B Communications Ltd.
(In Voluntary Liquidation)

Interim Report for the Period Ended June 30, 2026

Board of Directors Report on the State of the Corporation's Affairs For the Period Ended June 30, 2026

Interim Financial Statements as of June 30, 2026

Management Declarations for the Period Ended June 30, 2026

Board of Directors Report
on the State of the Corporation's Affairs
For the Period Ended June 30, 2026

Board of Directors Report on the State of the Corporation's Affairs for the Period Ended June 30, 2026

B Communications Ltd. (In Voluntary Liquidation) (the "**Company**") is a "Small Corporation," as such term is defined in the Securities Regulations (Periodic and Immediate Reports), 1970 (the "**Reporting Regulations**"), and the Company's Board of Directors has adopted and applied to the Company all of the relevant relief in this regard, as shall be relevant to the Company from time to time, including: (a) elimination of the obligation to publish a report on internal control and the auditor's report on the Company's internal control; (b) raising the materiality threshold in connection with the inclusion of valuations to 20%; (c) raising the inclusion threshold for the statements of material associated companies in the interim statements to 40%; (d) reporting on a semi-annual reporting basis; and (e) exemption from publishing a Solo report.

The Board of Directors of the Company is pleased to submit the Board of Directors' report on the state of the Company's affairs, for the six-month period ended June 30, 2026 (the "**Report Date**"), in accordance with the Reporting Regulations.

The Board of Directors' report includes a review, in an abbreviated format, of the matters it addresses, and has been prepared on the basis that the reader of the report also has access to the Company's periodic report as of December 31, 2025, including the Board of Directors' report (the "**Company's 2025 Periodic Report**"), as published on March 16, 2026 (Reference No.: 2026-01-023179), which is included in this report by reference.

1. Brief Description of the Company and Its Business Environment

The Company was incorporated in Israel in 1999 under the name Gold-E Ltd., and on March 16, 2010 changed its name to its current name. From its incorporation until October 2007, the Company was wholly owned by Internet Gold Ltd. In October 2007, the Company's shares were first issued on the NASDAQ Stock Exchange, and in November 2007 the Company's shares were listed for trading on the Tel Aviv Stock Exchange under a dual-listing arrangement.
As of April 14, 2010, the Company operated in the telecommunications field, through its holdings of Bezeq shares.
On December 2, 2019, a transaction was completed with Searchlight II BZQ L.P. and a corporation controlled by the Forer family (T.N.R. Investments Ltd.), pursuant to which control of the Company and of Bezeq was transferred to these entities, following the liquidation process of Eurocom Communications Ltd., in the course of which the holdings of its subsidiary, Internet Gold, in the Company were sold.
On September 9, 2020, the Company announced the voluntary delisting of its shares from trading on the NASDAQ Stock Exchange, and from that date the Company's securities were traded solely on the Tel Aviv Stock Exchange Ltd. (the "**Stock Exchange**").
On November 23, 2025, upon completion of the sale of all Bezeq shares owned by the Company, the Company became a company with no operations and meets the definition of a "shell company" as defined in Part Four of the Stock Exchange Guidelines.
On December 17, 2025, the Company's shareholders' meeting approved the Company's voluntary liquidation process, as well as the appointment of the Company's CEO as trustee for the implementation of the liquidation proceedings, and accordingly, as of December 28, 2025, its shares were delisted from trading on the Stock Exchange, and from that date the Company has had no securities listed for trading on the Stock Exchange.

2. Board of Directors' Explanations of the State of the Corporation's Business, Results of Operations, Equity, Cash Flows and Additional Matters

2.1. Financial Position

Item	06.30.2026	06.30.2025	Increase/Decrease		Explanation
	NIS million		NIS million	%	
Cash and current investments	**55**	2,695	(2,640)	(98)	The decrease resulted from the distribution of a dividend to the Company's shareholders, as well as from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Current and non-current customers and receivables	**1**	1,977	(1,976)	(99.9)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Inventory	**-**	112	(112)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Right-of-use assets	**-**	1,761	(1,761)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Fixed assets (property and equipment)	**-**	7,349	(7,349)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Intangible assets	**-**	3,320	(3,320)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Deferred expenses and non-current investments	**-**	459	(459)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Total assets	**56**	17,673	(17,617)	(99.7)	

