thousands) (3)	1,348	1,315	1,276	1,237	1,195	1,144	1,086
Number of prepaid subscribers for the end of the period (thousands) (3)	366	366	366	376	388	387	398
Number of subscribers for the end of the period (thousands) (3)	2,661	2,645	2,631	2,633	2,639	2,615	2,611
Average monthly revenue per subscriber (ARPU) (NIS) (1) (4)	48	46	45	45	46	44	43
Subscriber churn rate (Churn Rate) (5)	6.1%	5.6%	6.2%	6.0%	5.8%	5.6%	6.5%

- (1) Average monthly revenue per user (ARPU) excluding interconnection revenues – The reform to change the interconnection rates regime, which began gradually in June 2023 and continued until June 2025, led to a decrease in interconnection revenues, most of which were eliminated from that date, and a decrease in ARPU. Therefore, Pelephone chose to present the average monthly revenue per user (ARPU) excluding the interconnection revenue component.
- (2) For the definition of operating profit before depreciation and amortization (EBITDA) and free cash flow, see notes (1) and (2) in the Bezeq Fixed Lines table.
- (3) Subscriber data includes Pelephone's subscribers (excluding other operators' subscribers who are hosted on the Pelephone network, and without IoT subscribers) and does not include subscribers who has been connected to Pelephone's service for six months or more but are not active. Inactive subscribers are subscribers who in the last six months have not received at least one call, did not make at least one call / message, did not perform a browsing operation, or did not pay for Pelephone's services. A prepaid subscriber is included in the active subscriber base from the date on which he performed a charge, and is deducted from the active subscriber base when he does not make outgoing use for six months or more. It should be noted that a customer can have more than one subscription number ("line"). The number of subscribers includes subscribers who consume various services (such as data for in-vehicle media systems), the average revenue from which is significantly lower than the rest of the subscribers. It should be noted that Pelephone markets packages with increased usage capacity, also tailored for 5G needs, and as of the report date, approximately 1.359m postpaid subscribers are on such packages. Of Pelephone's 5G package subscribers, the number of subscribers who have joined the advanced 5G MAX services (which include prioritized data traffic) stands at approximately 115k as of the report date. Pelephone estimates that the number of 5G MAX service subscribers will reach approximately 150k by the end of 2025.
- (4) The average monthly revenue per subscriber (postpaid and prepaid). The index is calculated by dividing the average monthly revenue from all cellular services from both Pelephone's subscribers and other communication operators, including revenue received from cellular operators using Pelephone's network, repair service and extended warranty in the period by the average active subscriber base in that same period. See also Section 7 of the chapter on the description of the Corporation's business for the year 2024.
- (5) The subscriber churn rate is calculated based on the ratio of the subscribers who disconnected from Pelephone services and the subscribers who became inactive during the period to the average number of active subscribers during the period. See also Section 7 of the chapter on the description of the Corporation's business for the year 2024.

2.5.2. Section 1.5.4.3 - Bezeq International

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

(1) Starting in 2023, small customers (SOHO) are included in private customers revenue.

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

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

(4) Number of Internet subscribers who left Bezeq International during the period is an average of the average Internet subscribers registered during the period. See also Section 7 of the chapter describing the corporation's business for the year 2024.

2.5.3. Section 1.5.4.4 - Yes

Financial data (NIS millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenue	321	320	319	317	317	316	315
Operating profit (loss)	216	193	(3)	57	13	(12)	(18)
Depreciation, amortization and ongoing impairment (reversal of impairment loss)	(56)	(46)	40	19	30	48	58
Operating profit before depreciation, amortization and ongoing impairment (reversal of impairment loss) (EBITDA) (1)	160	147	37	76	43	36	40
Net profit (loss)	213	172	3	55	12	(5)	(13)
Cash flow from operating activities	53	26	75	(18)	55	46	93
Payments for investments in property, plant and equipment and intangible assets and other investments, net	43	57	36	63	42	67	49
Lease payments	6	7	6	6	7	6	6
Free cash flow (1)	4	(38)	33	(87)	6	(27)	38
Operating data							
Number of TV subscribers (thousands) (2)(3)	565	562	561	562	563	567	571
Of which are IP subscribers (4)	486	480	475	467	452	431	412
Of which are STING+ subscribers	154	151	146	139	132	129	124
Average monthly revenue (yes ARPU) (NIS) (5)	168	172	174	172	175	174	173
Average monthly revenue (NIS) (5)	189	189	189	186	187	184	182
Subscriber churn rate (6)	3.7%	3.6%	4.1%	3.8%	4.3%	3.9%	3.9%
Number of subscribers connected to the fiber network (EoP, thousands) (7)	106	94	85	73	64	55	46

- (1) For the definition of operating profit before depreciation and amortization (EBITDA) and free cash flow, see Notes (1) and (2) in the Bezeq Fixed Lines table.
- (2) TV subscriber - one household or a small business customer. In the case of a business customer who owns more than a certain number of decoders (such as a hotel or gym), the number of subscribers is usually standardized. The number of subscribers registered in respect of non-small business customers is calculated by dividing the total payment received from all non-small business customers by the average revenue per small business customer, which is determined once per period.
- (3) The number of subscribers who have joined the international streaming services as part of Yes's collaborations with these services (see Section 5.1.1.1 of the chapter describing the corporation's business for 2024) is as of the date of publication of the report approximately 152k.
- (4) Number of TV subscribers using Yes+ and STING+ services transmitted via the Internet. As of the date of publication of the report, is approximately 488k customers, who constitute 86% of all Yes's TV subscribers. The number of IP subscribers and the aforementioned rate also include subscribers who also use the satellite services in parallel.
- (5) Average monthly revenue per TV subscriber is calculated by dividing the total Yes revenue (excluding income from the sale of content to external broadcasters, revenue from the sale of end equipment, revenue from the Partner agreement, revenue from advertising sales activities, and revenue from ISP services) by the average number of relevant customers in the period. Yes' average monthly revenue is calculated by dividing all of yes's revenues (excluding revenues from content sales to external broadcasting entities and revenues from terminal equipment sales) by the average number of relevant customers during the period. See also Section 7 of the chapter describing the Corporation's business for 2024.
- (6) Number of TV subscribers who churned from Yes during the period divided by the average number of TV subscribers registered in the period. See also Section 7 of the chapter describing the Corporation's business for 2024.
- (7) The number of subscribers connected to the fiber network as of the date of publication of the report is approximately 111k.

2.6. Section 1.6 – Forecast and targets

On 30.7.2025, Bezeq updated the Group's 2025 forecast previously published in Bezeq's immediate report dated 11.5. 2025 ("**May 2025 Forecast**")³, based on the information known at that date, as follows⁴:

- Adjusted net profit⁵ attributable to shareholders is expected to be approximately NIS 1.45 billion (compared to approximately NIS 1.32 billion in the May 2025 Forecast).
- Adjusted EBITDA⁶ is expected to be approximately NIS 3.85 billion (compared to approximately NIS 3.75 billion in the May 2025 Forecast).
- CAPEX⁷ is expected to be approximately NIS 1.75 billion (no change).

The main change is due to expected, one-time accounting effects arising from a projected change in the valuation of yes, following the publication of a hearing by the Ministry of Communications regarding the determination of maximum wholesale market payments, as detailed in Bezeq's immediate report dated 29.7.2025, and in the update to Section 2.16.5 of this report.

It should be noted that there is no change regarding the scope of Bezeq's fiber network rollout (reaching approximately 2.9 million households), or with respect to financial stability (maintaining a high credit rating in the AA range).

The above Bezeq forecasts constitute forward-looking information as defined in the Securities Law. The forecasts are based on estimates, assumptions, and expectations of Bezeq, including, among other things, the Group's assessments regarding the results of the hearing on maximum payments in the wholesale market, the competitive structure in the telecommunications market, regulatory framework in the sector, the current economic conditions in Israel, and accordingly, the Group's ability to execute its 2025 plans. The forecasts also take into account potential changes in business conditions, regulatory decisions, technological developments, market structure changes, or the realization of one or more risk factors described in the 2024 periodic report. Furthermore, the forecast may change depending on the duration, intensity, and scope of the Iron Swords War.

2.7. Section 1.7.2 - Telecommunications groups in the Israeli market, and Section 2.6.1 – Infrastructure – Deployment

Regarding the holdings in IBC – to the best of Bezeq's knowledge, in May 2025, HOT and the Israel Infrastructure Fund received a binding offer from a corporation in the "Phoenix" Group to purchase all of their holdings in IBC. In this context, Cellcom (also a partner in IBC) announced the exercise of its right to join the sale of all its holdings in IBC to the purchasing entity. Following this, the transaction was completed in October 2025.

2.8. Section 1.7.3 – Regulatory oversight – Structural unbundling obligation

Regarding Section 1.7.3.1 – Cancellation of Structural Separation - On 8.4.2025, the Ministry of Communications published its 2025 work plan, which identified, among its main tasks, the formulation of a headquarters team to examine regulatory provisions regarding structural separation for telecom companies. The plan also set as a success metric the publication of a decision on this matter by the end of 2025.

Furthermore, on 26.6.2025, Bezeq received an information request ("**Information Request**") addressed to all telecommunications companies, requiring the submission of data on key communication areas: fixed-line, cellular, and broadcasting sectors, for the years 2023 and 2024. This was to examine the issue of structural separation in the telecommunications market and to issue a decision on the matter before the end of the year. The Information Request noted that the issue was last examined in 2020, resulting in partial changes to the structural separation rules in effect at that time. It also indicated that further significant changes could result from the current review, given the issue's importance to both telecom companies and competition in the telecommunications market as well as to subscribers. Bezeq submitted the requested information to the Ministry.

³ The May 2025 Forecast was an update to the original forecast published by Bezeq on 12.3.2025.

⁴ With respect to the forecasted adjusted net profit, adjusted EBITDA, and CAPEX, Bezeq will report, if required, deviations of $\pm 10\%$ or more from the figures indicated in the May 2025 Forecast above.

⁵ Adjusted net profit and adjusted EBITDA – excluding other operating expenses/income, net, one-time losses/gains from impairment/appreciation, and expenses related to the equity-based compensation plan.

⁶ See Footnote 5.

⁷ CAPEX – payments (gross) for investment in PP&E and intangible assets.

Following this, on 22.10.2025, the Ministry of Communications published a public appeal for comments from the public and telecommunications companies regarding a renewed review of the structural separation obligation applied to Bezeq and HOT. The public appeal seeks public input on a thorough and comprehensive examination of structural separation for Bezeq and HOT, considering the transformations in Israel's fixed-line market, including accelerated migration from copper infrastructure to advanced fiber-optic networks and the entry of new players into infrastructure and other markets. The public appeal notes that it is unclear whether the current separation achieves its intended purpose and that, from a competition perspective, the existing model may only partially address competitive concerns, necessitating consideration of alternative models to achieve a better market structure. The public appeal focuses on three main policy alternatives (while noting that other alternatives may arise): Alternative A – full cancellation of structural separation; Alternative B – functional separation; Alternative C – separation of ownership of passive infrastructure.

According to Bezeq's assessment, a full cancellation of structural unbundling is expected to have a material positive impact on Bezeq's results. Bezeq intends to submit its response to the Ministry by the set deadline.

The information in the above paragraph regarding Bezeq's assessment of the expected effects of full cancellation of structural separation on Bezeq's results constitutes forward-looking information, as defined under the Securities Law. This assessment is based on Bezeq's estimates, assumptions, and expectations at the date of this report and may not materialize or may materialize differently than expected, depending, among other things, on decisions of the Ministry of Communications and the results of the review, as well as factors beyond Bezeq's control.

2.9. **Section 1.7.6 – Other regulatory aspects relevant to the entire Group or to several of its companies**

On 8.5.2025, the Communications Regulations (Bezeq and Broadcasting) (General Permit for Providing Bezeq Services) (Amendment No. 2), 5785-2025 ("**the Amendment**"), were published. The Amendment prohibits charging a fee for payment by direct debit from a private subscriber's bank account by an authorized provider. The regulations further provide that an authorized provider may require a subscriber paying via such direct debit to make the payment before receiving the service, according to the billing cycles offered to its subscribers. The Amendment came into effect on 1.11.2025, and is expected to result in a non-material loss of revenue for the Group companies.

2.10. **Section 1.7.6 – State of War – Iron Swords**

For an update on this section, see Section 1.5 of the Board of Directors' report.

2.11. **Section 1.7 – General**

Submarine Cable

Bezeq Group is examining the possibility of establishing new regional cables that would connect Israel to strategic landing points in Europe and enable a significant increase in Internet traffic volume between Israel and Europe ("**the Project**"). The initiative to examine the establishment of the regional cables comes against the backdrop of global trends of dramatic growth in digital traffic, both into Israel and along the route between Europe and the Near and Far East, partly due to the presence of major data and cloud players in Israel and the region. Bezeq has begun an initial phase of assessing the implications of the Project. It should be clarified that, as of the date of this report, no binding decision has been made, and there is no certainty that a decision will be made to execute the Project, in whole or in part.

It is noted that, further to the above, on 14.7.2025, Bezeq signed a preliminary, non-binding memorandum of understanding⁸ to acquire 100% of the issued and paid-up share capital of Exelera Telecom Ltd. ("**Exelera**") from its shareholders ("**the Sellers**" and "**the MoU**", respectively), as a possible alternative to the Project. However, in September 2025, due to Bezeq's and the Sellers' inability to complete the detailed agreement, the parties decided not to continue negotiations for the acquisition of Exelera. Accordingly, the non-binding MoU signed by the parties is no longer valid, including all obligations therein, except for the confidentiality obligation, which will continue to apply under its terms.

Bezeq continues to examine and advance the matter of new regional cables as described above.

⁸ Except with regard to the shares in the alternative transaction (the acquisition of which is subject, among other things, to the absence of "exempting circumstances") and the exclusivity period, as detailed below.

The information in the above paragraph regarding the examination and advancement of new regional cables, global trends of digital traffic growth, the decision on whether to carry out the Project, and the timing of such decision constitutes forward-looking information, as defined under the Securities Law. It is based on Bezeq's estimates, assumptions, and expectations according to the data available to it at this time, and may not materialize or may materialize in a materially different manner than expected, depending, among other things, on the results of the assessment, Project implementation costs, demand for Internet traffic, pricing and economic feasibility, regulatory matters, and other factors beyond Bezeq's control.

3. Bezeq - Landline interior communications

3.1. Section 2.6.2 – Telephony

Regarding the share of Bezeq's Unified Internet customers out of Bezeq's retail customer base – this share stood at approximately 90% as of 30.9.2025.

Subsection 2.6.2.2 regarding the IRU agreement between Bezeq and Partner – in June 2025, Partner exercised an option granted under the agreement for the right to use an additional 24,000 lines.

Subsection 2.6.2.2 regarding the IRU agreement between Bezeq and Partner – On 3.11.2025, an addendum was signed between Bezeq and Gilat to a long-term agreement for the provision of an indefeasible right of use (IRU) service in the BSA fiber service (wholesale market). This is an expansion of an existing agreement between Bezeq and Gilat dated 15.12.2024, under which Gilat was granted the right to use 18,000 optical fiber lines for a usage period of 15 years, from 15.1.2025, for a total consideration of approximately NIS 140 million (of which approximately NIS 90 million relates to one-time payments). According to the addendum, Gilat was granted the right to use an additional 90,000 lines, which will be provided in four phased installments for a usage period of 15 years, starting from the payment date for each unit comprising part of a phase.⁹ The consideration for the addendum is expected to reach, depending on the full execution of all phases by Gilat, a total amount of over NIS 600 million (of which approximately NIS 400 million relates to one-time payments, as well as annual maintenance fees plus interest and/or linkage differences according to the terms of the agreement), with most of the consideration expected to be paid during the first years of the addendum. The expanded agreement includes the option to upgrade speeds and to extend the usage periods in two option periods (at Gilat's discretion) of five years each, at a lower line cost than in the initial agreement periods. Exercising these options will result in a corresponding increase in the total financial scope of the agreement. The addendum is expected to increase the usability and utilization of Bezeq's fiber network, its revenues and profits, as well as its free cash flow (mainly during the first years), and to enhance certainty regarding future revenues from the wholesale market for the included lines.

Some of the information included in the above paragraph is forward-looking information as defined in the Securities Law, based on Bezeq's estimates, among other things, regarding the structure of competition and regulation in the communications sector, the behavior of communications operators and consumers, as well as how Gilat will exercise the right to use the lines in the different areas. Actual results may differ depending on changes in the variables mentioned.

3.2. Section 2.7.2 – Landline interior communication infrastructure and equipment

Regarding Section 2.7.2.3 on the publication of a hearing by the Ministry of Communications concerning policy principles for the gradual closure of copper networks – on 9.4.2025, the Minister of Communications issued a decision accepting the recommendations of the Ministerial team to formulate a plan for the closure of Bezeq's and HOT's traditional copper networks, to enable a full transition from copper infrastructure to fiber infrastructure by 2030. According to the decision, the closure will be carried out in several stages, as detailed in the decision, a copy of which was attached to Bezeq's immediate report of 10.4.2025, included in this report by way of reference, with the main points being:

⁹ There is a condition for the execution of each of phases 2 to 4 (each comprising 18,000 lines), depending on the increase in Gilat's total activity as stipulated in the agreement.

- Stage A – exemption from copper deployment in new construction areas.
- Stage B – gradual closure of the copper network – during the year, the obligation to connect new retail and wholesale subscribers via the copper infrastructure will be removed where a fiber alternative exists. Once 85% of users in a given area receive service via fiber, the copper networks may be switched off with at least three months' prior notice.
- Stage C – from 2030 onward – planned date for closure of the copper networks in all areas where fiber infrastructure exists for every residential unit, even if in a specific area the percentage of users receiving service via fiber does not reach 85%, after providing notice to customers and wholesale service providers.

It is noted that according to the decision (unlike what was proposed in the hearing), owners of communication infrastructure will only be required to embed fiber in the ground in cases where a body, such as a local authority, initiates and funds excavation work for the purpose of embedding infrastructure. To implement the plan for closing copper networks, the Ministry will act to amend the Communications Law and establish provisions in secondary legislation or in licenses under the law. According to Bezeq's assessment, the closure of the copper network is expected to bring, even in the short term, savings in ongoing costs and investments of tens of millions of shekels per year.

Some of the information contained in this section is forward-looking information as defined in the Securities Law, 5728-1968, based on Bezeq's estimates regarding the closure of the copper networks and its implications. Accordingly, Bezeq's estimates may not materialize or may materialize partially or otherwise, depending on the decisions made regarding the closure of the copper networks and the schedules in connection therewith.

3.3. **Section 2.9.6 - The handling of the cancellation of structural unbundling with the employees' representation**

Regarding the agreements reached between Bezeq and the employees' representation concerning the handling of the cancellation of structural unbundling, as detailed in the periodic report – on 16.10.2025, Bezeq received a notice from the Chair of the Employees' Representation stating that the employees' representation are retracting from the agreements.

Bezeq remains obligated to its employees in accordance with the aforementioned agreements and continues its efforts to advance the cancellation of structural unbundling, which, as conveyed to Bezeq, is expected to be decided by the Ministry of Communications by the end of 2025

3.4. **Section 2.13 – Financing**

Regarding the shelf prospectus published by Bezeq on 9.5.2023 – in May 2025, the Israel Securities Authority approved an extension of the period for the securities offering under the shelf prospectus until 9.5.2026.

