



Bezeq - The Israel Telecommunication Corp. Ltd. ("the Company")

March 25, 2021

The Israeli Securities Authority

The Tel Aviv Stock Exchange

Immediate Report - Examination of a plan for restructuring in the subsidiary companies Bezeq International Ltd. and yes

An immediate report is hereby being provided that on March 24, 2021, the Company's Board of Directors adopted resolutions made by the Boards of Bezeq International Ltd. ("**BBL**"), Pelephone Communication Ltd. ("**Pelephone**") and DBS Satellite Services (1998) Ltd. ("**yes**") (jointly: "**the Subsidiary Companies**") to thoroughly examine the prospect for improving synergies and operational efficiencies in the subsidiary companies, based on the key principles of the outline, which will include a full and statutory merger of Bezeq International into yes (subject to the required regulatory approvals). The plan will be carried out following a spin-off of Bezeq International's ICT business operations into a new and separate corporation within the Group, while examining the increase in synergies between the subsidiary companies by having Pelephone provide certain head office services to the subsidiaries. The findings of the examination and the operational plan to transform the structure of the subsidiaries will be presented to the Board of Directors for discussion and approval (if required) ("**the Restructuring Outline**").

The aforementioned resolution emerged against the background of the growing uniformity of service in the sector, growing competition in the subsidiary companies' operating segments, business and regulatory changes occurring and which are expected to occur in BBL and yes and their operations, and the need to examine the possible enhancement of synergies and operational efficiencies of the subsidiary companies in order to maximize and unlock value for the benefit of each of the subsidiary companies.

The restructuring outline will allow the Company, among other things, to optimize the match between the subsidiary companies' operations and the structure of the sector and to provide a uniform response to customer sales and service needs, thereby contributing to growth. Group synergies involving the Company is not possible at present given the structural separation set in the Company's license, which has not yet been cancelled by the Ministry of Communications.

The endeavor, if completed, will contribute to the subsidiary companies' financial results, through an improvement in sales capability and in retention of subscribers to the companies' services as well as a result of streamlining and reduction of costs estimated at tens of millions of shekels per year. In addition, the spin-off of the ICT business division may also unlock further value for the Company.

The information in this report includes forward-looking information, as defined in the Securities Law, 5728-1968, which is based on evaluations, assumptions, and expectations of the Company, including with respect to market conditions, consumer appetite, and realization of the said restructuring outline, which may materialize or not, or in a different manner than expected, according to developments in the telecommunications market, in competition, regulatory approvals and other aspects.

Sincerely,

Bezeq the Israeli Telecommunication Corp. Ltd.

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.