2.1 Financial Position (Cont.)

Item	06.30.2026	06.30.2025	Increase/Decrease		Explanation
	NIS million		NIS million	%	
Debt to financial institutions and bondholders	**-**	8,572	(8,572)	(100)	The decrease resulted from the early repayment of the Company's debt, as well as from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Lease liabilities	**-**	1,948	(1,948)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Trade payables and other payables	**1**	1,830	(1,829)	(99.9)	The decrease resulted mainly from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Employee benefits	**-**	647	(647)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Provisions	**11**	114	(103)	(90.3)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Deferred tax liabilities	**-**	318	(318)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Other liabilities	**-**	284	(284)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Total liabilities	**12**	13,713	(13,701)	(99.9)	
Non-controlling interests	**-**	3,380	(3,380)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.

Item	06.30.2026	06.30.2025	Increase/Decrease		Explanation
	NIS million		NIS million	%	
Equity attributable to owners of the Company	**44**	580	(536)	(92.4)	The decrease resulted from the distribution of a dividend to the Company's shareholders, as well as from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Total equity	**44**	3,960	(3,916)	(98.9)	Equity as of June 30, 2026 constitutes approximately 78.6% of the total balance sheet, compared with approximately 22.4% of the total balance sheet as of June 30, 2025.
Total liabilities and equity	**56**	17,673	(17,617)	(99.7)	

2.2. Results of Operations

	1-6/2026	1-6/2025	Increase (Decrease)		Explanation
	NIS million		NIS million	%	
Revenues	**-**	4,371	(4,371)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Operating and general expenses	**3**	1,511	(1,508)	(99.8)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Salary expenses	**1**	949	(948)	(99.9)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Depreciation, amortization, impairment and reversal of impairment loss	**-**	839	(839)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Other operating expenses (income), net	**-**	5	(5)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Operating profit (loss)	**(4)**	1,067	(1,071)	-	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Financing expenses (income), net	**(3)**	240	(243)	-	The decrease resulted from the early repayment of the Company's debt during 2025, as well as from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Share in loss of an investee company	**-**	4	(4)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Income taxes	**-**	167	(167)	(100)	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Profit (loss) for the period	**(1)**	656	(657)	-	The decrease resulted from the early repayment of the Company's debt, as well as from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.

2.3. Cash Flow

	1-6/2026	1-6/2025	Increase (Decrease)		Explanation
	NIS million		NIS million	%	
Net cash flow generated from (used in) operating activities	**(6)**	1,555	(1,561)	-	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Net cash flow generated from (used in) investing activities	**3**	(582)	585	-	The decrease resulted from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Net cash flow used in financing activities	**(2,786)**	(1,056)	(1,730)	(163.8)	The increase resulted mainly from the distribution of a dividend to the Company's shareholders in the first half of 2026, as well as from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.
Net decrease in cash and cash equivalents	**(2,789)**	(83)	(2,706)	(3,260)	The increase resulted mainly from the distribution of a dividend to the Company's shareholders in the first half of 2026, as well as from the sale of the Company's holdings in Bezeq and the discontinuation of the consolidation of its financial statements in the Company's statements.

2.4. Contributions

As of this date, the Company has no contributions policy.

2.5. Directors with Accounting and Financial Expertise and Independent Directors

As of the Report Date, all seven directors serving on the Company's Board have accounting and financial expertise; for details regarding the directors with accounting and financial expertise serving on the Company as of the Report Date, see Regulation 26 of the report of additional details about the Company (Part D of the Company's 2025 Periodic Report), as well as Sections 2 and 9 of the corporate governance questionnaire, as attached to the Company's 2025 Periodic Report.

2.6. Disclosure Regarding the Company's Internal Auditor

As of the date of this report, there has been no change in the details of the Company's Internal Auditor, as presented in Part B (Board of Directors Report) of the Company's 2025 Periodic Report.

2.7. Material Events During the Financial Statements Period

Further to the Company's immediate report dated November 25, 2025 (Reference No.: 2025-01-091634) (the "**Immediate Report**") and to Section 6.2.3 of Chapter A of the Company's 2025 Periodic Report (included in this report by reference), regarding the filing of a request for approval of a settlement arrangement with the Tel Aviv District Court in a class action concerning asset balances in the books of Bezeq International (Section 1 of the Immediate Report), on March 25, 2026 the court rendered a judgment approving the settlement arrangement in accordance with that detailed in the Immediate Report (it should be noted that the judgment includes a certain reduction of the remuneration and legal fees of the plaintiffs and their counsel, which are included in the Settlement Amount; however, there is no change to the total Settlement Amount approved by the court, as noted, and as stated in the Immediate Report).