3.5. **Section 2.13.6 – Credit rating**

On 5.5.2024, Maalot affirmed the rating of Bezeq, Pelephone, and yes at iIAA with a stable outlook, as well as the iIAA rating for Bezeq's debentures. Additionally, on 7.5.2025, Midroog maintained Bezeq's and its debentures' rating at Aa2.il with a stable outlook. For further details, see Bezeq's immediate reports dated 5.5.2025 and 7.5.2025, included in this report by way of reference, as well as Section 3 of the Board of Directors' report.

3.6. **Section 2.16.4 – Advanced network – Fiber, and Section 1.7.6.4 – Enforcement and financial sanctions**

On 4.8.2025, Bezeq received a notice from the Ministry of Communications regarding its intention to impose a financial sanction of approximately NIS 10 million for a violation concerning the deployment of advanced infrastructure in incentive areas. According to the Ministry's supervision report, Bezeq violated the provisions of Article 14H of the Communications Law by deploying advanced infrastructure in incentive areas where it was not permitted to do so before five years had passed since the obligation to deploy under the licenses in those areas. Consequently, the Ministry of Communications announced its intention to impose a financial sanction of approximately NIS 10 million on Bezeq. On 3.10.2025, Bezeq submitted its response to the Ministry regarding the notice and the supervision report, stating that under the circumstances, and in light of the fact that these were minor, isolated, unintentional incidents, there is no basis to impose a financial sanction on Bezeq.

3.7. Section 2.16.5 – Wholesale market

Subsection 2.16.5.3 – Pricing procedure for wholesale market services – Regarding the public appeal published by the Ministry of Communications on 23.2.2025, in which the Ministry announced that it is examining the scope of its intervention in BSA rates and requested public feedback to assist the Ministry in considering appropriate regulatory and supervisory measures to expand competition and reduce the regulatory burden: on 23.3.2025, Bezeq submitted an economic opinion and its response to the public appeal, stating that the Israeli internet market is currently at a competitive equilibrium generating correct investment signals and positive vectors in all quantitative and qualitative measures, and accordingly, this should be preserved with no prior regulation imposed, and as long as no anti-competitive practices are identified, oversight can be based on ex-post supervision relying on competition law.

Regarding the petition filed to the High Court of Justice in September 2024 seeking to advance the hearing date and apply the rates retroactively from September 2023 – in July 2025, the Ministry of Communications submitted an update stating that in the coming weeks it is expected to publish a hearing regarding the new markup model, and in September 2025, another update was provided concerning the publication of a hearing to set maximum tariffs for the use of the service (for the hearing – see further below in this section). Subsequently, on 15.10.2025, a judgment was issued in the petition, according to which the petition was dismissed without a ruling on costs.

Regarding the hearing on setting maximum payments for the use of Bezeq's passive infrastructure – Following the publication of a temporary provision by the Ministry of Communications extending the validity of the rates until 31.12.2025, for the purpose of completing the headquarters' work to determine the new cost model, on 30.6.2025, the Communications Regulations (Bezeq and Broadcasting) (Use of Bezeq Public Network by an NIO) (Temporary Provision) (Amendment), 5785-2025 were amended, and the validity of the rates was extended until 31.12.2025.

Ministry of Communications Hearing – Determination of Maximum Payments in the Wholesale Market

On July 29, 2025, Bezeq received a hearing regarding the determination of maximum payments in the wholesale market published by the Ministry of Communications. According to the hearing, the Ministry believes that it is necessary to update the cost model underlying the wholesale rates and to set new rates for Bezeq. According to the hearing, for the remainder of 2025 and the following two years (2026–2027), it will be appropriate to allow all players to use the BSA service, while the obligation to provide it to any requester and without discrimination will continue to apply to Bezeq. However, in a gradual process until the end of 2027, this obligation will be reduced such that starting 1.1.2028, Bezeq will no longer be required to provide the service to the major telecom groups (companies with 300,000 retail internet subscribers or more, including HOT), except for 5% of existing fiber subscribers.

According to the hearing, updated rates are proposed for wholesale services, including managed broadband access services and passive infrastructure access services:

Payment component	2025	2026	2027	2028	ואילך 2029
Speed up to 1 gigabit per second	49.06	50.52	52.89	55.64	58.17
Speeds above 1 gigabit per second and up to 2.5 gigabit per second	58.15	60.22	63.90	68.25	72.19
Passive infrastructure access service	150.3	153.8	157.3	160.9	164.6

* The remaining rates are detailed in the hearing, which was attached to Bezeq's immediate report dated 29.7.2025, included in this report by way of reference.

The full text of the hearing (excluding appendices) was attached to Bezeq's immediate report dated 29.7.2025, included in this report by way of reference.

Bezeq estimates that the impact of the proposed rate reductions, if adopted and implemented as described in the hearing, is not expected to be material to Bezeq, among other things due to the IRU agreements signed by Bezeq. Additionally, if the proposed rate reductions are approved, this is expected to have a positive effect on yes, and accordingly, Bezeq recognized in its financial statements for Q3/2025 a one-time accounting gain of NIS 70 million due to an increase in the fair value of yes in Bezeq's statements. For further details, see Note 15.6 to the Statements.

The information contained in this section, including regarding the outcomes of the hearing process and its effect on Bezeq and its operations, is forward-looking information as defined in the Securities Law, based on Bezeq's estimates, including assumptions and expectations according to the data available to it at this time. Accordingly, Bezeq's estimates may not materialize or may materialize only partially and/or differently from what is described above, depending on the variables noted above, among other factors beyond Bezeq's control.

3.8. **Section 2.18 – Legal Proceedings**

Regarding subsections A, C, D, E, F, and Footnote 40 concerning civil legal proceedings whose consideration was postponed at the request of the Attorney General due to related criminal proceedings – the proceedings were postponed until 8.5.2025. In May 2025, in all proceedings, an update notice and request was submitted on behalf of the Attorney General stating that further postponement of the proceedings was no longer requested. At the same time, the Court was asked to require that the Attorney General be updated before the investigative stage of the proceedings, so that she would be able to consider her position, when the time comes, on whether postponement of the proceedings is necessary during the investigative stage, given the progress of the criminal proceedings regarding related-party transactions (Section 1.1.5.3 in the 2024 statements). Following this and the agreements between the parties in light of the criminal proceedings, the postponement of the proceedings continues, at this stage until December 2025.¹⁰

Regarding subsection B concerning a class action from November 2015 alleging abuse of position in connection with competition in the telecommunications market – mediation held in the case concluded without agreement between the parties.

Regarding subsection J concerning a motion to approve a class action claiming payment of an increased amount for an internet speed tier higher than that which members of the class could actually access – in April 2025, the Court rejected a significant part of the motion and partially approved it, so that the class on whose behalf the claim is managed was narrowed to existing Bezeq customers who had moved residence during the validity period of a paid speed tier package, while the infrastructure at their home could provide a lower speed tier. The remedies sought are: restitution; compensation for non-pecuniary damages; an order requiring the respondent to cease selling services that cannot be provided and to adjust its conduct going forward. Given the partial approval of the motion, the claim ceased to be material to Bezeq's operations. On 20.5.2025, the plaintiff filed an appeal regarding the narrowing of the class definition.

4. **Pelephone - Radio - Mobile Phone (Cellular Telephony)**

4.1. **Section 3.1.8**

Subsection 3.1.8.4 – Following the publication of the policy document issued by the Ministry, which outlines the rules for allocating frequencies for use by non-cellular operators or interior operators for the purpose of operating private networks on a local basis (polygon area) for each project – on 15.9.2025, the Ministry published the draft Telegraphy Regulations (Licenses, Certificates, and Fees) (Amendment), 5785-2025, detailing the regulatory rules proposed to apply to such private networks, including licensing requirements (private networks intended to provide services to third parties), rules for the establishment and operation of private networks, and the fees for submitting a license application and frequency allocation in the designated bands (26 GHz, 3,500 MHz, and a narrow band in the 2,100 MHz range).

¹⁰ Regarding the proceeding described in Footnote 40 in the 2024 statements – Bezeq is not a party to the proceeding and has no information regarding its further management.

4.2. **Section 3.8.2 – Right to use frequencies**

Subsection 3.8.2.2 – Regarding Pelephone's frequency inventory – the deployment of the 800 MHz frequencies, initially planned for 2023, has not yet been completed, and the operation of these frequencies is expected partially during 2025–2026.

4.3. **Section 3.10.1 – End equipment suppliers**

Regarding key suppliers for Pelephone – Pelephone's agreement with Apple has been extended until March 2026.

4.4. **Section 3.14.3 - Site establishment licensing**

Subsection 3.14.3.3 – Regarding the decision of the Ministry of Communications on allowing entities without a cellular license ("developers") to establish cellular radio sites (communication sites) and lease them to cellular operators – on 10.9.2025, the Ministry of Communications published an additional decision on this matter (including an amendment to the cellular operators' licenses), following a supplementary hearing published on 24.9.2024, according to which it was determined that: (1) Ownership and maintenance of the equipment installed at the sites may be held by the entrepreneurs; (2) The sites may be used to meet the coverage obligations imposed on cellular operators (up to the allowed threshold, derived from overall network traffic); (3) Sharing will primarily not include frequency sharing (except in specific locations). (4) Developers will be required to register in the supplier registry under the Communications Law (and will be subject to the Ministry's license provisions), or alternatively obtain the Ministry's approval if they enter into agreements with a cellular operator regarding more than 100 sites or for a period exceeding 5 years; (5) A government company, a mixed-ownership company, a local authority, or an economic company of a local authority seeking to become a developer must obtain approval from the Ministry of Communications, which will be evaluated based on rules published in the decision. Any engagement between an entrepreneur and a cellular operator, such as Bezeq, will be conducted based on business decisions and the operator's commercial considerations. At this stage, it is not possible to assess the expected impact of the decision, due among other things to the rules set forth therein, the ability of developers to reach commercial agreements with cellular operators, and the potential commercial viability for both developers and cellular operators and more.

4.5. **Section 3.15 - Material agreements**

Subsection 3.15.2 –

Regarding the extension of the engagement period – On 29.6.2025, an agreement was signed to extend the engagement until 31.12.2025.

Regarding the new tender for the provision of cellular communication services and terminal equipment – On 5.6.2025, Pelephone was announced as the first-ranked candidate to serve as the primary supplier (to provide 60% of the services and equipment, replacing its previous exclusive supplier status in the concluded tender) in a tender conducted by the Accountant General at the Ministry of Finance for the provision of cellular communication services and communication equipment to government ministries, subordinate units, and affiliated bodies, according to a defined scope specified in the tender (Lot 1) ("the Tender"). Pelephone, which has been providing cellular services to the state and its employees for several years, participated in this Tender following its previous tender wins and, as stated above, was designated as the first-ranked candidate to provide 60% of the services and equipment. Accordingly, Pelephone will continue to serve as the primary supplier of the cellular services and communication equipment in the Tender to government ministry employees, subordinate units, and affiliated bodies. Under the Tender conditions, Pelephone will provide cellular services to an estimated minimum of 60,000 subscribers, plus several tens of thousands of data (communications) subscribers, over a period of 42 months (with the state having an option to extend, up to a total period of 72 months, beyond the initial 42 months). As part of the Tender, Pelephone will supply end equipment to tens of thousands of subscribers who opt for it, under a leasing mechanism. Pelephone's renewed win in the tender is expected to preserve for it significant revenues of hundreds of millions of shekels over the term of the agreement.

The above forecasts of Pelephone and Bezeq constitute forward-looking information, as defined in the Securities Law. The forecasts are based on estimates, assumptions, and expectations of Pelephone regarding, among other things, the number of subscribers to which Pelephone will provide services, as well as the scope of services and end equipment to be supplied by it under the tender conditions, which may not materialize and/or may materialize differently than described above.

4.6. **Section 3.16 – Pending and contingent legal proceedings**

Section D – Regarding a motion for certification of a class action relating to claims about website and harmful content filtering service features and customer notification – On 19.5.2025, a Court ruling approved a settlement in the case, the main points of which (with respect to Pelephone) include providing a limited-period browsing benefit to service subscribers (existing and new) and a payment of approximately NIS 350,000 for attorney fees and compensation.

Section G – Regarding two motions for approval of class actions concerning fees for paying cellular bills via direct debit – In March 2025, the Court decided to consolidate the two motions with an additional motion filed on the same matter.

4.7. **Section 3.18 – Forecast for development in the coming year**

On 15.7.2025, Pelephone submitted a preliminary and non-binding letter of intent to the Altice International group, according to which it proposes to purchase in cash full ownership of HOT Mobile, for a total amount of up to two billion shekels (subject to adjustments). It is clarified that this is a preliminary and non-binding letter of intent submitted without prior negotiations and based only on public and partial information¹¹, and there is no knowledge or certainty that its submission will lead to the commencement of negotiations and subsequently to a discussion regarding a possible purchase as mentioned. The letter of intent includes a preliminary, non-binding business framework and is subject, among other things, to due diligence, the formulation of commercial and legal agreements between the parties, and required approvals, as well as subject to maintaining Bezeq's high credit rating within the AA group and Bezeq's current dividend policy. Following that, Pelephone is conducting certain negotiations to examine the possibility of such an acquisition, within which Pelephone submitted a formal, non-binding offer for the same amount.

The above paragraph includes forward-looking information as defined in the Securities Law, the realization of which, in whole or in part, is uncertain, including regarding the commencement of negotiations between the parties, the development of an agreement, its terms, timelines, required approvals including the approval of the Ministry of Communications and the Competition Authority, and the completion of any transaction, for the reasons detailed above.

5. Bezeq International - Internet services, international communication and ICT solutions

5.1. **Section 4.8 – Human capital**

On 2.11.2025, Bezeq International received a notice from the New General Federation of Labor – the Union of Cellular, Internet, and High-Tech Workers regarding the declaration of a labor dispute at Bezeq International in accordance with the Settlement of Labor Disputes Law, 5717-1957, with a strike commencing on 16.11.2025. According to the notice, the subject of the dispute is a deadlock in negotiations between the employee representatives and management regarding a change in the work-from-home arrangement. At this stage, neither Bezeq nor Bezeq International is able to assess the implications arising from the notice.

5.2. **Section 4.12.1 – Pending and contingent legal proceedings**

Subsection (b) regarding the motion for certification of a class action alleging that Bezeq International does not properly inform its customers about the potential risks of using the Internet and the possibility of joining a free content filtering service – on 29.4.2025, a ruling was issued approving a non-compensated withdrawal, pursuant to which the request for class action certification was dismissed and the claim against Bezeq International was rejected.

Subsection (c) regarding the motion for certification of a class action alleging that Bezeq International charges its customers for services it does not provide, allegedly knowing that the customer has switched Internet providers and disconnected from Bezeq International – on 23.6.2025, a ruling was issued dismissing the request and removing the claim concerning ancillary Internet services. It should be noted that the additional motion mentioned in this subsection is still ongoing. The matter of the additional motion concerns the allegation that Bezeq International charges for services while allegedly knowing that the customer has not activated the services and is not using them.

¹¹ Based on the reports of the public company Altice International

6. Yes - Multi-channel TV

6.1. **Section 5.1.1 - Structure of the business activity and the changes occurring in it**

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

6.2. **Section 5.1.2 - Limitations, legislation, and special constraints in the field of activity**

In November 2025, the Communications Law (Broadcasting), 5786-2025 (**"the Bill"**)¹² was approved in its first reading in the Knesset. Various changes were made in the Bill compared to the provisions of the memorandum that was published in 2023.

According to the Bill and its explanatory notes, the Bill is intended to amend the legislation based on recommendations from various committees over the years (the most recent being the Folkman Committee) and to update the set of obligations and rights applicable to all players operating in the viewing and audio content market in several ways, including the following:

- A new authority will be established to replace the Cable and Satellite Broadcasting Council and the Second Authority for Television and Radio Council, with the role of regulating the supply of viewing and audio content regardless of the method or technology by which the content is distributed. The authority will be responsible for competition in the content supply market and will be authorized to issue directives to prevent harm to competition.
- A limited and focused set of obligations will be applied to significant market players, including registration requirements (with a proposed registry for news providers and content providers), investment in local productions (see subsection 6 below), distribution of content from the Israeli Broadcasting Corporation and the Knesset Channel, obligations regarding sports, consumer protection, and ethics. Additionally, provisions will be established for content providers of commercial importance (a registered content provider whose revenue exceeds a threshold determined by the council), including the obligation to supply its content to another registered content provider on non-discriminatory terms, and a unbundling obligation will apply to a registered content provider that is also of commercial importance or affiliated with such a provider.
- In line with the trend of removing restrictions on economic models in the viewing and audio content market (while retaining some provisions regarding cross-ownership), restrictions on license holders (including yes) regarding broadcasting advertisements and producing news content will be removed. In consideration of the effective dates and application periods in the Bill, the transfer arrangements established under the Communications Law and the Broadcasting Distribution Law are expected to continue for additional periods after the law comes into effect.
- Specific arrangements will be established regarding the provision of news content to the public, including the obligation to transfer up to ten news channels free of charge by a registered content provider under the terms detailed in the Bill, including consecutive broadcasting requirements.
- Arrangements will be established regarding the provision of sports content to the public, aimed at preserving competition among content providers and preventing cross-subsidization in subscriber pricing. Among other things, a sports content provider will be required to supply its content to another registered content provider on a non-discriminatory basis, and a unbundling obligation will apply if it supplies sports content to subscribers.
- Obligations will be established for investment in local high-end productions, which will apply, with necessary modifications, to all significant players in the Israeli viewing and audio content market. The investment obligation will be 6.5% of the content provider's revenue and will be phased in gradually. The 6.5% investment obligation will also apply to international content providers with significant operations in Israel.
- The Bill also includes additional provisions, such as arrangements for transferring the Idan+

¹² The Bill indicates that it has not received approval from the Attorney General as required under the Attorney General's Directive 2.3005: Handling Government Bills.

system to an app; provisions regarding the authority of the council to issue directives on service unbundling and content accessibility to viewers, including the use of remote controls, subscriber equipment, and the viewing interface; provisions regarding the council's authority to set rules on publishing viewing data by registered content providers; provisions regarding the supply of community content; provisions regarding pirated content; provisions regarding administrative enforcement procedures; and more.

At this stage, it is unknown which provisions of the draft Bill, if any, will be enacted into binding legislation, or what the content and arrangements of such legislation will be. Accordingly, it is currently difficult to assess the potential impact of the legislation and regulation arising from the Bill (if enacted) on yes's business.

6.3. Section 5.2.2 – Internet access services

As of the date of this report, Internet access services are provided to yes by Bezeq (formerly Gilat).

Regarding the hearing published by the Ministry of Communications on 29.7.2025 concerning the determination of maximum payments in the wholesale market, see the update to section 2.16.5.

6.4. Section 5.10.3 – Benefits and nature of employment agreements

In April 2025, an agreement was signed between yes and the National Labor Federation and the yes Employees' Committee to extend the collective agreement until December 31, 2025, which also formalized the other agreements between the parties set out in the February 2025 principles document.

6.5. Section 5.11.2 – Dependence on suppliers

Regarding the dependence on Gilat – in light of receiving the services from Bezeq (see the update to Section 5.2.2), the said dependence has ended.

6.6. Section 5.12 – Financing

In November 2025, Bezeq approved a credit or equity investment framework in yes in the amount of NIS 100 million, for a period of 15 months starting from 1.10.2025. This approval replaces a similar approval granted in August 2025 (and is not in addition to it).

