



Immediate Report - Extension of validity of tax ruling

December 27, 2021

Further to the Company's Immediate Report dated September 18, 2016, regarding a tax ruling in an agreement including the Israel Tax Authority's preliminary approval for tax purposes for the merger of the subsidiary DBS Satellite Services (1998) Ltd. (hereinafter - "D.B.S.") with and into the Company, in accordance with the provisions of Section 103b of the Income Tax Ordinance, as well as the Company's updates in its reports regarding the extension of the approval that was valid until December 31, 2021 (hereinafter - the "Tax Ruling"), the following Immediate Report is hereby issued that on December 26, 2021, the Company received a letter from the Israel Tax Authority, which, at the Company's request, extends the validity of the Tax Ruling by one year, namely until December 31, 2022.

The Israel Tax Authority letter states that in view of the fact that no material developments have occurred with regard to cancellation of the structural separation between the Company and D.B.S from the date of issuing the tax ruling until the date of issue of this extension, and in view of the duration of time that has elapsed from the date of issuing the tax ruling, and after having examined all the Company's claims on this issue, the Israel Tax Authority will consider not extending the validity of the Tax Ruling beyond December 31, 2022, insofar as no material developments occur during 2022 with respect to the cancellation of the structural separation between the Company and D.B.S.

The Company's position is that it is entitled to an extension of the Israel Tax Authority's approval in accordance with the terms of the Tax Ruling, according to which, "The Tax Authority will extend the validity of this Tax Ruling by an additional year on an annual basis in writing, subject to the declaration of the companies that no material change has taken place in their business and in the terms of the Tax Ruling, subject to the interpretation given to the law, provided that the said interpretation is published in writing". Furthermore, even if the Tax Ruling is not extended, this does not prevent the Company from applying to the Israel Tax Authority, at any relevant time in the future, for a new Tax Ruling in place of the said Tax Ruling. Moreover, the Company wishes to point out that it continues to work with the various regulatory bodies to cancel the structural separation.

On this matter, see also Note 7.2.1 to the Company's annual consolidated financial statements for 2020.

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.