Regarding contingent liabilities and material events during the financial statements period, see Notes 4 and 6 to the Condensed Consolidated Interim Financial Statements.

Daren Glatt Chairman of the Board	Tomer Ravad CEO

Date of Signature: July 22, 2026

Condensed Consolidated Interim Financial Statements
As of June 30, 2026
(Unaudited)

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Somekh Chaikin
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03-6848000

Review Report of the Independent Auditors to the Shareholders of B Communications Ltd. (In Voluntary Liquidation)

Introduction

We have reviewed the accompanying financial information of B Communications Ltd. (In Voluntary Liquidation) (hereinafter: the "Company"), which comprises the condensed interim statement of financial position as of June 30, 2026, and the condensed interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended. The Board of Directors and Management are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting," and are also responsible for the preparation of this interim financial information pursuant to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of 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 Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

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

Emphasis of Matter

Without qualifying our conclusion above, we draw attention to that stated in Note 1 to the aforesaid financial information, regarding the approval by the Company's general meeting of shareholders of the Company's entry into voluntary liquidation, and the appointment of the Company's CEO as trustee for the implementation of the liquidation proceedings.

Somekh Chaikin
Certified Public Accountants (Isr.)

July 22, 2026

Condensed Consolidated Interim Financial Statements as of June 30, 2026 (Unaudited)

Condensed Consolidated Interim Statements of Financial Position as of

		June 30, 2026	June 30, 2025	December 31, 2025
		(Unaudited)	(Unaudited)	(Audited)
Assets	**Note**	**NIS million**	**NIS million**	**NIS million**
Cash and cash equivalents		**55**	841	2,844
Investments*		**-**	1,854	-
Trade receivables		**-**	1,393	-
Other receivables		**1**	187	1
Inventory		**-**	112	-
Total current assets		**56**	4,387	2,845
Trade and other receivables		**-**	397	-
Right-of-use assets		**-**	1,761	-
Property and equipment		**-**	7,349	-
Intangible assets		**-**	3,320	-
Deferred expenses and non-current investments		**-**	459	-
Total non-current assets		**-**	13,286	-
Total assets		**56**	17,673	2,845

* Including restricted deposits.

Condensed Consolidated Interim Statements of Financial Position as of (Cont.)

		June 30, 2026	June 30, 2025	December 31, 2025
		(Unaudited)	(Unaudited)	(Audited)
Liabilities and Equity	**Note**	**NIS million**	**NIS million**	**NIS million**
Debentures, loans and credit		**-**	1,681	-
Current maturities of lease liabilities		**-**	426	-
Trade payables and other payables		**1**	1,830	2
Employee benefits		**-**	333	-
Provisions	4	**11**	82	12
Total current liabilities		**12**	4,352	14
Loans and debentures		**-**	6,891	-
Lease liabilities		**-**	1,522	-
Employee benefits		**-**	314	-
Derivatives and other liabilities		**-**	284	-
Deferred tax liabilities		**-**	318	-
Provisions		**-**	32	-
Total non-current liabilities		**-**	9,361	-
Total liabilities		**12**	13,713	14
Equity	5			
Attributable to owners of the Company		**44**	580	2,831
Non-controlling interests		**-**	3,380	-
Total equity		**44**	3,960	2,831
Total liabilities and equity		**56**	17,673	2,845

Daren Glatt	**Tomer Ravad**	**Itzik Tadmor**
Chairman of the Board	CEO	CFO

Date of approval of the financial statements: July 22, 2026

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

Condensed Consolidated Interim Financial Statements as of June 30, 2026 (Unaudited)

