



## **Supplementary Immediate Report - Ruling at hearing concerning separation of broadband service infrastructure and Internet access service (ISP)**

June 21, 2021

Further to the Company's Immediate Report dated February 25, 2021 concerning the separation of broadband service infrastructure and Internet access service (ISP) and the description of the matter in section 1.7.2.2 of the chapter containing a description of the Company's business operations in the Company's 2020 periodic report, a supplementary immediate report is hereby provided that on June 20, 2021 the Company received the ruling of the Minister of Communications in the hearing, whereby the separation would be cancelled for private customers between broadband service infrastructure and Internet access service (ISP), the main points of which are according to the following outline:

- By August 20, 2021 the companies with infrastructure that are obliged to supply wholesale access service (the Company and HOT Telecom) will present an agreement that will regulate the key performance indicators (KPI) and the agreed damages arrangements with a party requesting access for its ISP license holder for at least 10,000 active customers in the wholesale market as of the date of publication of the ruling.
- By September 20, 2021 the Ministry will make known one of three possibilities: (1) approval of the agreement submitted; (2) approval of the agreement submitted subject to changes that the Ministry will publish; (3) if an agreement has not been submitted, the terms of a binding agreement. The agreement will become part of the "Shelf Offering" of the infrastructure owner and will apply to all applicants for access. If the infrastructure owner will have more than one agreement, each access applicant will be offered the possibility to be included in one of the agreements without discrimination.
- From September 20, 2021 until December 20, 2021 an "adjustment period" will apply during which infrastructure companies and access applicants will submit to the Ministry each month the main KPIs. The Ministry can extend the adjustment period by an additional 3 months. At the end of the adjustment period, a "preparation period" of 3 months will apply in which the liquidated damages mechanism will also be activated.
- At the end of the preparation period, namely on March 20, 2022 (unless any of the periods are extended), the prohibition on infrastructure suppliers to offer access service to private customers will be cancelled ("the Determining Date"). Only customers receiving service on the Determining Date in a split / half configuration who request to continue Internet services for this purpose will be permitted to do so.

Up until the beginning of the preparation period the licenses of the infrastructure owners will be modified and it will be stipulated that they are authorized to provide "Internet" service as an integral service to private customers from the Determining Date. The modifications to the license will be subject to a hearing and the hearing will be limited to arguments in this matter alone. Similarly, by the start of the preparation period the Ministry will determine provisions that will apply to service providers that will allow them to provide ISP service in order to reflect the provision of Internet service that includes elements of broadband infrastructure to private consumers.

Below is a link to the publication of the Ministry of Communications in Hebrew concerning the ruling, as published on the Ministry's website:

<https://www.gov.il/he/departments/news/20062021>

The Company estimates that achievement of the process whereby the Company will be able to offer integrated, end to end Internet service is expected to have a positive effect on its business. In respect of the subsidiary Bezeq International Ltd., the process is likely to have an adverse effect on its results. The total impact on the Group in the coming years is expected to be positive.

Yours sincerely,

"Bezeq" The Israel Telecommunication Corp Limited

*The above information constitutes a translation of the Immediate Report published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law, and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only.*