6.7. Section 5.15.1 – Agreement for leasing space segments, and Section 5.17.1 – Goals and strategy

Regarding the gradual transition framework (migration) from satellite broadcasting to Internet-based broadcasting (OTT) ("**the Transition Framework**"), which is being implemented by yes – in June 2025, yes decided to continue satellite broadcasting until the end of 2028, with the satellite service, starting from February 2026, being provided in a reduced and focused format for relevant customers, including institutional customers, subject to (a) the signing of an agreement (currently under negotiation) between yes and Halal Communications Ltd. ("**Halal-Communications**") for a consideration that is not material to Bezeq, effective from March 1, 2026¹³ until the end of 2028 ("**the Agreement**"); and (b) the launch and placement of a new satellite as scheduled.¹⁴

The negotiation regarding the new Agreement with Halal-Communications is based, among other things, on the following principles:

- yes will lease three (3) space segments from Halal-Communications on the new satellite, and Halal-Communications will declare in the Agreement that it has the right to lease them to yes from the owner of the rights in the new satellite.
- Halal-Communications will have the right to terminate the Agreement (not due to a breach) at the request of the rights owner in the satellite, generally without compensation.

The extension of the Transition Framework is expected to have a positive impact on yes's results.

The signing of the Agreement, and the continuation of satellite broadcasting in the reduced format after February 2026, constitute forward-looking information as defined in the Securities Law, based, among other things, on the successful completion of the negotiations regarding the Agreement according to the principles described above, as well as on the actual implementation of the Agreement, proper operation of the satellite, regulatory and licensing arrangements regarding yes,

¹³ At this time, the lease of space segments on the "Amos 3" satellite, on which yes currently leases space segments, will end. If the new satellite becomes operational before March 1, 2026, according to the terms set forth in the Agreement, yes will be entitled to commence leasing at that time without additional consideration.

¹⁴ In July 2025, the satellite was launched into space, and during August 2025 it was deployed in orbit.

exercise of rights by the owner of the new satellite, and availability of the resources and inputs required for the continuation of the migration process and relevant market conditions.

However, yes's management forecasts, preparations, targets, and the aforementioned format may not materialize, or may materialize in a materially different manner, due to the possibility that the negotiations for signing the Agreement will not be completed as planned or at all, the possibility that the new satellite will not be launched on the planned schedule, changes and/or limitations related to the inputs required for implementation, regulatory and/or other restrictions imposed or to be imposed on yes, failure to obtain necessary approvals or exercise of rights by Seimen, changes in demand for this format, and other or additional changes in the field.

6.8. **Section 5.15.2 – Agreement with Partner**

In March 2025, yes received a letter from the Competition Authority regarding a request for an exemption from approval of a restrictive arrangement between yes and Partner. According to the letter, at the current time, the review of the arrangement between yes and Partner allegedly indicated that the restrictions included therein limit competition in a significant part of the market affected by the arrangement and may materially harm competition in the market, with respect to several competitive aspects examined as part of the exemption request. Accordingly, the Commissioner of Competition ("**the Commissioner**") noted in the letter that they were considering not granting the requested exemption. According to yes, these concerns are unfounded, and in April 2025, an oral hearing was held before the Commissioner.

Following the hearing and subsequent discussions with the Competition Authority regarding this request, in April 2025, an amendment to the agreement between yes and Partner was signed. The amendment corrected several arrangements established in the agreement. Among other things, according to the amendment, yes will grant Partner a license to use a dedicated audiovisual content application based on the Sting+ service operated by yes, provide various services related to the application, and grant a content broadcasting license as specified in the agreement and its amendment. Additionally, the amendment stipulates that, due to these corrections, the condition precedent in the agreement regarding obtaining the Competition Authority's approval for the completion and execution of the agreement was rendered unnecessary, following an independent self-assessment by each party; the additional condition precedent regarding obtaining approvals necessary for yes to fulfill its obligations under the agreement was also fulfilled. Consequently, the agreement entered into effect upon signing the amendment.

The amendment also set the commercial launch date to occur within four to six months from the signing date, and Partner was granted the option to extend the agreement by an additional year (in addition to the one-year extension already provided for in the agreement). Following the execution of the amendment, yes and Partner withdrew the exemption request.

Subsequent to further discussions with the Competition Authority, in May 2025 the parties signed an additional amendment to the agreement, which, among other things, redefined rules regarding joint content procurement through yes and the license for using the dedicated application.

In July 2025, the parties signed a further amendment to the agreement, which regulated the payment format for the app, and in September 2025, the service was commercially launched.

According to the assessments of Bezeq and yes, the contribution of the agreement to Bezeq Group's business operations is not expected to be material. It should also be noted that a significant one-time positive accounting impact was recorded in Bezeq's financial statements for Q2/2025. For further details, see Notes 5.1 and 15.4 to the Statements.

The information regarding assessments of the accounting impact and the contribution of the agreement to Bezeq Group's business constitutes forward-looking information, as defined under the Securities Law, which may not materialize or may materialize materially differently than expected, among other things depending on the variables noted above, and due to factors beyond yes's control, including the manner in which the agreement is implemented by the parties.

6.9. **Section 5.15 – Material agreements**

Agreement with RGE and Taboola

In September 2025, yes entered into an agreement with RGE Group Ltd. ("**RGE**") and Taboola.com Ltd. ("**Taboola**") ("**the Agreement**"), under which, among other things, RGE and Taboola will engage with advertisers and operate advertising activities on yes's multichannel television services via the Internet, in accordance with rules established by yes, using advertising space that yes allocates exclusively to RGE and Taboola (except for exceptions specified in the Agreement).

According to the Agreement, the commercial launch date will occur after the implementation of an appropriate technological system, and in any case not before January 2026. The term of the Agreement is three years from the commercial launch date, with yes having the option to extend the Agreement for two additional one-year periods. If yes extends the Agreement for an additional period (one or more), RGE and Taboola will have the right to terminate the Agreement early with six months' prior notice (so that in such a case the Agreement term will not be less than 3.5 years from the commercial launch date). Additionally, subject to the provision of advertising space by yes at the volume set in the Agreement, yes will be entitled to payment based on the rates established in the Agreement, not less than a minimum consideration specified therein. If yes provides advertising space below the agreed volume, the minimum consideration will be reduced accordingly.

The Agreement has a material, one-time, positive accounting impact of approximately NIS 72 million due to the increase in yes's fair value in Bezeq's financial statements, which was recognized by Bezeq in its Q3/2025 financial statements. For further details, see Note 15.7 to the Statements.

The information regarding the commercial launch date, expected payments to yes, and the accounting implications constitutes forward-looking information, as defined under the Securities Law, which may not materialize or may materialize materially differently than expected, among other things depending on the volume of advertising space provided by yes, agreements with advertisers, factors beyond yes's control, and the manner in which the Agreement is implemented by the parties.

6.10. Section 5.16.1 – Pending and contingent legal proceedings

Subsection (c) – Regarding the motion for certification of a derivative claim submitted in connection with a document disclosure request concerning the “Halal” transaction – see the update to Section 2.18.1(d).

Subsection (e) – Regarding the claim filed against yes alleging breach of its obligations to customers who joined the yes Unlimited plan – in April 2025, a ruling was issued approving the applicant's withdrawal from the request, dismissing it, and awarding fees and attorney's fees to the applicant and its counsel.

Subsection (f) – Regarding the motion for certification of a derivative claim concerning the sale of Bezeq shares by the Company – see the update to Section 2.18.1(f).

7. The Company

7.1. Section 6.2 - Legal proceedings

Further to 7.1. Further to Section 6.2.1 of the periodic report, on April 7, 2025, the Court approved the distribution of compensation among the groups. Additionally, on May 8, 2025, the Attorney General provided an update stating that, at this stage of the case and at least until the cross-examination hearing in the parallel criminal proceeding, there is no need to further delay the current proceeding. On May 15, 2025, the Court instructed the other parties in the proceeding to submit a joint update regarding a procedural agreement for the continuation of the proceedings. On October 27, 2025, upon completing his duties, the Court informed the trustee of the conclusion of his role.

7.2. Further to Section 6.2.2 of the periodic report, according to which a hearing was held between the parties on October 7, 2024, during which it was agreed that the parties would proceed to mediation and, if no agreement is reached, the appeal will be heard together with the motion for reconsideration. Following this agreement, the parties notified the High Court of Justice that they were proceeding to mediation with Professor Asaf Hamdani. Accordingly, the parties motioned for a stay of the proceedings between them to allow for the completion of the mediation. The Court granted the motion, and the schedule was extended from time to time.

7.3. Further to Section 6.2.3 of the periodic report, according to which the Court approved the procedural arrangement in which the parties announced that through their discussions they had agreed to conduct a mediation process, the parties began the mediation proceedings. In accordance with Court decisions issued from time to time, the parties were required to submit an update or an appropriate request by September 10, 2025; however, as of the date of this report, and at the request of the parties, this deadline has been extended from time to time.

7.4. For details regarding the proceeding described in Section 6.2.4 of the periodic report, see Section 3.6 above.

10.11.2025

Date

B Communications Ltd.

Names and roles of signatories:

Darren Glatt, Chairman of the Board of Directors

Tomer Raved, CEO



Chapter B
Report of the Board of Directors
on the State of Affairs of the Corporation
for the Period Ended September 30, 2025

Report of the Board of Directors on the State of Affairs of the Corporation for the Period ended September 30, 2025

The Board of Directors of B Communications Ltd. ("**the Company**") is honored to submit the Board of Directors' report on the State of the Company and consolidated for all Group Companies (the Company and the Subsidiaries will be collectively referred to hereinafter as: "**the Group**"), for a periods of nine and three months that ended on September 30, 2025 ("**the Report Date**") in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 ("**the Reporting Regulations**").

The report of the Board of Directors includes a review, in a limited format, of the matters discussed therein, and has been prepared considering that the reader of the report also has the report of the Board of Directors as of 31.12.2024, which was included in the periodic report for 2024 ("**2024 Periodic Report**") published by the Company on 12.3.2025 (Reference No.: 2025-01-016387), which is incorporated in this report by way of reference.

For the investigation by the Securities Authority and the Israel Police, see Note 1.2 to the statements. The auditors drew attention to this in their opinion on the statements.

The Group reports on four main operating segments in its statements, as follows:

1. **Landline interior communication**
2. **Cellular communication**
3. **Internet, international communications and ICT solutions (hereinafter: "Bezeq International Services")**
4. **Multi-channel TV**

Group Results

The following are the Group's results for the reported period:

	1-9/2025	1-9/2024	Change		7-9/2025	7-9/2024	Change	
	NIS millions		NIS millions	%	NIS millions		NIS millions	%
Net profit	1,157	705	452	64.1	501	172	329	191.3
Adjusted net profit	1,219	748	471	63.0	547	207	340	164.3
EBITDA*	2,897	2,691	206	7.7	991	877	114	13.0
Adjusted EBITDA*	2,959	2,734	225	8.2	1,037	912	125	13.7
Free cash flow*	815	1,001	(186)	(18.6)	330	360	(30)	(8.3)

* Financial indices that are not based on generally accepted accounting principles, see below

The increase in the profit indices was mainly due to the reversal of an impairment loss on assets in yes. See Note 5.1 to the Statements.

For more information see Section 1.2 below.

Report of the Board of Directors on the State of Affairs of the Corporation for the Period ended September 30, 2025

Financial indices that are not based on generally accepted accounting principles

As of the Report Date, the Group's Management is assisted by financial performance indices that are not based on the generally accepted accounting rules for examining and presenting the Group's financial performance. These indices do not constitute a substitute for the information contained in Bezeq's statements.

The following is a breakdown of the indices:

Index	Details of the method of calculation and the purposes of the index
Adjusted net profit	Defined as net profit excluding other operating income / expenses, net after tax, and one-off losses/gains from depreciation / appreciation after tax, and expenses for the capital compensation plan. The index allows performance comparisons between different periods while net of the effects of unusual expenses / income of a one-off nature.
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	Defined as profit before financing income / expenses, taxes, depreciation, and amortization. The EBITDA index is an accepted index in the Group's field of activity which neutralizes aspects due to differences in the capital structure, various aspects of taxation and the manner and period of the amortization of property, plant and equipment and intangible assets. The Group's EBITDA is calculated as operating profit before depreciation, amortization, and impairment (including ongoing losses from impairment of property, plant and equipment and intangible assets as described in Note 5 to the Statements).
Adjusted EBITDA	Calculated as an EBITDA index net of other operating expenses / income, net and one-off losses / profits from impairment / increase in value and expenses in respect of the capital remuneration plan. The index allows comparisons of operational performance between different periods while neutralizing one-off effects of exceptional expenses / income. It should be noted that the adjusted EBITDA index should not be compared to indices with a similar name reported by other companies due to a possible difference in the way the index is calculated.
Free cash flow	Defined as cash that arose from current operations, minus cash for the purchase/sale of PP&E and intangible assets, net, and as of 2018, with the implementation of IFRS 16, payments for leases are also deducted. Free cash flow is used as a measure to evaluate business results and cash flows since, in the Group's opinion, free cash flow is an important liquidity measure that reflects the cash that the Group derives from its current activities after investing cash in infrastructure and other PP&E and intangible assets.

The following is the method of calculating the indices:

	1-9/2025	1-9/2024	7-9/2025	7-9/2024
	NIS millions		NIS millions	
Net profit	1,157	705	501	172
Excluding other operating expenses, net	45	26	40	29
Excluding expenses on capital compensation plan	17	17	6	6
Adjusted net profit	1,219	748	547	207

Report of the Board of Directors on the State of Affairs of the Corporation for the Period ended September 30, 2025

	1-9/2025	1-9/2024	7-9/2025	7-9/2024
	NIS millions		NIS millions	
Operating profit	1,678	1,312	611	433
Depreciation, amortization, and impairment	1,219	1,379	380	444
EBITDA	2,897	2,691	991	877
Excluding other operating expenses, net	45	26	40	29
Excluding expenses on equity compensation plan	17	17	6	6
Adjusted EBITDA	2,959	2,734	1,037	912

	1-9/2025	1-9/2024	7-9/2025	7-9/2024
	NIS millions		NIS millions	
Net cash generated from current operations	2,422	2,607	867	902
Minus cash for the purchase/sale of PP&E and intangible assets, net	1,233	1,263	420	429
Minus payments for leases	374	343	117	113
Free cash flow	815	1,001	330	360

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1. Explanations by the Board of Directors on the state of the corporation's business, the results of its operations, shareholders' equity, cash flows and other matters

1.1 Financial position - Assets

	30.9.2025	30.9.2024	Increase (decrease)		Explanation
	NIS millions	%	NIS millions	%	
Cash and current investments	2,953	3,330	(377)	(11.3)	For more information, see Section 1.3 below.
Current and non-current trade receivables	2,077	2,048	29	1.4	
Inventory	101	93	8	8.6	
Assets of realization group held for sale	-	81	(81)	-	The decrease was due to the sale of the subsidiary Bezeq Online in the second quarter of 2025.
Right-of-use assets	1,751	1,761	(10)	(0.6)	
Property, plant and equipment	7,371	7,036	335	4.8	The increase was mainly due to the landline interior communications segment, partly due to the progress of the fiber network deployment project, as well as from yes, due to investments and the reversal of an impairment loss on assets. See Note 5.1 to the financial statements.
Intangible assets	3,391	3,273	118	3.6	The increase was mainly due to yes, as a result of the reversal of an impairment loss on assets and investments.
Deferred expenses and non-current investments	548	328	220	67.1	The increase was due to an increase in broadcasting rights at yes, mainly as a result of the reversal of an impairment loss on the asset, as well as investments in content.
Total assets	18,192	17,950	242	1.3	

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1.1. Financial position (Cont.) – Liabilities and capital

	30.9.2025	30.9.2024	Increase (decrease)	
	NIS millions	%	NIS millions	%
Debt to financial institutions and bondholders	7,560	9,967	(2,407)	(24.1)
Liabilities in respect of leases	1,947	1,947	-	-
Trade payables	1,848	1,921	(73)	(3.8)
Dividend payable	490	296	194	65.6
Employee benefits	595	535	60	11.2
Provisions	198	143	55	38.5
Liabilities of realization group held for sale	-	31	(31)	-
Deferred tax liabilities	328	348	(20)	(5.7)
Derivatives and other non-current liabilities	302	222	80	36.0
Total liabilities	13,268	15,410	(2,142)	(13.9)
Non-controlling interests	3,704	*2,545	1,159	45.5
Equity attributed to shareholders of the company	1,220	*(5)	1,225	-
Total equity	4,924	2,540	2,384	93.9
Total liabilities and equity	18,192	17,950	242	1.3

Retroactive adjustment due to a change in accounting policy – see Note 2.5 to the Consolidated Statements.

Explanation
The decrease in debt was due to the early redemption of debentures by the company, as well as the repayment of debentures and loans according to the repayment schedule, offset by the issuance of debentures through the expansion of Series 13 and 14 in December 2024, in the landline interior communications segment.
The decrease was mainly due to a reduction in current tax liabilities, offsetting an increase in payables in the landline interior communications segment.
On 11.9.2025, the general meeting of Bezeq's shareholders approved the distribution of a cash dividend to Bezeq's shareholders in the total amount of NIS 583 million. The dividend was paid after the report date on 19.10.2025, the Company's share of said dividend is approximately NIS 93 million. See Note 4.3 to the Statements.
The increase was mainly due to higher provisions for termination of employee-employer relations related to early and voluntary retirement across the Group, as well as severance pay and vacation in the landline interior communications segment, offset by payments made for employee retirements. In addition, it was due to the payment of half of the special grant to Bezeq employees as part of the amendment to the collective agreement, following the change in Bezeq's controlling shareholders' holdings (as of 30.9.25, the liability for this payment is included under "payables" and was actually paid in October 2025).
The increase was due to higher provisions in the landline interior communications segment, most of which were recorded against a "receivable" asset due to an insurer's indemnification liability. For further information, see Note 6 to the Statements.
The decrease was due to the sale of the subsidiary Bezeq Online in the second quarter of 2025.
The decrease was due to the landline interior communications segment.
The increase was due to an increase in long-term revenue in advance in the landline interior communications segment, mainly due to a long-term agreement for the provision of a indefeasible right of use service (IRU) in the BSA fiber service (wholesale market) with Partner Communications Ltd.
Capital as of 30.09.2025 constitutes approximately 27.1% of the total balance sheet, compared to 14.1% of the total balance sheet on 30.9.2024.

