



Immediate Report

Telephony service - clarifications regarding BSA + Telephony Service Portfolio

Tel Aviv, Israel – May 31, 2020– Bezeq The Israel Telecommunication Corp., Ltd. (TASE: BEZQ), announces that further to the Company's reports on the subject and the description of the wholesale telephony service in section 2.16.4.4 of the Chapter on the Description of the Company's Business in the Company's 2019 Periodic Report, an Immediate Report is hereby provided.

On May 27, 2020 the Company received a letter from the Ministry of Communications ("the Ministry") on the above-referenced subject including a ruling on the dispute between the Company and the service providers "Partner" and "Cellcom" concerning interpretation of the service portfolio regarding the provision of value added services.

In accordance with the ruling of the Ministry, which accepted the Company's position in the matter, the telephony service that the Company offers the service providers is a service that allows the service provider incoming and outgoing calls, and will allow the provision of all value added services for the basic telephony services that the infrastructure owner offers to its customers when the value added services under the service portfolio will be provided by the service provider's switch and the Company will not be obligated to offer the value added services through the switch it operates (except in the case where there is no possibility to provide them using the service provider's switch).

In accordance with the Ministry's notice, at the end of implementation of all the actions required for the supply of the telephony service, the Company is required to update the Ministry concerning the date at which it will be ready to provide the service as required in the service portfolio. As the Company noted in its Periodic Report (section 2.16.4.4 referred to above), from the beginning of 2019 the Company has been ready to supply wholesale telephony in accordance with the Ministry's ruling in its notice, and it intends to act in accordance with the Ministry's notice.

It should be noted that in the Ministry's letter it was pointed out that the Ministry's ruling is not an expression of a position in respect of the Company's compliance with the rules of the service portfolio for the telephony service, nor will it prevent the Ministry from taking supervisory and enforcement proceedings in this matter.

As the Company has noted in its reports, in its opinion implementation of wholesale telephony in general is likely to adversely affect its financial results, yet at the same time the Company still cannot estimate the scale of the impact that could result in a material effect, since the matter is dependent on various variables including the scale of demand for the service, price levels of alternative products that exist in the market today (such as VOB service) and more.

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.