Immediate Report – Conduct of Negotiations to Reach a Class Action Settlement

May 24, 2022

Immediate Report – Conduct of Negotiations to Reach a Class Action Settlement

Further to the Company's immediate report dated July 12, 2020, as well as the description in Section 18.1.2(A) of the "Description of the Company's Business" chapter in the Company's periodic report for 2021, regarding a class action lawsuit for compensation for losses allegedly incurred by the Company's shareholders due to the Company's reporting failures, and certification of the lawsuit as a partial class action, the Company hereby issues the following immediate report, that ongoing negotiations are being held between the parties to the proceedings to end the proceedings by settlement, in which the Plaintiffs will be paid, by the insurance company of the Company officers and at no cost to the Company or the Defendant Company officers, an overall sum of NIS 75 million (including compensation and legal fees).

It should be noted that this is currently only in the negotiation stage and there are no guarantees that it will result in a binding agreement. Moreover, a settlement agreement on this matter, insofar as it is signed, will require approval of the court in which the proceedings are being conducted.

Notwithstanding, in light of the provisions of the accounting standards, a provision was recorded in the Company's financial statements for Q1 2022 in the amount of the settlement sum, while on the other hand, in view of the existence of full insurance coverage, in the same financial statements an indemnification asset was recognized in the amount of the settlement sum, so that the said recording has no impact on the Company's results.

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.