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1.2. Enterprise results

1.2.1. Key results

	1-9/2025	1-9/2024	Increase (decrease)		7-9/2025	7-9/2024	Increase (decrease)		Explanation
	NIS millions		NIS millions	%	NIS millions		NIS millions	%	
Revenues	6,516	6,681	(165)	(2.5)	2,145	2,234	(89)	(4.0)	The decrease was mainly due to the reduction of interconnection rates from June 2024 and their full elimination from June 2025, as well as the sale of the subsidiary Bezeq Online and its deconsolidation from the second quarter of 2025. See Note 15.7 to the Statements. For further information, see Section 1.2.2 below.
Operating and general expenses	2,175	2,505	(330)	(13.2)	664	834	(170)	(20.4)	The decrease was mainly due to the reversal of an impairment loss on broadcasting rights assets at yes, as well as a reduction in interconnection payments to other telecom operators following the rates reductions mentioned above, primarily in the cellular communications segment. For further information, see Notes 5.1 and 9 to the Statements.
Salary	1,399	1,459	(60)	(4.1)	450	494	(44)	(8.9)	The decrease was due to the sale of the subsidiary Bezeq Online and its deconsolidation from the second quarter of 2025.
Depreciation, amortization and impairment	1,219	1,379	(160)	(11.6)	380	444	(64)	(14.4)	The decrease was mainly due to the reversal of an impairment loss on assets at yes. See Note 5.1 to the Statements.
Other operating expenses, net	45	26	19	73.1	40	29	11	37.9	The increase was mainly from the landline interior communications segment, offset by a decrease in the cellular communications segment. For further information, see Note 10 to the Statements and Section 1.2.2 below.
Operating profit	1,678	1,312	366	27.9	611	433	178	41.1	
Financing expenses, net	262	337	(75)	(22.3)	22	176	(154)	(87.5)	The decrease during the period and quarter was mainly due to a reduction in the Company's gross debt resulting from early redemptions of the Company's debentures. This decrease was partially offset during the period by a decline in the value of forward transactions due to the depreciation of the US dollar in the reporting period, in both the landline interior communications segment and the multichannel TV segment. For further information, see Note 11 to the Statements.
Share in losses of equity-accounted investees	20	6	14	233.3	16	3	13	433.3	Starting from the second quarter of 2024, Bezeq records its share of Bezeq Gen's net operating results in its statements.
Income taxes	239	264	(25)	(9.5)	72	82	(10)	(12.2)	
Profit for the period	1,157	705	452	64.1	501	172	329	191.3	

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1.2.2. Operating segments

a. The following are data regarding revenues and operating profit in accordance with the Group's operating segments:

Revenues by operating segments	1-9/2025		1-9/2024		7-9/2025		7-9/2024	
	NIS millions	% of total revenue	NIS millions	% of total revenue	NIS millions	% of total revenue	NIS millions	% of total revenue
Interior landline communication	3,314	50.9	3,271	49.0	1,111	51.8	1,105	49.5
Cellular communication	1,613	24.8	1,691	25.3	517	24.1	547	24.5
Bezeq International services	817	12.5	820	12.3	281	13.1	270	12.1
Multi-channel TV	960	14.7	948	14.2	321	15.0	317	14.2
Others and adjustments	(188)	(2.9)	(49)	(0.8)	(85)	(4.0)	(5)	(0.3)
Total Revenues	6,516	100	6,681	100	2,145	100	2,234	100

Operating profit (loss) by operating segment	1-9/2025		1-9/2024		7-9/2025		7-9/2024	
	NIS millions	% of segment revenue	NIS millions	% of segment revenue	NIS millions	% of segment revenue	NIS millions	% of segment revenue
Interior landline communication	1,098	33.1	1,135	34.7	328	29.5	355	32.1
Cellular communication	143	8.9	147	8.7	56	10.8	52	9.5
Bezeq International services	39	4.8	51	6.2	17	6.0	13	4.8
Multi-channel TV *	(21)	(2.2)	(74)	(7.8)	1	0.3	(29)	(9.1)
Others and adjustments	** 429	-	53	-	** 214	-	42	-
Consolidated operating profit / percentage of Group revenues	1,678	25.8	1,312	19.6	611	28.5	433	19.4

* The results of the multi-channel television segment are presented net of the overall impact of impairment recognized since the fourth quarter of 2018 (For more information see Notes 5 and 13 to the Statements). This is in accordance with the way the Group's chief operating decision maker evaluates the segment's performance and makes decisions regarding the allocation of resources to the segment. In addition, see Note 14.4 for a summary of selected data from Yes's statements.

** Mainly an adjustment of the difference between the operating loss of the multichannel TV segment (proforma) and the accounting operating profit of yes, primarily due to the reversal of an impairment loss. See Note 5.1 and Section 1.2.2(e) below.

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1.2.2. Activity segments (Cont.)

b. Interior landline communications segment

	1-9/2025	1-9/2024	Increase (decrease)		7-9/2025	7-9/2024	Increase (decrease)		Explanation
	NIS millions		NIS millions	%	NIS millions		NIS millions	%	
Internet revenues - infrastructure	1,521	1,495	26	1.7	508	500	8	1.6	The increase was due to an increase in the average revenues per retail subscriber, which was mainly due to an increase in the number of subscribers connected to the fiber network, offsetting a decrease in wholesale market, which resulted in the period, among other things, from a decrease in access rates to hubs as of 1.4.2024.
Landline telephony revenues	371	416	(45)	(10.8)	120	135	(15)	(11.1)	The decrease was due to a reduction in average revenue per telephone line, mainly as a result of interconnection rates reductions from June 2024 and their full elimination from June 2025, as well as a decline in traffic volume. In addition, there was a decrease in the total number of lines.
Transmission, data communication, and other	1,153	1,099	54	4.9	391	383	8	2.1	The increase was mainly due to growth in transmission and data communication services and sales of equipment to businesses, and during the period also from higher revenues from paid work, offset by a decrease in transmission revenues from Internet Service Providers (ISPs) due to subscriber migration to Bezeq under the Unified Internet reform, and in the quarter also a decrease in revenues from paid work.
Cloud and digital services	269	261	8	3.1	92	87	5	5.7	The increase was due to cloud services and virtual switchboard services.
Total revenues	3,314	3,271	43	1.3	1,111	1,105	6	0.5	
Operating and general expenses	583	575	8	1.4	203	205	(2)	(1.0)	The change was mainly due to an increase in marketing and general expenses, and during the period also from higher subcontractor expenses, offset by a decrease in interconnection payments to telecom operators following the rates reductions mentioned above.
Salary	807	783	24	3.1	270	265	5	1.9	The increase in the period was mainly due to salary updates, offset by employee retirements.
Depreciation and amortization	788	763	25	3.3	269	256	13	5.1	

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1.2.2. Activity segments (Cont.)

b. Interior landline communications segment – Cont.

	1-9/2025	1-9/2024	Increase (decrease)		7-9/2025	7-9/2024	Increase (decrease)		Explanation
	NIS millions		NIS millions	%	NIS millions		NIS millions	%	
Other operating expenses, net	38	15	23	153.3	41	24	17	70.8	The increase was mainly due to higher provisions for legal claims and expenses related to early employee retirement, and during the period also from a decrease in capital gains from real estate sales. The increase was partially offset by a capital loss from Bezeq's agreement to sell all its holdings in the subsidiary Bezeq Online, recorded in the parallel quarter.
Operating profit	1,098	1,135	(37)	(3.3)	328	355	(27)	(7.6)	
Financing expenses, net	220	189	31	16.4	73	67	6	9.0	The increase in expenses during the period was mainly due to a decline in the value of forward transactions resulting from the depreciation of the US dollar in the reporting period.
Share in loss of equity-accounted investee, net	20	6	14	233.3	16	3	13	433.3	Starting from the second quarter of 2024, Bezeq records its share of Bezeq Gen's net operating results in its statements.
Income taxes	205	227	(22)	(9.7)	60	68	(8)	(11.8)	
Segment profit	653	713	(60)	(8.4)	179	217	(38)	(17.5)	

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1.2.2. Activity segments (Cont.)

C. Cellular communications segment

	1-9/2025	1-9/2024	Increase (decrease)		7-9/2025	7-9/2024	Increase (decrease)		Explanation
	NIS millions		NIS millions	%	NIS millions		NIS millions	%	
Revenues from services net of interconnect (*)	1,102	1,048	54	5.2	381	365	16	4.4	The increase was mainly due to higher postpaid revenues resulting from growth in the subscriber base (including 5G package subscribers), an increase in content revenues, and higher roaming revenues due to recovery from the effects of the war.
Interconnect revenues (*)	75	194	(119)	(61.3)	-	41	(41)	(100.0)	The decrease was mainly due to a reduction in interconnection tariffs, most of which were eliminated in June 2025.
Revenues from the sale of end equipment	436	449	(13)	(2.9)	136	141	(5)	(3.5)	The decrease was mainly due to erosion in device prices.
Total revenues	1,613	1,691	(78)	(4.6)	517	547	(30)	(5.5)	
Operating and general expenses	795	886	(91)	(10.3)	235	277	(42)	(15.2)	The decrease was mainly due to a reduction in expenses attributed to interconnection revenues (in line with the decline in revenues). This decrease was partially offset mainly by an increase in frequency license expenses following the removal of discounts granted until the end of 2024.
Salary	248	242	6	2.5	81	80	1	1.3	The increase was mainly due to the effects of the collective agreement and the rise in the minimum wage. On the other hand, there was a decrease in the number of employees.
Depreciation and amortization	428	407	21	5.2	147	135	12	8.9	The increase was mainly due to growth in new investments.
Other expenses (income), net	(1)	9	(10)	-	(2)	3	(5)	-	The decrease was due to legal expenses and expenses related to employee retirements.
Operating profit	143	147	(4)	(2.7)	56	52	3	5.8	
Financing expenses, net	12	6	6	100.0	6	2	4	200.0	The increase was due to the impact of changes in the US dollar exchange rate, as well as higher financing expenses on lease liabilities.
Income taxes	32	34	(2)	(5.9)	12	12	-	-	
Segment profit	99	107	(8)	(7.5)	38	38	-	-	

(*) Revenues from interconnect - as part of the reform to change the interconnect rates regime (hereafter: "the Reform"), which began gradually from June 2023 until June 2025, interconnect revenues from mobile radio telephone operators and NIOs to whom the reform applies are presented separately.

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1.2.2. Activity segments (Cont.)

d. Bezeq International services

	1-9/2025	1-9/2024	Increase (decrease)		7-9/2025	7-9/2024	Increase (decrease)		Explanation
	NIS millions		NIS millions	%	NIS millions		NIS millions	%	
Revenues	817	820	(3)	(0.4)	281	270	11	4.1	<p>The decrease during the period was mainly due to lower revenues from Internet (ISP) services in the private activity, resulting from a decline in the number of subscribers following the Unified Internet reform, and from lower revenues from business Internet services and international data communication services. This decrease was partially offset mainly by higher revenues from cloud activities, equipment sales, licensing and service contracts, as well as higher international telephone service revenues.</p> <p>The increase in the quarter was mainly due to growth in revenues from equipment sales, licensing, and service contracts, as well as an increase in cloud activities. This increase was partially offset by a decrease in revenues from private Internet (ISP) services and lower international data communication revenues.</p>
Operating, general, and impairment expenses	546	538	8	1.5	189	179	10	5.6	The increase was mainly due to higher expenses for cloud activities, increased expenses for equipment, licensing, and service contracts, as well as international telephony services. This increase was offset by a decrease in expenses for private Internet services, business Internet services, and international data communication services.
Salary	161	157	4	2.5	52	53	(1)	(1.9)	The increase during the period was mainly due to higher salaries in the subsidiaries, offset by a decrease in Bezeq International's salaries due to a continued reduction in its workforce.
Depreciation, amortization, and impairment	71	76	(5)	(6.6)	23	23	-	-	The decrease during the period was mainly due to lower impairment recognition resulting from a decline in investments compared to the corresponding period.
Other operating expenses (income), net	-	(2)	2	100.0	-	2	(2)	(100.0)	The decrease during the period was due to the recognition of other revenues, net, in the corresponding period last year related to the adjustment of the server farm lease agreement (Bnei Zion), offset by provision expenses for claims recorded last year.
Operating profit	39	51	(12)	(23.5)	17	13	4	30.8	
Financing expenses, net	6	3	3	100.0	2	1	1	100.0	The increase was due to exchange rate differences and financing costs related to the capitalization of streamlining provisions. This increase was partially offset by higher interest income.
Income tax expenses (income)	-	1	(1)	(100.0)	(1)	1	(2)	-	
Segment profit	33	47	(14)	(29.8)	16	11	5	45.5	

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1.2.2. Activity segments (Cont.)

e. Multi-channel TV (pro forma) *

	1-9/2025	1-9/2024	Increase (decrease)		7-9/2025	7-9/2024	Increase (decrease)		Explanation
	NIS millions		NIS millions	%	NIS millions		NIS millions	%	
Revenues	960	948	12	1.3	321	317	4	1.3	The increase was mainly due to a growth in the number of television subscribers, and a decrease in the average revenue per subscriber due to competition in the industry, as well as a failure to charge customers on the conflict line due to the war (a total of approximately NIS 14 million in the period and NIS 5 million in the quarter), which were partially offset by an increase in income from combined packages TV and fiber.
Operating and general expenses	668	691	(23)	(3.3)	219	236	(17)	(7.2)	The decrease was mainly due to a reduction in satellite costs, a decrease in content expenses, and a decline in costs related to collaborations with international content providers, which were partially offset by an increase in fiber activity costs.
Salary	132	139	(7)	(5.0)	44	47	(3)	(6.4)	The decrease during the period was mainly due to a reduction in the number of employees and an increase in salary provisions, which are partially offset by the effects of the collective agreement.
Depreciation and amortization	174	189	(15)	(7.9)	57	64	(7)	(10.9)	The decrease was mainly due to an increase in investments in streamers and an increase in salary discounts, offset by fully depreciated assets.
Other expenses (income), net	7	3	4	133.3	-	(1)	1	100.0	The increase during the period was mainly due to recording expenses for a provision for a conditional bonus to employees in the event of a change of control at Bezeq, which was partially offset by recording an expense for a provision for claims in the parallel period.
Operating profit (loss)	(21)	(74)	53	71.6	1	(29)	30	-	
Financing expenses (income), net	18	(12)	30	-	3	-	3	100.0	The change was mainly due to a decrease in the value of forward transactions resulting from a decline in the US dollar exchange rate.
Income taxes	-	1	(1)	(100.0)	-	1	(1)	(100.0)	
Segment loss	(39)	(63)	24	38.1	(2)	(30)	28	93.3	

* The results of the multi-channel television segment are presented net of the overall effect of impairment recognized as of the fourth quarter of 2018.

This is in accordance with the way the Group's main operational decision maker evaluates the sector's performance and makes decisions regarding the allocation of resources to the segment. (For more information see Notes 5.1 and 13 to the Statements).

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

In addition, see Note 14.4 regarding a summary of selected data from the statements of Yes as well as the table below.

1.2.2. Activity segments (Cont.)

f. Results of Yes TV and Communication Services Ltd. (Cont.) - Comparison between accounting profit and proforma profit

	1-9/2025		1-9/2024		7-9/2025		7-9/2024	
	Accounting P&L	Proforma P&L	Accounting P&L	Proforma P&L	Accounting P&L	Proforma P&L	Accounting P&L	Proforma P&L
	NIS millions				NIS millions			
Revenues	960	960	948	948	321	321	317	317
Operating and general expenses	471	668	681	691	115	219	224	236
Salary	138	132	145	139	46	44	51	47
Depreciation and amortization	(62)	174	136	189	(56)	57	30	64
Other expenses (income), net	7	7	3	3	-	-	(1)	(1)
Operating profit (loss)	406	(21)	(17)	(74)	216	1	13	(29)
Financing expenses (income), net	18	18	(12)	(12)	3	3	-	-
Income taxes	-	-	1	1	-	-	1	1
Segment profit (loss)	388	(39)	(6)	(63)	213	(2)	12	(30)

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1.3. Cash flow

	1-9/2025	1-9/2024	Increase (decrease)		7-9/2025	7-9/2024	Increase (decrease)		Explanation
	NIS millions		NIS millions	%	NIS millions		NIS millions	%	
Net cash flow from operating activities	2,422	2,607	(185)	(7.1)	867	902	(35)	(3.9)	The decrease in net cash flow from operating activities in the quarter was mainly due to changes in broadcasting rights and, during the period, an increase in income tax paid in the landline interior communications segment. The decrease was partially offset by an increase in profit.
Net cash flow derived used for investing activities	(1,164)	(1,936)	772	39.9	(582)	(429)	(153)	(35.7)	The decrease in net cash flow used for investing activities was mainly due to a reduction in net investment in bank deposits and other financial investments in the landline interior communications segment.
Net cash flow derived from (used for) financing activities	(1,255)	(3)	(1,252)	-	(199)	(156)	(43)	(27.6)	The increase in net cash used in financing activities during the period was mainly due to the early redemption of debentures by the Company, net of transactions with non-controlling interests, offset by the issuance of debentures (expansion of debenture Series 11 and 13) and the receipt of loans in the landline interior communications segment in the corresponding period last year.
Net increase in cash	3	668	(665)	(99.6)	86	317	(231)	(72.9)	

Average volume in the reported period

Long-term liabilities (including current liabilities) to financial institutions and bondholders: approx. NIS 7,609 million.

Provider credit: approx. NIS 956 million.

Short-term customer credit: approx. NIS 1,412 million.

Long-term customer credit: approx. NIS 235 million.

Working capital

The Group's consolidated working capital deficit as of 30.9.2025 amounted to approximately NIS 358 million, compared to a working capital of approximately NIS 988 million as of 30.9.2024.

The Company's working equity surplus (according to the "Solo" Statements) as of 30.9.2025 amounted to approximately NIS 132 million, compared to a working equity surplus of approximately NIS 208 million as of 30.9.2024.

Bezeq (according to the "Solo" Statements) as of 30.9.2025, has a working equity surplus in the amount of approximately NIS 492 million, compared to a working equity surplus of approximately NIS 778 million as of 30.9.2024.

The consolidated working capital deficit was mainly due to an increase in current debenture liabilities resulting from the first-time redemption of Bezeq's Series 11 and 12 in June 2026, according to the repayment schedule, as well as an increase in dividends payable and a decrease in cash and cash equivalents.

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

1.5. Plan for the buyback of the Company's shares

On September 17, 2025, the company acquired 125,000 shares of the company for approximately NIS 2.6 million. For further details, see the immediate report published by the Company on September 17, 2025 (Reference No.: 2025-01-070344), which is incorporated herein by reference.

1.6. Update on the effects of inflation and the increase in interest rates on the results of the Group's activities

As stated in Note 30.5.1 to the annual financial statements, as published in the 2024 Periodic Report, changes in the inflation rate affect the Group's profitability and future cash flows, mainly due to its index-linked liabilities. The Group implements a policy to reduce and partially hedge the exposure to the price index and the dollar-shekel exchange rate through the execution of forward transactions. See details regarding hedging transactions in Note 30.6 to the 2024 Periodic Report.

In the nine-month period that ended on 30.9.2025, the increase in the consumer price index was manifested in financing expenses in respect of Bezeq Group's financial debt to the extent of approximately NIS 72 million (approximately NIS 58 million after hedging), a decrease of about NIS 16 million (a decrease of about NIS 11 million after hedging) compared to the parallel period.

It should be noted that the effect of the increase in the consumer price index on the operational results of the Group has not been material. It should also be noted that there was no change in the Bank of Israel interest rate in the economy during the aforementioned period.

In accordance with the scope of the Group's index-linked debt as of 30.9.2025, every 1% increase in the Consumer Price Index is expected to result in an increase in the Group's financing expenses to the extent of approximately NIS 25 million (approximately NIS 12 million after hedging).

In addition, in accordance with the volume of Bezeq's existing floating interest rate debt, an increase of every 1% in the Bank of Israel interest rate is expected to result in an increase in the Group's financing expenses to the extent of approximately NIS 7 million per year and, accordingly, no material impact on the Group's operating results is expected as a result.

1.7. State of war - "Iron Swords"

Since October 7, 2023, the State of Israel has been in a state of war, with varying intensity, on multiple fronts. The war lasted for an extended period, accompanied by a large-scale reserve mobilization and security, economic, and social impacts on the Israeli economy. Recently, during October 2025, a ceasefire was declared, and a gradual return to normalcy in the economy began.

Throughout the war, the Group's companies, which provide essential communication services to private, business, and institutional customers – including government bodies, security forces, and the healthcare system – were prepared for the emergency, maintaining operational continuity and fully meeting market needs. This included handling service disruptions, increasing vigilance and readiness in cyber systems, and assisting the community in various ways. The Group companies also, on their own initiative, implemented billing relief measures for customers in communities in the Gaza Envelope and along the northern border.

The impacts on the Group's operations were reflected, on the one hand, in a decrease in roaming activity at Pelephone and the suspension or freezing of business lines in sectors affected by the war, and on the other hand, primarily in the early stages of the conflict, in increased demand for certain services. Additionally, as part of the State's emergency preparedness, regulatory measures were implemented, including a law deferring payment deadlines for eligible parties and easing charges for phone calls, including those related to remote learning.