Condensed Consolidated Interim Statements of Profit or Loss

	Six months ended June 30		Year ended December 31
	2026	**2025**	**2025**
	(Unaudited)	**(Unaudited)**	**(Audited)**
	NIS million	**NIS million**	**NIS million**
Revenues	**-**	4,371	8,702
Operating expenses			
Operating and general expenses	**3**	1,511	2,873
Salary expenses	**1**	949	1,863
Depreciation, amortization, impairment and reversal of impairment loss	**-**	839	1,687
Other operating expenses, net	**-**	5	291
Gain from sale of shares of a subsidiary	**-**	-	(1,554)
Total operating expenses	**4**	3,304	5,160
Operating profit (loss)	**(4)**	1,067	3,542
Financing expenses (income)			
Financing expenses	**-**	349	552
Financing income	**(3)**	(109)	(254)
Financing expenses (income), net	**(3)**	240	298
Profit (loss) after financing expenses, net	**(1)**	827	3,244
Share in loss of an investee company, net	**-**	4	19
Profit (loss) before income taxes	**(1)**	823	3,225
Income taxes	**-**	167	277
Net profit (loss) for the period	**(1)**	656	2,948
Net profit (loss) for the period attributable to:			
Owners of the Company	**(1)**	102	1,827
Non-controlling interests	**-**	554	1,121
Net profit (loss) for the period	**(1)**	656	2,948
Profit (loss) per share (in NIS)			
Basic profit (loss) per share	**(0.01)**	0.98	17.50
Diluted profit (loss) per share	**(0.01)**	0.97	17.50

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

Condensed Consolidated Interim Financial Statements as of June 30, 2026 (Unaudited)

Condensed Consolidated Interim Statements of Comprehensive Income

		Six months ended June 30	Year ended December 31
	2026	**2025**	**2025**
	(Unaudited)	**(Unaudited)**	**(Audited)**
	NIS million	**NIS million**	**NIS million**
Net profit (loss) for the period	**(1)**	656	2,948
Remeasurement of defined benefit plan, net of tax - not to be reclassified to profit or loss	**-**	(1)	(4)
Additional other comprehensive loss items, net of tax - to be reclassified to profit or loss	**-**	(7)	(9)
Total comprehensive profit (loss) for the period	**(1)**	648	2,935
Comprehensive profit (loss) for the period attributable to:			
Owners of the Company	**(1)**	100	1,825
Non-controlling interests	**-**	548	1,110
Total comprehensive profit (loss) for the period	**(1)**	648	2,935

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

Condensed Consolidated Interim Statements of Changes in Equity

	Share capital	Share premium	Treasury shares	Other reserves	Accumulated deficit	Equity attributable to owners of the Company	Non-controlling interests	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the six-month period ended June 30, 2026 (Unaudited)								
Balance as of January 1, 2026	12	1,496	(183)	-	1,506	2,831	-	2,831
Loss for the period	-	-	-	-	**(1)**	**(1)**	-	**(1)**
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(1)**	**(1)**	**-**	**(1)**
Transactions recognized directly in equity								
Dividend distribution to the Company's shareholders	-	-	-	-	**(2,786)**	**(2,786)**	-	**(2,786)**
Balance as of June 30, 2026	**12**	**1,496**	**(183)**	**-**	**(1,281)**	**44**	**-**	**44**

	Share capital	Share premium	Treasury shares	Other reserves	Accumulated deficit	Equity attributable to owners of the Company	Non-controlling interests	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the six-month period ended June 30, 2025 (Unaudited)								
Balance as of January 1, 2025	12	1,495	(180)	(34)	(1,280)	13	2,696	2,709
Net profit for the period	-	-	-	-	102	102	554	656
Other comprehensive loss for the period, net of tax	-	-	-	(2)	-	(2)	(6)	(8)
Total comprehensive profit (loss) for the period	-	-	-	(2)	102	100	548	648
Transactions recognized directly in equity								
Share-based payment	-	-	-	-	-	-	11	11
Transactions with non-controlling interests	-	-	-	6	461	467	432	899
Dividend distributed to non-controlling interests	-	-	-	-	-	-	(307)	(307)
Exercise of share options	*	*	-	*	-	-	-	-
Balance as of June 30, 2025	12	1,495	(180)	(30)	(717)	580	3,380	3,960

* Amount less than NIS 1 million.