During this period, the impact on the Group companies' operations was reflected, among other things, in a decrease in Pelephone's roaming activity due to reduced passenger traffic abroad, and the removal or suspension of business lines in sectors affected by the war, alongside an increase in demand for certain services, mainly in the early stages of the conflict. In addition, as part of the State's emergency preparedness, regulatory measures were implemented, including a law postponing payment deadlines for eligible parties and relief on telephone charges, including calls related to remote learning.

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

The effects of the war and its consequences, as described above, did not have a material impact on the Group's operations or business results. Moreover, the Group's liquidity and financial position enabled it to operate effectively during this period.

Attention is also drawn in this context to the relevant risk factors detailed in Chapter A (Corporate Business Description) of the 2024 periodic report (Sections 2.20.11, 2.20.15, 3.19.2.9, 4.14.8, 5.18.1.2, and 5.18.1.4).

Some of the information contained in this section constitutes forward-looking information, as defined in the Securities Law, based on the Company's estimates, assumptions, and expectations, which may not materialize or may materialize in a materially different manner than expected, *inter alia*, depending on the manner and extent of the war's development and the overall state of the economy.

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

2. Disclosure in connection with the Corporation's financial reporting

2.1. Disclosure regarding valuations

The following are details of a highly material valuation in accordance with Regulation 8B(i) of the Reporting Regulations. For more information, see Note 5 to the Statements.

	Yes Television Services Ltd. ("Yes") Highly material valuation as of 30.09.2025 is attached to Bezeq's Statements as of 30.09.2025
Identification of subject of valuation	Examination of the impairment of the assets of Yes as of 30.9.2025.
Timing of the valuation	30.09.2025; The valuation was signed on 05.11.2025.
Value of the subject of the valuation close to the date of the valuation, if the accepted accounting rules, including depreciation and amortization, did not require a change in its value in accordance with the valuation	Carrying value before value adjustment as of 30.09.2025 is positive in the amount of approximately NIS 295 million.
Value of the subject of the valuation determined in accordance with the valuation	The value-in-use of yes's assets, under the income discount (value-in-use) approach, is a positive value of approximately NIS 480 million. In accordance with the provisions of IAS 36, the recoverable amount of yes's assets was determined to be approximately NIS 480 million. Based on this valuation, the Group recognized in the reporting quarter a reversal of an impairment loss of NIS 185 million, and for the nine-month period, a reversal of an impairment loss of NIS 295 million.
Identification and characterization of the valuator	The valuation was performed by CPA Guy Feibish, Partner, Valuations and Economic Models Field in the Economic Department of Ernst Young (Israel) Ltd. CPA Feibish holds a bachelor's degree in economics with a specialization in accounting from Ben-Gurion University, Be'er-Sheva, and is also a certified public accountant in Israel. As part of his role, CPA Feibish leads projects with leading private and public companies in Israel and the world and accompanies transactions in Israel and abroad and has led complex valuations for a variety of purposes, including financial reporting, taxation, regulatory compliance, and capital raising in a variety of sectors, including real estate, retail, Industry, energy and communication. Also, as part of his role, he accompanies companies in the planning and implementation of business processes. In addition, CPA has experience in providing financial opinions for the needs of legal proceedings and/or commercial disputes. The valuator has no dependence on Bezeq. Bezeq undertook to indemnify the valuator for damages in excess of three times her fee unless he acted maliciously or through gross negligence.
Valuation model	The cash flow discounting method - (DCF).
The assumptions according to which the valuator performed the valuation	Discount rate – 10% (after tax). The rate of permanent growth - 1%. The percentage of the scrap value out of the total value determined in the valuation – 80%.

2.2. Due to lawsuits filed against the Group, for which the exposure cannot yet be assessed or cannot be estimated, the accountants drew attention to this in their opinion on the Statements.

2.3. Current and subsequent material events

Regarding material events after the date of the financial statements - see Note 15 to the Condensed Consolidated Financial Statements.

Report of the Board of Directors on the state of affairs of the corporation for the Period ended September 30, 2025

3. Details related to debentures

3.1. On 5.5.2025, Maalot affirmed Bezeq's ilAA rating with a stable outlook, as well as the ilAA rating for Bezeq's debentures (see immediate report dated 5.5.2025, Reference No. 2025-01-031386).

On 7.5.2025, Midroog maintained Bezeq's Aa2.il rating and that of its debentures with a stable outlook (see immediate report, Reference No. 2025-01-032132).

3.2. On 12.5.2025, Midroog Ltd. upgraded the rating of the Company's Series F and G debentures from A3.il to A2.il with a stable outlook (see immediate report, Reference No. 2025-01-033192).

On 31.5.2025, the Company completed a full early redemption of its Series F debentures, equal to the principal plus accrued interest up to the early redemption date (see immediate report dated 21.4.2025, Reference No. 2025-01-028321), which is included in this report by way of reference.

On 31.8.2025, the Company completed a full early redemption of its Series G debentures, equal to the principal plus accrued interest up to the early redemption date (see immediate report dated 13.8.2025, Reference No. 2025-01-060352), which is included in this report by way of reference.

2. Miscellaneous

For information regarding the balance of liabilities of the reporting corporation in its financial statements as of 30.9.2025, see immediate report published simultaneously with this report.

Darren Glatt
Chairman of the Board of Directors

Tomer Raved
CEO

Date of signing: November 10, 2025



Chapter C

Condensed Consolidated Interim Financial Statements As of September 30, 2025 (Unaudited)

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

Table of contents	Page
Auditors' reports	3
Condensed Consolidated Interim Financial Statements as of September 30, 2025 (Unaudited)	
Condensed Consolidated Interim Financial Statements of Financial Position	4
Condensed Consolidated Interim Financial Statements of P&L	6
Condensed Consolidated Interim Financial Statements of Comprehensive Income	7
Condensed Consolidated Interim Financial Statements of Changes in Equity	8
Condensed Consolidated Interim Financial Statements of Cash Flows	11
Notes to the condensed consolidated financial statements	13
1 General	
2 Basis of preparation of the financial statements	
3 Reporting rules and accounting policies	
4 Group entities	
5 Impairment	
6 Contingent liabilities	
7 Equity	
8 Revenues	
9 Operating and general expenses	
10 Other operating expenses, net	
11 Financing expenses, net	
12 Financial instruments	
13 Segmental reporting	
14 Summary of selected data from the financial statements of Bezeq Israel Telecommunications Company Ltd., Pelephone Communications Ltd., Bezeq International Ltd., and Yes Television and Communication Services Ltd. (Yes)	
15 Current and subsequent material events	

Somekh Chaikin
KPMG Millennium Tower
17 HaArba'a Street P.O.B. 609
Tel Aviv 6100601
8000 684 03

Review Report by the Auditors to the shareholders of

"B Communications Ltd."

Introduction

We reviewed the attached financial information of B Communications Ltd. and its subsidiaries (hereinafter - the Group), which includes the condensed consolidated report of financial position as of September 30, 2025 and the condensed consolidated statements of P&L, comprehensive income, changes in equity and cash flows for the periods of nine and three months that ended on the same date. The Board of Directors and Management are responsible for preparing and presenting financial information for these interim periods in accordance with the international accounting standard IAS 34 "Financial Reporting for Interim Periods", and they are also responsible for editing financial information for these interim periods according to Chapter D of the Securities Regulations (Periodic and Immediate Financial Reports), 5730-1970. Our responsibility is to express a conclusion on financial information for these interim periods based on our review.

Scope of our review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel "Review of Interim Financial Information Conducted by the Entity's Auditor". A review of interim financial information consists of inquiries, primarily with persons responsible for financial and accounting matters, and the application of analytical and other review procedures. A review is considerably smaller than an audit conducted in accordance with generally accepted auditing standards in Israel, and therefore does not allow us to obtain assurance that we will know all the significant matters that could have been identified in the audit. Accordingly, we do not provide an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that makes us believe that the above separate interim financial information has not been prepared, in all material respects, in accordance with the international accounting standard IAS 34.

In addition to what was stated in the previous paragraph, based on our review, nothing came to our attention that causes us to believe that the above financial information does not fulfill, in all material respects, the disclosure provisions under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Emphasis paragraph (drawing attention)

Without limiting our above conclusion, we draw attention to what is stated in Note 1.2 to the condensed statements which refers to Note 1.3 to the annual consolidated statements, regarding the investigation by the Securities Authority and the Israel Police. As noted in the above-mentioned disclosure, the Company is unable to assess the impact of the investigations, their findings, or their outcomes on the Company, as well as on the statements and estimates used in the preparation of these reports, if any.

In addition, without limiting our above conclusion, we draw attention to what is stated in Note 6 regarding claims filed against the Company and the exposure in respect of which cannot be assessed or calculated at this stage.

Somekh Chaikin
Certified Public Accountants

November 10, 2025

Somekh Chaikin, Israeli partnership and a member of the KPMG network of independent firms
incorporated under the Swiss entity KPMG International Cooperative ("KPMG International")

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

Condensed consolidated interim statements of financial position as of				
		September 30, 2025	September 30, 2024	December 31, 2024
		(Unaudited)	(Unaudited)	(Audited)
Assets	Note	NIS millions	NIS millions	NIS millions
Cash and cash equivalents		927	1,297	896
Restricted cash and cash equivalents		-	40	18
Investments	12.1	2,026	*1,993	*1,977
Trade receivables		1,437	1,409	1,395
Other receivables		247	215	174
Inventory		101	93	162
Assets of a realization group held for sale		-	81	83
Total current assets		4,738	5,128	4,705
Trade and other receivable		393	424	410
Right-of-use assets		1,751	1,761	1,762
Property, plant and equipment		7,371	7,036	7,160
Intangible assets		3,391	3,273	3,287
Deferred expenses and non-current investments		548	328	368
Total non-current assets		13,454	12,822	12,987
Total assets		18,192	17,950	17,692

* Including restricted deposits.

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

Condensed consolidated interim statements of financial position as of (Cont.)

		September 2025	30, September 30, 2024	December 31, 2024
		(Unaudited)	(Unaudited)	(Audited)
Liabilities and equity	Note	NIS millions	NIS millions	NIS millions
Debtures, loans and credit		1,848	1,065	1,123
Current maturities of liabilities in respect of leases		424	428	438
Trade payables		1,848	1,921	1,955
Trade payables		490	296	-
Employee benefits		321	286	400
Provisions	6	165	113	84
Liabilities of a realization group held for sale		-	31	34
Total current liabilities		5,096	4,140	4,034
Loans and debtures		5,712	8,902	8,571
Leasing liabilities		1,523	1,519	1,530
Employee benefits		274	249	300
Derivatives and other liabilities		302	222	214
Deferred tax liabilities		328	348	304
Provisions		33	30	30
Total non-current liabilities		8,172	11,270	10,949
Total liabilities		13,268	15,410	14,983
Equity (equity deficit)	7			
Attributed to the shareholders of the Company		1,220	*(5)	*13
Attributed to non-controlling interests		3,704	*2,545	*2,696
Total equity		4,924	2,540	2,709
Total liabilities and equity		18,192	17,950	17,692

* Retroactive adjustment due to accounting policy change – see note 2.5.

Darren Glatt
Chairman of the Board of Directors

Tomer Raved
CEO

Itzik Tadmor
CFO

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

The notes attached to the condensed consolidated interim financial statements form an integral part hereof.

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

Condensed consolidated interim Statements of P&L

	For period of nine months ended 30 September		For period of three months ended 30 September		For year ended 31 December
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Revenues (Note 8)	6,516	6,681	2,145	2,234	8,884
Operating expenses					
Operating and general expenses (Note 9) *	2,175	2,505	664	834	3,264
Salary	1,399	1,459	450	494	1,936
Depreciation, amortization, impairment, and reversal of impairment loss *	1,219	1,379	380	444	1,844
Other operating expenses, net (Note 10)	45	26	40	29	199
Total operating expenses	4,838	5,369	1,534	1,801	7,243
Operating profit	1,678	1,312	611	433	1,641
Financing expenses (income) (Note 11)					
Financing expenses	484	504	135	221	627
Financing income	(222)	(167)	(113)	(45)	(203)
Financing expenses, net	262	337	22	176	424
Profit after financing expenses, net	1,416	975	589	257	1,217
Share in losses of equity-accounted investee, net	20	6	16	3	8
Profit before income taxes	1,396	969	573	254	1,209
Income tax expenses	239	264	72	82	321
Profit for the period	1,157	705	501	172	888
Net profit (loss) for the period attributable to:					
Shareholders of the Company	239	78	137	(32)	108
Non-controlling interests	918	627	364	204	780
Profit for the period	1,157	705	501	172	888
Profit (loss) per share (NIS)					
Basic profit (loss) per share	2.29	0.73	1.31	(0.31)	1.02
Diluted profit (loss) per share	2.28	0.73	1.30	(0.31)	1.02

* See Note 5 regarding reversal of impairment loss (loss) recognized in the reporting period.

The notes attached to the condensed consolidated interim statements form an integral part hereof.

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

Condensed consolidated interim statements of comprehensive income					
	For period of nine months ended 30 September		For period of three months ended 30 September		For year ended 31 December
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Net profit for the period	1,157	705	501	172	888
Reassessment of defined benefit plan, net of tax – will not be transferred to P&L	(1)	-	-	-	(5)
Additional other comprehensive loss items, net of tax - will be transferred to P&L	(11)	-	(4)	(3)	(1)
Total comprehensive income for the period	1,145	705	497	169	882
Attributable to:					
Shareholders of the company	237	78	137	(33)	106
Non-controlling interests	908	627	360	202	776
Total comprehensive income for the period	1,145	705	497	169	882

The notes attached to the condensed consolidated interim statements form an integral part hereof.

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

Condensed consolidated interim statements of changes in equity

	Shareholders' equity	Premium on shares	Treasury shares	Other funds	Deficit balance	equity attributable to shareholders of the company	Non-controlling interests	Total
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
For period of nine months ended September 30, 2025 (unaudited)								
Balance as of January 1, 2025	12	1,495	(180)	(34)	*(1,280)	13	*2,696	2,709
Profit for the period	-	-	-	-	239	239	918	1,157
Other comprehensive loss for the period, net of tax	-	-	-	(2)	-	(2)	(10)	(12)
Total comprehensive income (loss) for the period	-	-	-	(2)	239	237	908	1,145
Transactions imputed directly to equity								
Dividend distribution to non-controlling interests	-	-	-	-	-	-	(797)	(797)
Buyback of shares	-	-	(3)	-	-	(3)	-	(3)
Share-based compensation	-	-	-	-	-	-	17	17
Transactions with non-controlling interests	-	-	-	14	959	973	880	1,853
Exercise of stock options	**	**	-	**	-	-	-	-
Balance as of September 30, 2025	12	1,495	(183)	(22)	(82)	1,220	3,704	4,924
For period of nine months ended September 30, 2024 (unaudited)								
Balance as of January 1, 2024	12	1,495	(160)	(32)	*(1,346)	(31)	*2,477	2,446
Profit for the period	-	-	-	-	78	78	627	705
Total comprehensive income for the period	-	-	-	-	78	78	627	705
Transactions imputed directly to equity								
Dividend to non-controlling interests	-	-	-	-	-	-	(568)	(568)
Buyback of shares	-	-	(20)	-	-	(20)	-	(20)
Share-based compensation	-	-	-	-	-	-	17	17
Transactions with non-controlling interests	-	-	-	-	(32)	(32)	(8)	(40)
Balance as of September 30, 2024	12	1,495	(180)	(32)	(1,300)	(5)	2,545	2,540

* Retroactive adjustment due to a change in accounting policy – see Note 2.5.

** Amount less than NIS 1 million.

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

Condensed consolidated interim statements of changes in equity (Cont.)

	Shareholders' equity	Premium on shares	Treasury shares	Other funds	Loss balance	equity attributable to shareholders of the company	Non-controlling interests	Total
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
For period of three months ended September 30, 2025 (unaudited)								
Balance as of July 1, 2025	12	1,495	(180)	(30)	(717)	580	3,380	3,960
Profit for the period	-	-	-	-	137	137	364	501
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	(4)	(4)
Total comprehensive income for the period	-	-	-	-	137	137	360	497
Transactions imputed directly to equity								
Dividend to non-controlling interests	-	-	-	-	-	-	(490)	(490)
Buyback of shares	-	-	(3)	-	-	(3)	-	(3)
Share-based compensation	-	-	-	-	-	-	6	6
Transactions with non-controlling interests	-	-	-	8	498	506	448	954
Balance as of September 30, 2025	12	1,495	(183)	(22)	(82)	1,220	3,704	4,924
For period of three months ended September 30, 2024 (unaudited)								
Balance as of July 1, 2024	12	1,495	(180)	(31)	*(1,259)	37	*2,635	2,672
Profit (loss) for 2024	-	-	-	-	(32)	(32)	204	172
Other comprehensive loss for the period, net of tax	-	-	-	(1)	-	(1)	(2)	(3)
Total comprehensive income (loss) for the period	-	-	-	(1)	(32)	(33)	202	169
Transactions imputed directly to equity								
Dividend to non-controlling interests	-	-	-	-	-	-	(296)	(296)
Transactions with non-controlling interests	-	-	-	-	-	-	6	6
Buyback of shares	-	-	-	-	(9)	(9)	(2)	(11)
Balance as of September 30, 2024	12	1,495	(180)	(32)	(1,300)	(5)	2,545	2,540

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

Condensed consolidated interim statements of changes in equity (Cont.)

	Shareholders' equity	Premium on shares	Treasury shares	Other funds	Loss balance	equity attributable to shareholders of the company	Non-controlling interests	Total
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
For year ended December 31, 2024 (audited)								
Balance as of January 1, 2024	12	1,495	(160)	(32)	*(1,346)	(31)	*2,477	2,446
Profit for the year 2024	-	-	-	-	108	108	780	888
Other comprehensive loss for the year, net of tax	-	-	-	(2)	-	(2)	(4)	(6)
Total comprehensive income (loss) for the year	-	-	-	(2)	108	106	776	882
Transactions imputed directly to equity								
Share-based compensation	-	-	-	-	-	-	21	21
Dividend distributed to non-controlling interests	-	-	-	-	-	-	(568)	(568)
Transactions with non-controlling interests	-	-	-	-	(42)	(42)	(10)	(52)
Buyback of shares	-	-	(20)	-	-	(20)	-	(20)
Balance as of December 31, 2024	12	1,495	(180)	(34)	(1,280)	13	2,696	2,709

* Retroactive adjustment due to accounting policy change – see Note 2.5.

** Amount less than NIS 1 million.

The notes attached to the condensed consolidated interim statements form an integral part hereof.

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

Condensed consolidated interim cash flow statements

	For period of nine months ended 30 September		For period of three months ended 30 September		For year ended 31 December
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Cash flows from operating activities					
Profit for the period	1,157	705	501	172	888
Adjustments:					
Depreciation, amortization, impairment, and reversal of impairment loss	1,219	1,379	380	444	1,844
Capital gains, net	(7)	(16)	-	(4)	(17)
Share in loss of equity-accounted investee	20	6	16	3	435
Financing expenses, net	289	347	31	185	8
Loss from impairment of a realization group held for sale	2	10	-	10	9
Share-based compensation	17	17	6	6	21
Income tax expenses	239	264	72	82	321
Change in trade and other receivables	(54)	3	(25)	31	69
Change in inventory	52	(38)	10	-	(109)
Change in trade and other payables	96	119	76	51	147
Change in provisions	12	10	13	10	(25)
Change in employee benefits	(68)	(41)	(17)	(7)	115
Change in broadcasting rights (including reversal of impairment loss)	(196)	-	(196)	-	(57)
Miscellaneous	(8)	1	86	(2)	4
Income tax paid, net	(348)	(159)	(86)	(79)	(244)
Net cash derived from operating activities	2,422	2,607	867	902	3,409
Cash flows from investing activities					
Purchase of property, plant and equipment	(961)	(985)	(301)	(340)	(1,356)
Investment in intangible assets and deferred expenses	(311)	(292)	(121)	(96)	(390)
Investment transactions, net	(5)	(690)	(155)	12	(669)
Government grant received for frequencies	-	-	-	-	4
Proceeds from the sale of PP&E	39	14	4	7	16
Classification as restricted cash and cash equivalents	18	(40)	-	(23)	(18)
Investment in equity-held investee	(21)	-	(10)	-	(10)
Proceeds from the sale of a subsidiary, net of cash sold	28	-	-	-	-
Interest received from deposits in banks	55	56	10	13	95
Miscellaneous	(6)	1	(9)	(2)	8
Net cash derived used for investing activities	(1,164)	(1,936)	(582)	(429)	(2,320)

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

Condensed consolidated interim cash flow statements (Cont.)					
	For period of nine months ended 30 September		For period of three months ended 30 September		For year ended 31 December
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Cash flows for financing activities					
Issuance of debentures and receipt of loans	26	1,084	26	-	1,648
Repayment of debentures and loans	(2,231)	(227)	(1,015)	(7)	(1,071)
Transaction with non-controlling interests	1,853	(40)	950	(11)	(52)
Leasing principal and interest payments	(374)	(343)	(117)	(113)	(449)
Buyback of company shares	(3)	(20)	(3)	-	(20)
Interest paid	(219)	(185)	(40)	(25)	(304)
Dividend distributed to non-controlling interests	(307)	(272)	-	-	(568)
Payment for hedging transactions that ended	-	-	-	-	7
Net cash used for financing activities	(1,255)	(3)	(199)	(156)	(809)
Net increase in cash and cash equivalents	3	668	86	317	280
Effect of changes in foreign currency exchange rate	-	-	-	(1)	-
Cash and cash equivalents for the beginning of the period	896	644	841	996	644
Change in company cash balance	28	(15)	-	(15)	(28)
Cash and cash equivalents at the end of the period	927	1,297	927	1,297	896

The notes attached to the condensed consolidated interim statements form an integral part hereof.

Notes to Condensed Consolidated Interim Financial Statements as of September 30, 2024 (Unaudited)

1. General

1.1. The reporting entity

- 1.1.1. B Communications Ltd. (hereinafter - the "Company") is a company incorporated in Israel and its address is 144 Menachem Begin Rd., Tel Aviv. The Company is a public company traded on the Tel Aviv Stock Exchange. The Company began operations in 1999 and owns Control of Bezeq, the largest and leading communications group in Israel.

The condensed consolidated financial statements of the Company as of September 30, 2025 include those of the Company and its subsidiaries (hereinafter collectively - "the Group"). (See also Note 13 - Segmental Reporting).

1.2. Investigations by the Israel Securities Authority and the Israel Police

Regarding the indictment against the former controlling shareholder of the Company and Bezeq, and former senior officers of the Bezeq Group – in May 2025, a conditional discontinuance of proceedings agreement was published under the provisions of Article B of Chapter 19 of the Securities Law between the State and Ron Eilon, under which Ron Eilon admitted to facts related to the increase of Yes's free cash flow in 2016.

Regarding investigations by the Israel Securities Authority and the Israel Police regarding suspicions of offenses committed under the Securities Law and the Penal Law, see Note 1.3 in the annual financial statements.

As stated in Note 1.3.3 to the annual financial statements, Bezeq does not yet have complete information regarding the investigations, plans, materials and evidence in the possession of the relevant law authorities. Accordingly, the Company is still unable to assess the effects of the investigations, their findings and results on the Company, as well as the financial statements and estimates used in the preparation of these statements, if any.

No effect is expected on the Company's ability to meet its debt service.

2. Basis of preparation of the statements

- 2.1. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, which deals with interim financial reporting and in accordance with the provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

- 2.2. The condensed consolidated interim financial statements do not include all the information required in full annual financial statements and these reports should be read in the context of the annual financial statements of the Company and its subsidiaries as of December 31, 2024 and the year ended on the same date and accompanying notes (hereinafter - 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 last annual financial statements to the date of these interim financial statements.

- 2.3. These condensed consolidated interim financial statements were approved by the Company's Board of Directors on November 10, 2025.

2.4. Use of estimates and discretion

When preparing the condensed consolidated interim financial statements in accordance with international accounting standards (IFRS), Management is required to exercise

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

discretion and be assisted by estimates, estimates and assumptions that affect the implementation of accounting policies and the reported amounts of liabilities and capital, revenue and expenses. Actual results may differ from estimates.

Management's judgment, when applying the Group's accounting policies and the key assumptions used in the estimates involving uncertainty, are consistent with those used in preparing the annual financial statements.

2.5. Accounting Policy Change

In accordance with the Group's accounting policy and IFRS rules, the Company chose to measure non-controlling interests at the acquisition date based on their proportionate share of the fair value of the identifiable net assets of the acquired company.

Under the Company's accounting policy during reporting periods when its shares were traded in the U.S., in the event of a decrease in ownership without loss of control, the amount by which non-controlling interests were adjusted was calculated based on the proportionate share of the subsidiary owners in the realized net identifiable assets of the subsidiary, without allocating a proportionate share of goodwill.

Following the sale of subsidiary shares on March 17, 2025 (see Note 4.4), the Company decided to change its accounting policy regarding such transactions, in line with the position of the Israeli Accounting Standards Board, which the company considers a more relevant accounting policy. As a result, the amount by which non-controlling interests are adjusted is now calculated based on the proportionate share of the subsidiary owners in the realized net identifiable assets of the subsidiary, including allocation of a proportionate share of goodwill.

The policy change was applied retrospectively in accordance with IAS 8. Accordingly, the statements were adjusted to reflect the impact of the change in accounting treatment so that the new policy is applied to past transactions as well.

Below is the impact of the accounting policy change adjustment on the company's separate financial statements:

Statement of Financial Position:

	As Previously Reported	The Change	As Presented in these Statements
		NIS millions	
<u>As of September 30, 2024</u> <u>(unaudited)</u>			
Investment in equity-accounted investee	214	(220)	(5)
Capital attributable to the shareholders of the Company	2,325	220	2,545
<u>As of December 31, 2024 (audited)</u>			
Investment in equity-accounted investee	233	(220)	13
Capital attributable to the shareholders of the Company	2,476	220	2,696

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

Statement of Changes in Equity:

	As Previously Reported	The Change	As Presented in these Statements
NIS millions			
<u>As of January 1, 2024 (audited)</u>			
Loss balance	(1,126)	(220)	(1,346)
Non-controlling interests	2,257	220	2,477
<u>As of July 1, 2024 (unaudited)</u>			
Loss balance	(1,039)	(220)	(1,259)
Non-controlling interests	2,415	220	2,635

3. Reporting rules and accounting policies

The Group's accounting policies, summarized in these consolidated interim financial statements, are the policies applied in the annual financial statements.

4. Group entities

A detailed description of the Group's entities appears in Note 12 to the annual statements. The following is a breakdown of the material changes that have taken place in connection with the Group's entities since the publication of the annual financial statements.

4.1. **Yes TV and Communication Services Ltd. (Yes)**

- 4.1.1. As of 30.9.2025, Yes has a positive equity in the amount of NIS 517 million, and conversely, a working capital deficit in the amount of approximately NIS 259 million. According to Yes' forecasts, it expects to transition in the coming year from operating losses to low operating profits, and it may not be able to meet its obligations and continue to operate as a live going concern without Bezeq's support.

On 10.11.2025, Bezeq's Board of Directors approved a credit or investment framework in Yes' equity in the amount of NIS 100 million, for a period of 15 months, from 1.10.2025 until 31.12.2026, instead of a similar commitment from August 2025. It should be noted that so far, during 2025, Yes did not utilize the credit facilities provided by Bezeq in any way.

In the opinion of Yes' Management, the sources of funding available to it, which include, *inter alia*, the continuation of the current policy of deficit in working equity and the facility of credit and investment in equity from Bezeq, will satisfy the needs of Yes' operations for the coming year.

- 4.1.2. See Note 5.1 below regarding impairment of assets recognized by Yes in the financial statements as of 30.9.2025.

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

4.2. Bezeq International Ltd.

See Note 5.2 below regarding loss reversal (loss) from the impairment of assets recognized by Bezeq International in the statements as of 30.9.2025.

4.3. Dividends distribution by Bezeq

4.3.1. See Note 12.9 to the annual financial statements regarding Bezeq's dividend distribution policy, which was approved by Bezeq's Board of Directors on 11.3.2025.

4.3.2. On 23.4.2025, the General Assembly of Bezeq's shareholders (following the recommendation of Bezeq's Board of Directors of 11.3.2025) approved the distribution of a cash dividend to Bezeq's shareholders in a total amount of NIS 392 million (which, as of the effective date of the distribution, is NIS 0.1414586 per share). The dividend was paid on 15.05.2025. The Company's share of the aforementioned dividend is approximately NIS 85 million.

4.3.3. On 11.9.2025, the general meeting of Bezeq's shareholders (following the recommendation of the Bezeq Board of Directors of 5.8.2025) approved the distribution of a cash dividend to Bezeq's shareholders in the total amount of NIS 583 million (which, as of the effective date of the distribution, is NIS 0.2102446 per share). The dividend was paid after the date of the Statements, on 19.10.2025. The Company's share of the aforementioned dividend is approximately NIS 93 million.

4.4. Investment in Bezeq

4.4.1. On March 17, 2025, the Company sold 160,000,000 ordinary shares of its subsidiary Bezeq at a price of NIS 5.7 per share. Net proceeds after transaction costs amounted to approximately NIS 900 million.

The transaction was treated as a decrease in ownership without loss of control. As a result, owners' equity increased by NIS 467 million, and the adjustment of non-controlling interests totalled NIS 432 million, reflecting the proportionate share of the subsidiary's owners in the realized net identifiable assets, including allocation of a proportionate share of goodwill.

4.4.2. On August 11, 2025, the Company sold an additional 160,000,000 ordinary shares of Bezeq at a price of NIS 6.03 per share. Net proceeds after transaction costs amounted to approximately NIS 954 million.

This transaction was also treated as a decrease in ownership without loss of control. As a result, owners' equity increased by NIS 506 million, and the adjustment of non-controlling interests totalled NIS 448 million, reflecting the proportionate share of the subsidiary's owners in the realized net identifiable assets, including allocation of a proportionate share of goodwill.

4.4.3. After the above sales, the Company holds 15.91% of the issued share capital and voting rights of the subsidiary.

4.4.4. For the accounting policy change regarding the adjustment of non-controlling interests upon a decrease in ownership without loss of control, see Note 1.3 above.

5. Impairment

5.1. Impairment in the multi-channel TV segment (Yes)

Further to Note 10.5 to the annual financial statements regarding impairment recognized in 2024, the valuation as of 31.12.2024 presented a value-in-use substantially lower than the carrying amount of Yes.

For the purpose of calculating the value of operations as of 30.9.2025, an update was made to the forecast on the basis of which the valuation as of 30.6.2025, was performed. This update included the expected cash flow from advertising operations in light of the signing of an agreement with the advertising provider, as described in note 15.11 below. Additionally, the forecast for wholesale internet expenses was updated in light of the Ministry of Communications' public hearing regarding the update of wholesale market prices. See note 15.10 below.

The nominal cost of capital used in the valuation was 10% after tax (12.2% before tax). A permanent growth rate of 1% was also assumed.

The value of operations as of 30.9.2025, taking into account the updated forecasts and the effect of the passage of time, totals approximately NIS 480 million.

The recoverable amount of Yes's operations was determined based on the value of operations calculated using the discounted cash flow method.

Based on the valuation of operations, which was performed by an external appraiser as of 30.9.2025, the carrying amount of the assets recoverable is approximately NIS 185 million lower than the value of operations. Accordingly, the Group recognized in the three-month period ending 30.9.2025, a reversal of impairment loss of approximately NIS 185 million, and in the nine-month period ending 30.9.2025, a reversal of impairment loss of approximately NIS 295 million.

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

5.1. Impairment in the multi-channel TV segment (Yes) (Cont.)

Below are details regarding the value of Yes's operations and the fair value of assets and liabilities, net, as determined by an external appraiser, and the losses or reversal of losses from impairment recognized:

	Yes' enterprise value (according to the DCF method)	Fair value of Yes' liabilities and equity, net	Book value of Yes' liabilities and equity, net before recognition of impairment	Impairment loss
	NIS millions	NIS millions	NIS millions	NIS millions
As of September 30, 2025 and for the period of three months that ended on that date (unaudited)	480	*	295	185
As of June 30, 2025 and for the period of three months that ended on that date (unaudited)	274	(49)	127	147
As of March 31, 2025 and for the period of three months that ended on that date (unaudited)	61	(75)	98	(37)
Total impairment recognized in period of nine months that ended September 30, 2025				295
As of December 31, 2024 and for the year that ended on that date (audited)	86	(34)		(151)

* The enterprise value as of 30.9.2025, under the DCF approach is positive, while the fair value of Yes's assets and liabilities, net, remains negative. Accordingly, starting from this quarter, yes has stopped including in the financial statements the fair value of assets and liabilities, net.

It should be noted that the enterprise value evaluation is sensitive to the net cash flow in the terminal year in general, and to the evaluation of the ARPU level (average revenue per subscriber) and the subscriber base at the end of the forecast range in particular. A change of NIS 1 in ARPU throughout the years of the forecast, and in the terminal year, results in a change in enterprise value in the amount of approximately NIS 61 and (60) million, respectively, and a change of 5k subscribers throughout the years of the forecast, and in the terminal year, results in a change in enterprise value in the amount ranging from approximately NIS 71 million to NIS (71) million.

The following is a breakdown of the allocation of loss from the impairment of the Group's assets:

	For period of nine months ended September 30		For period of three months ended September 30		For year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Broadcasting rights *	148	(66)	92	(16)	(64)
PP&E **	58	(41)	34	(6)	(41)
Intangible assets **	80	(39)	54	(5)	(39)
Other payables (advance expenses) *	8	(7)	5	-	(7)
Rights to use leased assets**	1	-	-	-	-
Total loss reversal or (loss) impairment recognized	295	(153)	185	(27)	(151)

* The expense reversal (expenses) was presented as part of operating and general expenses

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

** The expense reversal (expenses) was presented as amortization, depreciation, impairment, and impairment loss reversal.

For information regarding the manner in which Yes determined the fair value (at level 3) of the assets minus exercise costs, see Note 10.5 to the annual financial statements.

5.2. Impairment in the Internet, international communications and network endpoint services, and ICT solutions segment (Bezeq International)

Further to Note 10.6 to the annual financial statements regarding impairment recognized in Bezeq International in 2024, the valuation as of 31.12.2024 presented a value-in-use substantially lower than the book value of Bezeq International.

As of 30.9.2025, it was found that during the nine months that passed from the date of the previous valuation, there were no material changes in the market, or regulatory changes that could have a material effect on Bezeq International's forecasts for years to come, and there were no material changes in the discount rate. Therefore, as of 30.9.2025, no further adjustment is required for the change in Bezeq International's enterprise value and it remains at a negative amount of NIS 89 million, as determined in the valuation as of 31.12.2024.

The net fair value of Bezeq International's assets as of 30.9.2025 is negative in the amount of approximately NIS 56 million.

In light of the fact that the enterprise value is lower than the net fair value of liabilities and equity, Bezeq International reduced its assets to the amount of the net fair value of these assets.

As of 30.9.2025, the book value of the depreciable assets is higher than the fair value, net by about NIS 14 million. Therefore, in the nine- and three-month periods that ended on 30.9.2025, the Group recognized an impairment loss in the amount of about NIS 47 and 14 million, respectively.

The following are details regarding Bezeq International's enterprise value and the fair value of its liabilities and equity, net, as determined by an external valuator and recognized impairment losses:

	Yes' enterprise value (according to the DCF method)	Fair value of Yes' liabilities and equity, net	Book value of Yes' liabilities and equity, net before recognition of impairment	Impairment loss
	NIS millions	NIS millions	NIS millions	NIS millions
As of September 30, 2025 and for the period of three months that ended on that date (unaudited)	(89)	(56)	(42)	(14)
As of June 30, 2025 and for the period of three months that ended on that date (unaudited)	(89)	(59)	(38)	(21)
As of March 31, 2025 and for the period of three months that ended on that date (unaudited)	(89)	(57)	(45)	(12)
Total impairment recognized in period of nine months that ended September 30, 2025				(47)
As of December 31, 2024 and for the year that ended on that date (audited)	(89)	(51)		(91)

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

5.2. Impairment in the Internet, international communications and network endpoint services, and ICT solutions segment (Bezeq International) (Cont.)

The following is a breakdown of the allocation of loss from the impairment the Group's assets:

	For period of nine months ended September 30		For period of three months ended September 30		For year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Property, plant and equipment and intangible assets **	(28)	(32)	(7)	(9)	(57)
Short-term and long-term advance expenses *	(13)	(15)	(4)	(4)	(21)
Long-term advance payments for capacities **	(6)	(12)	(3)	(4)	(13)
Total impairment recognized	(47)	(59)	(14)	(17)	(91)

* The expense was presented as part of operating and general expenses

** The expense was presented as amortization, amortization and impairment expenses

For information regarding the manner in which Bezeq International determined the fair value (at level 3) of the assets minus exercise costs, see Note 10.6 to the Annual Statements.

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

6. Contingent liabilities

- 6.1. During the day-to-day business, legal claims have been filed against the Group companies or various legal proceedings are pending against it (hereinafter in this section: "legal claims").

In the opinion of the managements of the Group companies, which is based, among other things, on legal opinions regarding the chances of the legal claims, the statements included adequate provisions in the amount of NIS 159 million, where provisions were required to cover the exposure as a result of such legal claims.

In the opinion of the managements of the Group companies, the amount of additional exposure (beyond said provisions), as of 30.9.2025, due to legal claims filed against the Group companies on various issues and whose probability of realization is unexpected, amounted to a total of NIS 1.7 billion. Additional exposure in the amount of approximately NIS 2.5 billion in respect of claims the chances of which is not yet possible to assess at this stage. In addition, motions were filed against the Group companies to recognize the claims as class actions that did not specify an exact amount of the claim, for which the Group has additional exposure beyond the aforementioned.

The amounts of additional exposure in this Note are nominal.

- 6.2. The following is a description of the contingent liabilities and the balance of provisions to claims of the Group that were in effect as of 30.9.2025, classified in accordance with groups with similar characteristics:

Claims group	Claims essence	Provision balance	Additional exposure amount	Exposure amount in respect of claims whose chances cannot yet be assessed
		NIS millions		
Customer claims	Mainly motions for approval of class actions (and claims by virtue thereof) that concern allegations of illegal collection of funds and damage to the provision of services provided by the Group companies.	74	1,618	661
Claims by enterprises and companies	Legal claims in which the liability of the Group companies is claimed in connection with their operations and / or investments.	(2)(1) 81	15	(1) 1,808
Claims by the State and authorities	Various legal proceedings initiated by the State of Israel, different governmental bodies, and state authorities (hereinafter: "the Authorities"). These proceedings mainly relate to regulatory matters applicable to the Group's companies, as well as various financial disputes regarding payments made by the Group's companies to the Authorities.	5	5	-
Miscellaneous	Other legal claims, including tort claims (except for claims in which there is no dispute about the existence of insurance coverage), real estate, infrastructure, suppliers, etc.	-	49	8
Total legal claims against the Company and the consolidated companies ⁽³⁾		160	1,687	2,477

- (1) Against the remaining balance of the provision, a reimbursement asset in the amount of NIS 68 million was recognized due to the existence of insurance coverage. The asset is presented under

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

“Other receivables” in the statement of financial position as of 30.9.2025, in accordance with the provisions of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

(2) Including two motions for approval of a class action in the total amount of NIS 1.8 billion filed in June 2017 against the Company, Bezeq, officers in the Bezeq Group and companies from the then controlling group of the Company and Bezeq regarding the purchase of Yes shares By Bezeq from Eurocom DBS Ltd. In accordance with a court decision, a consolidated motion is expected to replace these two motions. It should be noted that a partial judgment was issued approving a partial settlement in the consolidated proceeding between the petitioners, the Company, and Mr. Shaul and Mr. Or Elovitch. The court approved the other parties’ joint requests to stay the proceedings at this stage until December 2025.