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

	Share capital	Share premium	Treasury shares	Other reserves	Accumulated deficit	Equity attributable to owners of the Company	Non-controlling interests	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the year ended December 31, 2025 (Audited)								
Balance as of January 1, 2025	12	1,495	(180)	(34)	(1,280)	13	2,696	2,709
Profit for 2025	-	-	-	-	1,827	1,827	1,121	2,948
Other comprehensive loss for the year, net of tax	-	-	-	(2)	-	(2)	(11)	(13)
Total comprehensive profit (loss) for 2025	-	-	-	(2)	1,827	1,825	1,110	2,935
Transactions recognized directly in equity								
Share-based payment	-	-	-	-	-	-	22	22
Dividend distributed to non-controlling interests	-	-	-	-	-	-	(797)	(797)
Transactions with non-controlling interests	-	-	-	14	959	973	880	1,853
Sale of shares of a subsidiary	-	-	-	23	-	23	(3,911)	(3,888)
Buyback of shares	-	-	(3)	-	-	(3)	-	(3)
Exercise of options	*	1	-	(1)	-	-	-	-
Balance as of December 31, 2025	12	1,496	(183)	-	1,506	2,831	-	2,831

* Amount less than NIS 1 million.

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

Condensed Consolidated Interim Statements of Cash Flows

		Six months ended June 30	Year ended December 31
	2026	**2025**	**2025**
	(Unaudited)	**(Unaudited)**	**(Audited)**
	NIS million	**NIS million**	**NIS million**
Cash flows from operating activities			
Net profit (loss) for the period	**(1)**	656	2,948
Adjustments:			
Depreciation, amortization, and reversal of impairment loss	**-**	839	1,687
Gain from sale of shares of the subsidiary	**-**	-	(1,554)
Capital gain, net	**-**	(7)	(7)
Share in loss of an investee company	**-**	4	19
Financing expenses (income), net	**(3)**	258	332
Impairment loss of a disposal group held for sale	**-**	2	2
Reversal of excess cost	**-**	-	(36)
Share-based payment	**-**	11	22
Income tax expenses	**-**	167	277
Change in trade and other receivables	**-**	(29)	(38)
Change in inventory	**-**	42	54
Change in trade and other payables	**(1)**	20	129
Change in provisions	**(1)**	(1)	34
Change in employee benefits	**-**	(51)	112
Change in broadcasting rights (including reversal of impairment loss)	**-**	(91)	(283)
Other	**-**	(3)	(16)
Income tax paid, net	**-**	(262)	(440)
Net cash generated from (used in) operating activities	**(6)**	1,555	3,242
Cash flows from investing activities			
Purchase of property and equipment	**-**	(660)	(1,265)
Investment in intangible assets and deferred expenses	**-**	(190)	(413)
Movement in investments, net	**-**	150	(161)
Net proceeds from sale of shares of the subsidiary	**-**	-	2,704
Proceeds from sale of property and equipment	**-**	35	40
Reclassification to restricted cash and cash equivalents	**-**	18	18
Investment in an investee company	**-**	(11)	(31)
Proceeds from sale of a subsidiary, net of cash disposed of	**-**	28	28
Interest received from bank deposits	**3**	45	111
Other	**-**	3	(14)
Net cash generated from (used in) investing activities	**3**	(582)	1,017

Condensed Consolidated Interim Statements of Cash Flows (Cont.)

	Six months ended June 30		Year ended December 31
	2026	**2025**	**2025**
	(Unaudited)	**(Unaudited)**	**(Audited)**
	NIS million	**NIS million**	**NIS million**
Cash flows from financing activities			
Issuance of debentures and receipt of loans	**-**	-	1,216
Repayment of debentures and loans	**-**	(1,216)	(3,169)
Transactions with non-controlling interests	**-**	903	1,853
Principal and interest payments in respect of leases	**-**	(257)	(491)
Buyback of the Company's shares	**-**	-	(3)
Interest paid	**-**	(179)	(311)
Dividend distributed to non-controlling interests	**-**	(307)	(797)
Dividend distribution to the Company's shareholders	**(2,786)**	-	-
Proceeds from hedging transactions that were settled	**-**	-	6
Net cash used in financing activities	**(2,786)**	(1,056)	(1,696)
Net increase (decrease) in cash and cash equivalents	**(2,789)**	(83)	2,563
Cash and cash equivalents at beginning of period	**2,844**	896	896
Change in cash balance of a subsidiary sold	**-**	28	28
Cash of a subsidiary sold	**-**	-	(643)
Cash and cash equivalents at end of period	**55**	841	2,844

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

1. **General**

The Reporting Entity

B Communications Ltd. (In Voluntary Liquidation) (hereinafter – the "Company") is a company incorporated in Israel, whose address is 144 Menachem Begin Road, Tel Aviv.