(3) In addition, see Note 6.6 to the annual statements.

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

7. Equity

	As of September 30, 2025	As of September 30, 2024	As of December 31, 2024
	Shares	Shares	Shares
	(Unaudited)	(Unaudited)	(Audited)
Registered shareholders’ capital	300,000,000	300,000,000	300,000,000
Issued and paid-up shareholders’ capital	116,568,402	116,335,793	116,335,793
Treasury shares	(12,298,530)	(12,173,530)	(12,173,530)
Issued and paid-up share capital, net	104,269,872	104,162,263	104,162,263

On September 17, 2025, the Company repurchased 125,000 of its own shares for a total consideration of approximately NIS 2.6 million.

As of the date of approval of the financial statements, Searchlight and the Forer family hold approximately 66.95% and 12.67%, respectively, of the Company’s issued and paid-up share capital.

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

8. Revenues

	For period of nine months ended September 30		For period of three months ended September 30		For year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Interior landline communication - Bezeq Fixed Lines					
Internet - infrastructure	1,456	1,481	484	496	1,961
Transmission and data communication	812	769	274	258	1,025
Landline telephony	364	406	118	132	531
Cloud and digital services	269	261	92	87	348
Other services	224	205	78	85	264
	3,125	3,122	1,046	1,058	4,129
Mobile radio telephone - Pelephone					
Cellular services and end equipment	1,166	1,224	379	401	1,615
Sale of end equipment	435	448	135	141	616
	1,601	1,672	514	542	2,231
Multi-channel TV - Yes	959	947	320	316	1,264
Internet (ISP), international communications, and ICT solutions – Bezeq International	777	781	265	260	1,053
Other	54	159	-	58	207
Total Revenues	6,516	6,681	2,145	2,234	8,884

9. Operating and general expenses

	For period of nine months ended September 30		For period of three months ended September 30		For year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudite	(Audited)
	NIS millions	NIS millions	NIS millions	NIS	NIS millions
End equipment and materials	608	597	203	199	828
Connectivity and payments to communications operators in Israel and abroad	318	494	79	147	613
Content costs (including impairment loss or reversal of impairment loss on content)	192	385	25	122	491
Marketing and general	415	381	135	134	490
Maintenance of buildings and sites	203	197	73	71	264
Services and maintenance by subcontractors	393	397	134	143	511
Vehicle maintenance	46	54	15	18	67
Total operating and general expenses	2,175	2,505	664	834	3,264

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

10. Other operating expenses, net

	For period of nine months ended September 30		For period of three months ended September 30		For year ended December
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Capital gain (mainly from exercise of real estate)	(7)	(16)	-	(4)	(17)
Loss from impairment of a realization group held for sale (Note 4.4)	2	10	-	10	9
Expenses in respect of the termination of an employer-employee relationship in early retirement in Bezeq	21	13	19	8	104
Expenses in respect of the termination of an employer-employee relationship in early retirement and a streamlining agreement in Pelephone, Bezeq International and Yes	10	8	-	3	91
Provision for claims	19	19	19	10	20
Other expenses (income)	-	(8)	2	2	(8)
Total other operating expenses, net	45	26	40	29	199

11. Financing expenses, net

	For period of nine months ended September 30		For period of three months ended September 30		For year ended December
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Interest expenses in respect of financial liabilities	297	278	78	92	371
Exchange rate and linkage differences	69	69	29	30	71
Financing expenses for liabilities in respect of leases	59	52	21	18	72
Change in fair value of derivatives measured at fair value through P&L	37	-	1	-	-
Financing expenses in respect of employee benefits	14	13	5	4	21
Other financing expenses (income)	8	8	1	(7)	8
Loss from exchange of debentures	-	84	-	84	84
Total financing expenses	484	504	135	221	627
Income from early redemption of debentures	64	-	64	-	-
Income from credit grossing in sales	21	21	6	8	26
Interest revenue from investments	68	69	22	24	85
Change in the fair value of financial assets measured at fair value through P&L statement	41	48	15	7	61
Other financing income	28	29	6	6	31
Total financing income	222	167	113	45	203
Total financing expenses, net	262	337	22	176	424

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

12. Financial instruments

12.1. Investments composition

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Shekel deposits in banks *	756	918	901
Investments in securities at fair value through P&L	1,259	1,056	1,067
Derivative instruments	11	19	9
	2,026	1,993	1,977

* Deposits in NIS in banks due before December 2025.

12.2. Fair value

A. Financial instruments measured at fair value for disclosure purposes only

The table below lists the differences between the book value and the fair value of financial liabilities. The methods by which the fair value of financial instruments is determined are explained in Note 30.8 to the annual statements.

	As of September 30, 2025		As of September 30, 2024		As of December 31, 2024	
	Book value (including accrued interest)	Fair value	Book value (including accrued interest)	Fair value	Book value (including accrued interest)	Fair value
	(Unaudited)		(Unaudited)		(Audited)	
	NIS millions		NIS millions		NIS millions	
Loans from banks and institutional entities (non-linked)	1,331	1,312	1,525	1,454	1,517	1,479
Debentures issued to the public (index-linked)	2,431	2,376	2,541	2,457	2,342	2,287
Debentures issued to the public (non-linked)	3,155	3,154	5,266	5,058	5,158	5,072
Total	6,917	6,842	9,332	8,969	9,017	8,838

B. Fair value hierarchy

The table below presents an analysis of the financial instruments measured at fair value, detailing the valuation method. The methods by which the fair value is determined are in Note 30.7 to the annual statements.

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Level 1 - Investment in money market funds and securities measured at fair value through P&L	1,259	1,056	1,067
Level 2 – Forward contracts	4	55	32

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

13. Segmental reporting

For period of nine months ended September 30, 2025 (unaudited)							
	Interior landline communication	Cellular communication *	Internet, international communications, network endpoint services and ICT solutions	Multi- channel TV *	Others	Adjustments	Consolidated
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
External revenue	3,125	1,601	777	959	54	-	6,516
Inter-segmental revenue	189	12	40	1	-	(242)	-
Total revenue	3,314	1,613	817	960	54	(242)	6,516
Operating and general	583	795	546	668	8	(425)	2,175
Salary	807	248	161	132	43	8	1,399
Depreciation, amortization, impairment, and reversal of impairment loss	788	428	71	174	1	(243)	1,219
Segment results - operating profit (loss)	1,098	143	39	(21)	2	417	1,678
Financing expenses	331	34	15	21	-	83	484
Financing income	(111)	(22)	(9)	(3)	-	(77)	(222)
Total financing expenses, net	220	12	6	18	-	6	262
Segment profit (loss) after financing expenses, net	878	131	33	(39)	2	411	1,416
Share in losses of equity- accounted investee, net **	20	-	-	-	-	-	20
Income taxes	205	32	-	-	1	1	239
Segment results - net profit (loss)	653	99	33	(39)	1	410	1,157

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

For period of nine months ended September 30, 2024 (unaudited)							
	Interior landline communication	Cellular communication *	Internet, international communications, network endpoint services and ICT solutions	Multi- channel TV *	Others	Adjustments	Consolidated
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
External revenue	3,122	1,672	781	947	159	-	6,681
Inter-segmental revenue	149	19	39	1	-	(208)	-
Total revenue	3,271	1,691	820	948	159	(208)	6,681
Operating and general	763	407	76	189	3	(59)	1,379
Salary	575	886	538	691	-	(185)	2,505
Depreciation and amortization	783	242	157	139	-	138	1,459
Segment results - operating profit (loss)	1,135	147	51	(74)	4	49	1,312
Financing expenses	308	29	11	4	-	152	504
Financing income	(119)	(23)	(8)	(16)	-	(1)	(167)
Total financing expenses (income), net	189	6	3	(12)	-	151	337
Segment profit (loss) after financing expenses, net	946	141	48	(62)	4	(102)	975
Share in losses of equity-accounted investee, net **	6	-	-	-	-	-	6
Income taxes	227	34	1	1	1	-	264
Segment results - net profit (loss)	713	107	47	(63)	3	(102)	705

* The results of the multi-channel television segment are presented net of the overall impact of impairment recognized starting from the fourth quarter of the year 2018. This is in accordance with the way the Group's chief operating decision maker evaluates the segment's performance and makes decisions regarding the allocation of resources to the segment. In addition, see Note 14.4 to the condensed selected data from the financial statements of Yes. ** Starting from the second quarter of 2024, Bezeq began recording its share in the losses of Bezeq-Gen Ltd.

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

For period of three months ended September 30, 2025 (unaudited)							
	Interior landline communication	Cellular communication *	Internet, international communications, network endpoint services and ICT solutions	Multi- channel TV *	Others	Adjustments	Consolidated
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
External revenue	1,046	514	265	320	-	-	2,145
Inter-segmental revenue	65	3	16	1	-	(85)	-
Total revenue	1,111	517	281	321	-	(85)	2,145
Operating and general	203	235	189	219	-	(182)	664
Salary	270	81	52	44	-	3	450
Depreciation, amortization, impairment, and reversal of impairment loss	269	147	23	57	-	(116)	380
Segment results - operating profit	328	56	17	1	-	209	611
Financing expenses	107	13	5	3	-	7	135
Financing income	(34)	(7)	(3)	-	-	(69)	(113)
Total financing expenses (income), net	73	6	2	3	-	(62)	22
Segment profit (loss) after financing expenses, net	255	50	15	(2)	-	271	589
Share in losses of equity- accounted investee **	16	-	-	-	-	-	16
Income taxes	60	12	(1)	-	-	1	72
Segment results - net profit (loss)	179	38	16	(2)	-	270	501

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

For period of three months ended September 30, 2024 (unaudited)							
	Interior landline communication	Cellular communication *	Internet, international communications, network endpoint services and ICT solutions	Multi- channel TV *	Others	Adjustments	Consolidated
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
External revenue	1,058	542	260	316	58	-	2,234
Inter-segmental revenue	47	5	10	1	-	(63)	-
Total revenue	1,105	547	270	317	58	(63)	2,234
Operating and general	205	277	179	236	-	(63)	834
Salary	265	80	53	47	-	49	494
Depreciation, amortization, impairment, and reversal of impairment loss	256	135	23	64	2	(36)	444
Segment results - operating profit (loss)	355	52	13	(29)	3	39	433
Financing expenses	100	11	3	2	-	105	221
Financing income	(33)	(9)	(2)	(2)	-	1	(45)
Total financing expenses, net	67	2	1	-	-	106	176
Segment profit (loss) before financing expenses, net	288	50	12	(29)	3	(67)	257
Share in losses of equity-accounted investee, net **	3	-	-	-	-	-	3
Income taxes	68	12	1	1	-	-	82
Segment results - net profit (loss)	217	38	11	(30)	3	(67)	172

* The results of the multi-channel television segment are presented net of the overall impact of impairment recognized starting from the fourth quarter of the year 2018. This is in accordance with the way the Group's chief operating decision maker evaluates the segment's performance and makes decisions regarding the allocation of resources to the segment. In addition, see Note 14.4 to the condensed selected data from the financial statements of Yes.

** Starting from the second quarter of 2024, Bezeq began recording its share in the losses of Bezeq-Gen Ltd.

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

For year ended December 31, 2024 (audited)							
	Interior landline communication	Cellular communication *	Internet, international communications network endpoint services and ICT solutions	Multi- channel TV *	Others	Adjustments	Consolidated
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
External revenue	4,129	2,231	1,053	1,264	207	-	8,884
Inter-segmental revenue	213	23	52	1	-	(289)	-
Total revenue	4,342	2,254	1,105	1,265	207	(289)	8,884
Operating and general	738	1,178	722	911	29	(314)	3,264
Salary	1,037	321	211	184	171	12	1,936
Depreciation, amortization, impairment, and reversal of impairment loss	1,023	552	118	254	5	(108)	1,844
Segment results - operating profit (loss)	1,438	189	(16)	(92)	2	120	1,641
Financing expenses	398	37	15	5	-	172	627
Financing income	(148)	(30)	(10)	(15)	-	-	(203)
Total financing expenses (income), net	250	7	5	(10)	-	172	424
Segment profit (loss) before financing expenses, net	1,188	182	(21)	(82)	2	(52)	1,217
Share in losses of equity-	8	-	-	-	-	-	8
Income taxes	274	44	1	1	1	-	321
Segment results - net profit (loss)	906	138	(22)	(83)	1	(52)	888

* The results of the multi-channel television segment are presented net of the overall impact of impairment recognized starting from the fourth quarter of the year 2018. This is in accordance with the way the Group's chief operating decision maker evaluates the segment's performance and makes decisions regarding the allocation of resources to the segment. In addition, see Note 14.4 to the condensed selected data from the financial statements of Yes.

** Starting from the second quarter of 2024, Bezeq began recording its share in the losses of Bezeq-Gen Ltd.

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

14. Condensed financial statements of Bezeq, Pelephone, Bezeq International, and Yes

14.1. Bezeq the Israel Telecommunications Corporation Ltd.

Data from the statement of financial position:

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Current assets	3,351	3,559	3,232
Non-current assets	10,069	9,509	9,477
Total assets	13,420	13,068	12,709
Current liabilities	3,762	2,757	2,555
Long-term liabilities	6,951	8,016	7,652
Total liabilities	10,713	10,773	10,207
Equity	2,707	2,295	2,502
Total liabilities and equity	13,420	13,068	12,709

Data from the P&L statement:

	For period of nine months ended 30 September		For period of three months ended 30 September		For year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Revenues	3,314	3,271	1,111	1,105	4,342
Operating expenses					
Salary	807	783	270	265	1,037
Depreciation, amortization, and impairment	788	763	269	256	1,023
Operating and general expenses	583	575	203	205	738
Other operating expenses, net	38	15	41	24	106
Total operating expenses	2,216	2,136	783	750	2,904
Operating profit	1,098	1,135	328	355	1,438
Financing expenses (income)					
Financing expenses	331	308	107	100	398
Financing income	(111)	(119)	(34)	(33)	(148)
Financing expenses, net	220	189	73	67	250
Profit after financing expenses, net	878	946	255	288	1,188
Share in the profits of equity-accounted investee, net	502	144	251	61	158
Profit before Income taxes	1,380	1,090	506	349	1,346
Income taxes	205	227	60	68	274
Profit for the period	1,175	863	446	281	1,072

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

14.2. Pelephone Communications Ltd.

Data from the statement of financial position:

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

Data from the P&L statement:

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

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

14.3. Bezeq International Ltd.

Data from the statement of financial position:

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

Data from the P&L statement:

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

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

14.4. Yes TV and Communication Services Ltd. (Yes)

Data from the statement of financial position:

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

Data from the P&L statement:

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

15. Material current and subsequent events

- 15.1. For information regarding the sale of Bezeq shares by the Company on 17.3.2025 and 11.8.2025, see Note 4.4.
- 15.2. For information regarding cash dividend distributions by Bezeq on 14.5.2025 and 19.10.2025, and the Company's share of such dividends, see Note 4.3.
- 15.3. On June 1, 2025, the Company fully prepaid its Series F debentures in an aggregate amount (principal plus accrued interest up to the early redemption date) of NIS 1,029 million. Following this early redemption, the Company recognized financing expenses of NIS 35 million.
- 15.4. On August 31, 2025, the Company fully prepaid its Series G debentures in an aggregate amount (principal plus accrued interest up to the early redemption date) of NIS 1,025 million. Following this early redemption, the Company recognized financing income of NIS 64 million.
- 15.5. For information regarding the Company's share buyback on 17.9.2025, see Note 7.
- 15.6. On 27.2.2025, Yes signed a principles document with the National Labor Union and the Yes Employees' Committee, according to which, subject to the approval of the Yes Board of Directors, the parties would sign an extension of the collective agreement entered into on 11.8.2021, until 31.12.2025, with certain modifications. Among other things, it was agreed in the principles document that regarding Bezeq's activities for the cancellation of structural separation, the Yes Employees' Committee would fully cooperate. In April 2025, Yes signed with the National Labor Union and Bezeq Employees' Committee an agreement to extend the collective agreement until 31.12.2025, which also formalized the other agreements from the February 2025 principles document.
- 15.7. Further to Note 12.5 in the annual financial statements regarding the sale of Bezeq Online by Bezeq, the transaction was completed on 17.4.2025, after all conditions precedent in the agreement were met. Ownership was transferred to the purchaser, and net cash consideration of approximately NIS 34 million was received, less the target Company's remaining cash of approximately NIS 6 million.
- 15.8. On 23.4.2025, Yes and Partner Communications Ltd. signed an agreement under which Yes would grant Partner a license to use a dedicated content application based on the +Sting service, provide related services, and grant a content broadcasting license. The commercial launch was set for four to six months from signing. In May and July 2025, additional amendments were signed regulating rules for joint content procurement, application usage license, and payment arrangements. In September 2025, the service was commercially launched.
- 15.9. The agreement had a significant one-time positive accounting effect of approximately NIS 120 million, reflected in the reversal of asset impairment losses (see Note 5.1 above).
- 15.10. On 5.5.2025, Bezeq received an extension of the shelf prospectus validity from 9.5.2023 to 9.5.2026.

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

- 15.11. On 29.7.2025, Bezeq received a public hearing regarding the determination of maximum payments in the wholesale market issued by the Ministry of Communications. According to the hearing, the Ministry believes that the cost model underlying wholesale rates should be updated and lower rates set. Yes and Bezeq estimate that the proposed rates reduction will be approved, albeit at rates different from those published in the hearing. Accordingly, as detailed in Note 5.1 and in the valuation update, Yes revised the forecast used for the valuation, recording a significant one-time positive accounting effect of approximately NIS 70 million from the reversal of asset impairment losses.
- 15.12. In September 2025, Yes signed an agreement with R.G.I. Group Ltd. ("RGE") and Taboola.com Ltd. ("Taboola") (the "Agreement"), under which, among other things, RGE and Taboola will contract with advertisers and operate expected advertising activities for Yes's multi-channel television services via the Internet, on advertising spaces allocated exclusively to RGE and Taboola (except for certain exceptions specified in the agreement). The agreement had a significant one-time positive accounting effect of approximately NIS 72 million from the reversal of asset impairment losses. See Note 5.1 above.
- 15.13. On 3.11.2025, an addendum was signed between Bezeq and Gilat to a long-term agreement for the provision of an infeasible right of use (IRU) service in the BSA fiber service (wholesale market). This is an expansion of an existing agreement between Bezeq and Gilat dated 15.12.2024, under which Gilat was granted the right to use 18,000 optical fiber lines for a usage period of 15 years, from 15.1.2025, for a total consideration of approximately NIS 140 million (of which approximately NIS 90 million for one-time payments). According to the addendum to the agreement, Gilat was granted the right to use an additional 90,000 lines, which will be provided in four phased installments for a usage period of 15 years, starting from the payment date for each unit comprising part of a phase (There is a condition for the implementation of each of phases 2 through 4 (each including 18,000 lines), depending on the growth in Gilat's total activity as stipulated in the agreement). The consideration for the addendum is expected to reach, depending on the full execution of all phases by Gilat, a total amount of over NIS 600 million (of which approximately NIS 400 million is for one-time payments, as well as annual maintenance fees plus interest and/or linkage differences according to the terms of the agreement), with most of the consideration expected to be paid during the first years of the addendum. The expanded agreement includes the option to upgrade speeds and to extend the usage periods in two option periods (at Gilat's discretion) of five years each, at a lower line cost than in the initial agreement periods. Exercising these options will lead to a corresponding increase in the total financial scope of the agreement.



**B. Communications Ltd.
Condensed Separate Interim
Financial Information
As of September 30, 2025
(Unaudited)**

**Condensed Separate Interim Financial Information as of September 30, 2025
(unaudited)**

Table of Contents	Page
--------------------------	-------------

Auditors' review report	3
--------------------------------	----------

**Condensed Separate Interim Financial Information as of September 30,
2025 (unaudited)**

Condensed Interim Financial Position Data	4
Condensed Interim P&L Data	5
Condensed Interim Comprehensive Income Data	5
Condensed Interim Cash Flows Data	6
Notes to Condensed Separate Interim Financial Information	7



Somekh Chaikin
KPMG Millennium Tower
17 HaArbaa Street P.O.B. 609
Tel Aviv 6100601
03 684 8000

To
Shareholders of B Communications Ltd.

Re: Special report of the auditors on separate interim financial information under Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970

Introduction

We audited the separate interim financial information presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 of B. Communications Ltd. (hereinafter – "the Company") as of September 30, 2025 and for the periods of nine and three months that ended on that date. The separate interim financial information is within the responsibility of the Company's Board of Directors and Management. It is our responsibility to provide a conclusion on the separate interim financial information for said interim periods based on our review.

Scope of our review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel "Review of Interim Financial Information Conducted by the Entity's Auditor". A review of separate interim financial information consists of inquiries, primarily with persons responsible for financial and accounting matters, and the application of analytical and other review procedures. A review is considerably smaller than an audit conducted in accordance with generally accepted auditing standards in Israel, and therefore does not allow us to obtain assurance that we will know all the significant matters that could have been identified in the audit. Accordingly, we do not provide an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that makes us believe that the above separate interim financial information has not been prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Emphasis paragraph (drawing attention)

Without limiting our above conclusion, we draw attention to what is stated in Note 4.6 which refers to Note 1.3 in the annual consolidated statements, regarding the investigation by the Securities Authority and the Israel Police. As stated in the above note, the Company is unable to assess the effects of the investigations, their findings and results on the Company as well as on the statements and estimates used in the preparation of these statements, if any.

Somekh Chaikin
Certified Public Accountants

November 10, 2025

Condensed Separate Interim Financial Information as of September 30, 2025 (unaudited)

Condensed Interim Financial Data as of			
	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions
Assets			
Cash and cash equivalents	4	55	112
Restricted cash and cash equivalents	-	40	18
Investments	63	*39	*60
Other receivables	93	112	2
Total current assets	160	246	192
Investment in equity- accounted investee	1,087	**1,834	**1,889
Total non-current assets	1,087	1,834	1,889
Total assets	1,247	2,080	2,081
Liabilities			
Bank loan	26	-	-
Trade and other payables	***	19	20
Provisions	1	20	-
Total current liabilities	27	39	20
Debentures	-	2,046	2,048
Total non-current liabilities	-	2,046	2,048
Total liabilities	27	2,085	2,068
Equity (Deficit in equity)	1,220	** (5)	** 13
Total liabilities and equity	1,247	2,080	2,081

* Including restricted deposits.

** Retroactive adjustment due to accounting policy change – see Note 1.3.

*** Amount lower than NIS 1 million.

Darren Glatt
Chairman of the Board of Directors

Tomer Raved
CEO

Itzik Tadmor
CFO

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

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

Condensed Separate Interim Financial Information as of September 30, 2025 (unaudited)

Condensed Interim P&L Data					
	For period of nine months ended September 30		For period of three months ended September 30		For year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Operating expenses					
Salary	3	3	1	1	4
Operating and general expenses	6	5	3	2	7
Other operating expenses	1	-	1	-	-
Total operating expenses	10	8	5	3	11
Operating loss	(10)	(8)	(5)	(3)	(11)
Financing expenses (income)					
(See Note 2)					
Financing expenses	89	156	8	108	181
Financing income	(81)	(6)	(68)	(2)	(7)
Financing expenses (income), net	8	150	(60)	106	174
Profit (loss) after financing expenses, net	(18)	(158)	55	(109)	(185)
Share in profits of equity-accounted investee, net	257	236	82	77	293
Net profit (loss) for the period	239	78	137	(32)	108

Condensed Interim Comprehensive Income Data					
	For period of nine months ended September 30		For period of three months ended September 30		For year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Profit (loss) for the period	239	78	137	(32)	108
Other comprehensive loss items, net of tax	(2)	-	-	(1)	(2)
Total comprehensive income (loss) for the period	237	78	137	(33)	106

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

Condensed Separate Interim Financial Information as of September 30, 2025 (unaudited)

Condensed Interim Cash Flows Data					
	For period of nine months ended September 30		For period of three months ended September 30		For year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Cash flows from operating activities					
Net profit (loss) for the period	239	78	137	(32)	108
Adjustments:					
Share in profits of equity-accounted investees, net	(257)	(236)	(82)	(77)	(293)
Financing expenses (income), net	9	144	(58)	100	166
Share-based compensation	*	*	-	*	*
Change in other payables	1	2	-	1	*
Change in trade payables	(1)	2	3	3	2
Change in provisions	1	-	1	-	(20)
Net cash derived from (used for) operating activities	(8)	(10)	1	(5)	(37)
Cash flows from investing activities					
Change in deposits and investments, net	(1)	14	*	12	(5)
Investment realization (investment) in equity-accounted investee	1,853	(40)	950	(11)	(52)
Interest and dividend received in cash	15	5	2	3	5
Dividend received from the subsidiary	85	102	-	-	213
Change in restricted cash and cash equivalents	18	(40)	-	(23)	(18)
Net cash derived from (used for) investing activities	1,970	41	952	(19)	143
Cash flows for financing activities					
Receipt of loans	26	-	26	-	-
Repayment of debenture principal	(2,020)	-	(1,009)	-	-
Buyback of shares	(3)	(20)	(3)	-	(20)
Interest paid	(73)	(37)	(15)	-	(55)
Net cash used for financing activities	(2,070)	(57)	(1,001)	-	(75)
Increase (decrease) in cash and cash equivalents	(108)	(26)	(48)	(24)	31
Effect of changes in foreign currency exchange rate	-	-	-	(1)	-
Cash and cash equivalents at the beginning of the period	112	81	52	80	81
Cash and cash equivalents at the end of the period	4	55	4	55	112

(*) Represents an amount lower than NIS 1 million.

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

Notes to condensed interim financial information

1. Method of preparation of the financial data

1.1. Definitions

"The Company" - "B Communications" Ltd.

"Associated Company", "Group", "Holding Company": as these terms are defined in the Company's consolidated statements for 2024.

1.2. Main methods of preparing the financial data

The following is the condensed financial data from the condensed consolidated interim statements of the Group as of September 30, 2024 (hereinafter: the "Consolidated Statements"), attributed to the Company itself ("hereinafter: the "Condensed Separate Interim Financial Information") presented in accordance with the provisions of Regulation 38D (hereinafter - the "Regulation") and Schedule 10 to the Securities Regulations (Periodic and Immediate Reports), 5770-1970 (hereinafter – "Schedule 10") regarding the Condensed Separate Interim Financial Information of the Corporation. This Condensed Separate Interim Financial Information should be read alongside the Consolidated Statements as of the day and year ended December 31, 2024 and alongside the condensed consolidated interim statements as of September 30, 2024 (hereinafter: the "Consolidated Statements").

The accounting policy in this Condensed Separate Interim Financial Information is in accordance with the accounting policy rules which are specified in the Separate Financial Information as of the day and year ended December 31, 2024.

1.3. Accounting Policy Change

In accordance with the Group's accounting policy and IFRS rules, the Company chose to measure non-controlling interests at the acquisition date based on their proportionate share of the fair value of the identifiable net assets of the acquired company.

Under the Company's accounting policy during reporting periods when its shares were traded in the U.S., in the event of a decrease in ownership without loss of control, the amount by which non-controlling interests were adjusted was calculated based on the proportionate share of the subsidiary owners in the realized net identifiable assets of the subsidiary, without allocating a proportionate share of goodwill.

Following the sale of subsidiary shares on March 17, 2025 (see Note 4.1 below), the Company decided to change its accounting policy regarding such transactions, in line with the position of the Israeli Accounting Standards Board, which the company considers a more relevant accounting policy. As a result, the amount by which non-controlling interests are adjusted is now calculated based on the proportionate share of the subsidiary owners in the realized net identifiable assets of the subsidiary, including allocation of a proportionate share of goodwill.

The policy change was applied retrospectively in accordance with IAS 8. Accordingly, the statements were adjusted to reflect the impact of the change in accounting treatment so that the new policy is applied to past transactions as well.

For the impact of the adjustment on the Company's Consolidated Financial Statements, see Note 2.5 of the Consolidated Statements.

Condensed Separate Interim Financial Information as of September 30, 2025 (unaudited)

Below is the impact of the accounting policy change adjustment on the company's separate financial statements:

Statement of Financial Position:

	As Previously Reported	The Change	As Presented in these Statements
NIS millions			
<u>As of September 30, 2024</u> <u>(unaudited)</u>			
Investment in equity-held investee	<u>2,054</u>	<u>(220)</u>	<u>1,834</u>
Capital attributable to the shareholders of the Company	<u>215</u>	<u>(220)</u>	<u>(5)</u>
<u>As of December 31, 2024 (audited)</u>			
Investment in equity-held investee	<u>2,109</u>	<u>(220)</u>	<u>1,889</u>
Capital attributable to the shareholders of the Company	<u>233</u>	<u>(220)</u>	<u>13</u>

2. Financing expenses (income), net

	For period of nine months ended September 30		For period of three months ended September 30		For year ended December 31
	2025	2024	2025	2024	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS millions	NIS millions	NIS millions	NIS millions	NIS millions
Interest expenses in respect of debentures	89	72	8	24	97
Loss from exchange of debentures	-	84	-	84	84
Total financing expenses	89	156	8	108	181
Income from the early redemption of debentures	64	-	64	-	-
Interest income from investments in marketable securities and bank deposits	15	4	3	2	5
Change in the fair value of financial assets measured at fair value through P&L	2	2	1	1	2
Exchange rate differences	-	-	-	(1)	-
Total financing income	81	6	68	2	7
Financing expenses (income), net	8	150	(60)	106	174

3. Contingent liabilities

For information regarding claims against the Company and against Bezeq Group companies, see Note 6 in the Consolidated Statements.

4. Material current and subsequent events

- 4.1. On March 17, 2025, the Company sold 160,000,000 ordinary shares of its subsidiary Bezeq at a price of NIS 5.7 per share. Net proceeds after transaction costs amounted to approximately NIS 900 million.

The transaction was treated as a decrease in ownership without loss of control. As a result, the owners' equity increased by NIS 467 million, and the adjustment of non-controlling interests totaled NIS 432 million, reflecting the proportionate share of the subsidiary's owners in the realized net identifiable assets, including allocation of a proportionate share of goodwill.

On August 11, 2025, the Company sold an additional 160,000,000 ordinary shares of Bezeq at a price of NIS 6.03 per share. Net proceeds after transaction costs amounted to approximately NIS 954 million.

This transaction was also treated as a decrease in ownership without loss of control. As a result, owners' equity increased by NIS 506 million, and the adjustment of non-controlling interests totaled NIS 448 million, reflecting the proportionate share of the subsidiary's owners in the realized net identifiable assets, including allocation of a proportionate share of goodwill.

After the above sales, the Company holds 15.91% of the issued share capital and voting rights of the subsidiary.

For the accounting policy change regarding the adjustment of non-controlling interests upon a decrease in ownership without loss of control, see Note 1.3 above.

- 4.2. For information regarding dividends distributed by Bezeq on May 14, 2025, and October 19, 2025, and the Company's share of such dividends, see note 4.3 in the Consolidated Statements as of September 30, 2025.
- 4.3. On June 1, 2025, the Company fully prepaid Series F debentures of the Company in an aggregate amount (principal plus accrued interest up to the early redemption date) of NIS 1,029 million. Following this early redemption, the Company recognized financing expenses of NIS 35 million.
- 4.4. On August 31, 2025, the Company fully prepaid Series G debentures of the Company in an aggregate amount (principal plus accrued interest up to the early redemption date) of NIS 1,025 million. Following this early redemption, the Company recognized financing income of NIS 64 million.
- 4.5. For information regarding the Company's share buyback on September 17, 2025, see Note 7 in the Consolidated Statements as of September 30, 2025.
- 4.6. For information regarding the investigation by the Israel Securities Authority and the police, see note 1.2 in the Consolidated Statements as of September 30, 2025.



Chapter E

Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure

for the Period ended September 30, 2025

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

Annual report on the effectiveness of internal control over financial reporting and disclosure pursuant to Regulation 38c(a) a of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

Management, under the supervision of the Board of Directors of B Communications Ltd. (hereinafter - "**the Corporation**" or "**the Company**"), is responsible for determining and maintaining adequate internal control over the financial reporting and disclosure in the Corporation.

For this purpose, the members of Management are:

1. Tomer Raved, CEO;
2. Itzik Tadmor, CFO;

In addition to the said members of Management serving in the Company are:

1. Ilan Chaikin, Internal Auditor;
2. Lital Aharoni, Comptroller;

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, designed by or under the supervision of the CFO and CEO in the field of finance, or by the person actually performing the said functions, supervised by the Corporation's Board of Directors, which are intended to provide a reasonable degree of assurance regarding the reliability of the financial reporting and the preparation of the statements in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in statements it publishes under the provisions is collected, processed, summarized and reported on the date and in the format as prescribed by law.

Internal control includes, *inter alia*, controls and procedures designed to ensure that information the disclosure of which by the Corporation is required, is accumulated and transmitted to the Corporation's Management, including the CEO and senior executives in the field of finance or to those actually performing the said functions, in order to enable decisions with regard to the disclosure requirement to be made at the appropriate time.

Due to its structural limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that misrepresentation or omission of information in the statements will be avoided or discovered.

In the quarterly report regarding the effectiveness of the internal control over the financial reporting and the disclosure which was attached to the quarterly report for the period ending on June 30, 2025 (hereinafter - the quarterly report regarding the latest internal control), the internal control was found to be effective.

Until the date of the report, the Board of Directors and the Management have not been informed of any incident or matter that may change the assessment of the effectiveness of the internal control as found in the last quarterly report on internal control;

As of the date of the report, based on the evaluation of effectiveness of internal control and based on information brought to the attention of Management and the Board of Directors as mentioned above, the internal control is effective.

Regarding the investigations by the Israel Securities Authority and the Israel Police, as detailed in Section 2.3 of the update to the chapter describing the Corporation's business in this report, the Corporation does not yet have complete information regarding the investigations (mainly regarding transactions related to the previous controlling shareholder of the Company and Bezeq and former Chairman of the Bezeq Board of Directors, Mr. Shaul Elovitch, regarding the purchase of Yes shares and the provision of satellite communication services to Yes), their content, the materials and evidence in the possession of the law authorities in this case,

and accordingly, the Corporation is still unable to assess all the effects of the investigations, findings and results on the Corporation and on the statements. For this matter, see Note 1.3 to the 2024 statements.

Executive statements:

(a) Statement of the CEO pursuant to Regulation 38c(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

I, Tomer Raved, declare that:

- (1) I examined the quarterly report of B Communications Ltd. (hereinafter – the “Corporation”) for the third quarter of 2025 (hereinafter - "the Statements");
- (2) To my knowledge, the Statements do not include any misrepresentation of a material fact and do not lack a presentation of a material fact necessary so that the presentations included in them, in light of the circumstances in which those representations were included, will not be misleading with respect to the reported period;
- (3) To my knowledge, the financial statements and other financial information contained in the Statements adequately reflect, in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods to which the statements relate;
- (4) I revealed to the Corporation's Auditor, the Board of Directors, the Audit Committee and the committee for examining the Corporation's financial statements, based on my most recent assessment of the internal control over financial reporting and disclosure:
 - (A) Any significant deficiencies and material vulnerabilities in the determination or exercise of internal control over the financial reporting and disclosure that are likely to adversely affect the Corporation's ability to collect, process, summarize or report financial information in a manner that casts doubt on the financial reporting reliability and preparation of financial statements; and-
 - (B) Any fraud, whether material or immaterial, involving the CEO or his subordinates directly or involving other employees who have a significant role in the internal control over financial reporting and disclosure;
- (5) I, alone or with others in the Corporation:

- (A) Have established controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, designed to ensure that material information relating to the Corporation, including its subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is brought to my attention by others in the Corporation and its subsidiaries, in particular during the preparation period of the Statements; -
- (B) Have established controls and procedures, or verified the determination and existence of controls and procedures under my supervision, designed to reasonably ensure 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) I have not been informed of any incident or matter that occurred during the period between the date of the last report (quarterly or periodic, as the case may be) and the date of this report, which may change the conclusion of the Board and Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure of the Corporation.

Nothing in the foregoing shall derogate from my liability or the liability of any other person, under any law.

Date: November 10, 2025

Tomer Raved, CEO

(b) Statement of the most senior officer in the field of finance pursuant to Regulation 38b(d)(2) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970:

I, Itzik Tadmor, declare that:

- (1) I examined the interim statements and the other financial information contained in the interim statements of B Communications Ltd. (hereinafter – “the Corporation”) for the third quarter of 2025 (hereinafter – “the Statements” or “the Interim Statements”);
- (2) To the best of my knowledge, the Interim Statements and other financial information included in the Interim Statements do not include any misrepresentation of a material fact and do not lack a presentation of a material fact necessary so that the presentations included in them, in light of the circumstances in which those representations were included, will not be misleading with respect to the reported period;
- (3) To the best of my knowledge, the Interim Statements and other financial information contained in the Interim Statements adequately reflect, in all material respects, the financial position, results of operations and cash flows of the corporation for the dates and periods to which the Statements relate;
- (4) I revealed to the Corporation's Auditor, the Board of Directors, the Audit Committee and the committee for examining the Corporation's financial statements, based on my most recent assessment of the internal control over financial reporting and disclosure:
 - (A) Any significant deficiencies and material vulnerabilities in the determination or exercise of internal control over financial reporting and disclosure as it relates to interim financial statements and other financial information contained in interim financial statements that are likely to adversely affect a corporation's ability to collect, process, summarize or report financial information in such a way as to 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 material or immaterial, involving the CEO or his subordinates directly or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

(5) I, alone or with others in the Corporation:

- (A) Have established controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, designed to ensure that material information relating to the Corporation, including its subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is brought to my attention by others in the Corporation and its subsidiaries, in particular during the preparation period of the Statements; And -
- (B) Have established controls and procedures, or verified the determination and existence of controls and procedures under my supervision, designed to reasonably ensure 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; And -
- (C) I have not been informed of any incident or matter that occurred during the period between the date of the last report (quarterly or periodic, as the case may be) and the date of this report, which may change the conclusion of the Board and Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure of the Corporation.

Nothing in the foregoing shall derogate from my liability or the liability of any other person, under any law.

Date: November 10, 2025

Itzik Tadmor, Chief Financial Officer