The Company's shares were traded on the Tel Aviv Stock Exchange until December 28, 2025.

The Company was the controlling shareholder of Bezeq, the largest and leading telecommunications group in Israel, until November 18, 2025. On that date, the Company sold its remaining holdings in Bezeq as of that date and ceased to control Bezeq from that date.

On December 17, 2025, the Company's general meeting of shareholders approved the Company's entry into voluntary liquidation, as well as the appointment of the Company's CEO as trustee for the implementation of the liquidation proceedings.

2. **Basis of Preparation of the Financial Statements**

As stated in Note 1 above, the Company has begun to take steps towards the Company's voluntary liquidation. Therefore, the condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34, dealing with interim financial reporting, and in accordance with the provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. The Company was not required to make adjustments in its statements with respect to the measurement or classification of assets and liabilities.

The condensed consolidated interim financial statements do not include all the information required in complete annual financial statements, and should be read in conjunction with the Company's and its consolidated companies' annual financial statements as of December 31, 2025 and for the year then ended, and the notes accompanying them (hereinafter – the "Annual Financial Statements"). The Company 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 through the date of these interim financial statements.

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on July 22, 2026.

Use of Estimates and Judgment

In preparing the condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS), Management is required to exercise judgment and to make use of estimates, assessments and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Management's judgment, in applying the Company's accounting policies, and the principal assumptions used in estimates involving uncertainty, are consistent with those used in the preparation of the Annual Financial Statements.

3. **Reporting Principles and Accounting Policies**

The Company's accounting policies in these condensed consolidated interim financial statements are the same policies applied in the Annual Financial Statements.

4. Contingent Liabilities

4.1 In June 2018, a request for disclosure and inspection of documents was filed pursuant to Section 198A of the Companies Law, requesting that the court order Bezeq, Yes, and the former controlling shareholder of the Company and of Bezeq, Mr. Shaul Elovitch, and his son, Mr. Or Elovitch (hereinafter, together, "the Elovitches"), to allow the applicant, as a shareholder of Bezeq, to inspect various documents for the purpose of examining the filing of a request for approval of a derivative claim on behalf of Bezeq. According to the applicant's claim, the Company and the Elovitches breached their duties of good faith and fiduciary duty toward Bezeq, in that the sale of 115 million Bezeq shares on February 2, 2016 by the Company was carried out using inside information of Bezeq by the Company and the Elovitches, and at a value significantly higher than the true value of the shares.

On September 19, 2023, a judgment was rendered dismissing (striking out) the request on the ground that it had been filed more than five years earlier and had not been heard due to delays in the proceedings in the case. The judgment further stated that the striking out does not cause the causes of action underlying it to become time-barred, and that no claim would be heard in this regard with respect to the period from the date of the judgment until a new claim is filed, if filed.

In April 2024, the applicant in the aforesaid proceeding filed a request for approval of a derivative claim on behalf of Bezeq and/or a "double derivative" claim on behalf of Yes against Mr. Shaul Elovitch and the Company. The claims included in the request for approval of a derivative claim are similar to the claims included in the aforesaid request for disclosure of documents.

On November 23, 2025, the Company, together with Mr. Shaul Elovitch (the Company's former controlling shareholder), filed a request with the court for approval of a mediation settlement signed between them and the applicant, with the aim of concluding the proceedings on the request for approval of a derivative claim.

Without admitting any of the claims in the request for approval of a derivative claim, and for settlement purposes and in order to achieve full exhaustion, waiver, dismissal and conclusion of the proceedings on the request for approval of a derivative claim and the disclosure request, it was agreed between the parties that, subject to approval of the mediation settlement in a final judgment, the Company would pay a total, final and absolute amount of NIS 11 million. The mediation settlement has not yet been approved by the Tel Aviv District Court.

4.2 In January 2021, a consolidated request was filed (filed in place of two similar requests on the same matter that were struck out) against Bezeq, the Company, and 90 additional respondents, including former and current office holders of Bezeq, the Company and Bezeq International ("the Respondents"). The subject of the request, as claimed therein, concerns damages caused to the applicants and members of the represented groups as a result of alleged acts and omissions of the Respondents, who breached provisions of the law, inter alia in that Bezeq and the Company included misleading particulars in their reports, and in that the Respondents refrained from disclosing to the investing public material information that they were allegedly required to disclose in accordance with the law, in connection with the report by Bezeq and the Company dated November 9, 2020, according to which discrepancies in amounts of hundreds of millions of NIS existed in the books of Bezeq International.

On November 24, 2025, the parties filed a request with the court for approval of a settlement arrangement in respect of the request for approval of a class action against them, according to which, for settlement purposes only and without constituting any admission by the Respondents, and in exchange for full exhaustion of all claims relating to the matters of the approval request, and subject to the court's approval of the settlement arrangement and its becoming final, a total and final amount of NIS 75 million would be paid (the "Settlement Amount"). The Company's share of the Settlement Amount is NIS 1.4 million.

The settlement arrangement was approved by the court on March 25, 2026, and the Company's share of the Settlement Amount was paid by the Company during June 2026.

5. Shareholders equity

	As of June 30, 2026	As of June 30, 2025	As of December 31, 2025
	Number of shares	Number of shares	Number of shares
	(Unaudited)	(Unaudited)	(Audited)
Registered share capital	**300,000,000**	300,000,000	300,000,000
Issued and paid-up share capital	**117,410,128**	116,568,402	117,410,128
Treasury shares	**(12,298,530)**	(12,173,530)	(12,298,530)
Issued and paid-up capital, net	**105,111,598**	104,394,872	105,111,598

As of the date of approval of the financial statements, Searchlight and the Forer family hold approximately 66.95% and approximately 12.60%, respectively, of the Company's net issued and paid-up share capital.

6. Material Events During the Reporting Period

On January 8, 2026, prior to the completion of the liquidation process, and after the Company's CEO, as trustee for the implementation of the liquidation proceedings, determined that doing so would not impair the proper conduct of the voluntary liquidation process, an interim cash distribution in the total amount of NIS 2,786 million (NIS 26.5 per share) was made.

Officers' Certification

<u>Certification of the General Manager pursuant to Regulation 38C(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "Reporting Regulations")</u>

I, Tomer Ravad, hereby certify that:

1. I have reviewed the periodic report of B Communications Ltd. (the "**Corporation**") for the first half of 2026 (the "**Reports**");
2. To the best of my knowledge, the Reports do not contain any untrue statement of a material fact, nor do they omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Reports;
3. To the best of my knowledge, the financial statements and other financial information included in the Reports fairly present, in all material respects, the financial condition, results of operations and cash flows of the Corporation as of the dates and for the periods to which the Reports relate;
4. I have disclosed to the Corporation's auditor, to the Board of Directors and to the Audit Committee of the Corporation's Board of Directors, any fraud, whether material or immaterial, involving the general manager or those directly subordinate to him, or involving other employees who have a significant role in financial reporting, disclosure, and the controls thereof.

Nothing stated above derogates from my responsibility or from the responsibility of any other person, under any law.

July 22, 2026	
Date	Tomer Ravad, CEO

Certification of the Most Senior Officer in the Finance Function pursuant to Regulation 38C(d)(2) of the Reporting Regulations

I, Itzik Tadmor, hereby certify that:

1. I have reviewed the financial statements and other financial information included in the reports of B Communications Ltd. (the "**Corporation**") for the first half of 2026 (the "**Reports**");
2. To the best of my knowledge, the financial statements and other financial information included in the Reports do not contain any untrue statement of a material fact, nor do they omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Reports;
3. To the best of my knowledge, the financial statements and other financial information included in the Reports fairly present, in all material respects, the financial condition, results of operations and cash flows of the Corporation as of the dates and for the periods to which the Reports relate;
4. I have disclosed to the Corporation's auditor, to the Board of Directors and to the Audit Committee of the Corporation's Board of Directors, any fraud, whether material or immaterial, involving the general manager or those directly subordinate to him, or involving other employees who have a significant role in financial reporting, disclosure, and the controls thereof.

Nothing stated above derogates from my responsibility or from the responsibility of any other person, under any law.

July 22, 2026	
Date	Itzik Tadmor,
	CFO