



May 24, 2022

To
Tel Aviv Stock Exchange Ltd.
www.tase.co.il

To
ISA
www.isa.gov.il

Dear Sir / Madame,

Re: B. Communications Ltd. ("the Company") - Convening of a Special General Meeting of the Company's Shareholders

In accordance with the Companies Law, 5769-1999 ("**Companies Law**"), Securities Law, 5748-1968 ("**Securities Law**"), Securities Regulations (Periodic and Immediate Reports), 5730-1970 ("**Securities Regulations**"), Securities Regulations (Private Offering of Securities in a Listed Company), 5760-2000 ("**Private Offering Regulations**"), Companies Regulations (Publication of a Notice of a General Meeting and Class Meeting in a Public Company, 5760-2000 ("**Notice and Publication Regulations**"), Companies Regulations (Proof of Ownership of a Share for Voting at the General Meeting), 5760-2000 ("**Membership Regulations**"), and Companies Regulations (Ballot Voting and Position Paper, 576562005 ("**Ballot Voting and Position Papers Regulations**"), The Company is hereby honored to announce the convening of a Special General Meeting of the Company's shareholders ("**the Meeting**"), which will be held on Wednesday, June 29, 2022, at 11:00 in the company's offices at 144 Menachem Begin Street, Tel Aviv, on the agenda of which the topics listed below will be included ("**the Meeting Convening Date**").

The Company reserves the right to change the way the Meeting convenes, and convene through a video conference call or conference call in which all participants will be able to hear each other, all subject to immediate reporting and providing the required notifications.

1. Topics on the agenda and resolutions summary

1.1. Approval of the allocation of unregistered options to the Company's CEO, Mr. Tomer Raved, as part of the terms of his office and employment and in deviation from the Company's Remuneration Policy¹ ("the Remuneration Policy").

- A. Mr. Tomer Raved has been the CEO of the Company since January 2020, in accordance with the employment agreement between him and the Company.

¹ As approved on April 27, 2022 by the Company's shareholders' Meeting, as specified in the Immediate Report on the Results of the Meeting (Ref. No.: 2022-01-051748), which is included in this report by way of reference.

In accordance with his employment agreement, Mr. Raved is entitled to an annual salary (in terms of employer cost) of NIS 1.4 million, including social benefits and ancillary benefits as customary in the Company and in accordance with the Company's Remuneration Policy, and is also entitled to be included in the arrangement of liability insurance of directors and officers and indemnification as is customary in the Company, as is the case with all other officers in the Company.

In addition, Mr. Raved was granted 2,677,362 unregistered options, which can be exercised for a total of 2,677,362 ordinary shares of the Company of NIS 0.1 par value each ("**Ordinary shares**") which, as of the date of this report, constitute approximately 2.3% of the issued and paid-up share capital of the Company (without dilution) ("**the Previous Allotment**"). It should be noted that subject to the approval of the allotment of unregistered options to Mr. Raved in the context of convening this Meeting, Mr. Raved will sign an irrevocable undertaking that he waives the options allotted to him under the Previous Allotment.

For further details regarding the terms of office and employment of Mr. Raved, see Regulation 21 in Chapter D of the Company's Periodic Report for 2021 (Additional Details Report), published by the Company on March 24, 2022 (Ref. No.: 2022-01-029136) ("**the Company's Periodic Report for 2021**"), which is included in this report by way of reference.

- B. On March 24, 2020, the Company's Board of Directors approved a plan for the grant of unregistered options ("**the Plan**").

At their meetings of May 19, 2022 and May 24, 2022, the Remuneration Committee and the Company's Board of Directors approved, respectively, the granting of unregistered options to the Company's CEO, Mr. Tomer Raved, as part of a non-exceptional substantial private grant report of 3,250,000 unregistered options exercisable into up to 3,250,000 Ordinary Shares.

In light of the above and as part of the terms of employment of Mr. Raved, it is proposed to approve the allocation of unregistered options to Mr. Raved, the Company's CEO, following approval by the Company's Remuneration Committee and Board of Directors, contrary to the Company's Remuneration Policy, which does not include provisions regarding capital compensation for Company officers.

For details on the grant to the CEO under the Private Offering Regulations, see Section 2 below.

Proposed resolution wording:

"Approve the allocation of unregistered options to the Company's CEO, Mr. Tomer Raved, in the number and on the conditions set forth in Section 2 of the Meeting Convening Report and in violation of the Remuneration Policy".

1.2. Approval of the allotment of unregistered options to the Company's CFO, Mr. Itzik Tadmor, as part of the terms of his office and employment and in deviation from the Company's Remuneration Policy

- A. Mr. Itzik Tadmor has been the Company's CFO since January 2019, in accordance with the employment agreement between him and the Company.

In accordance with his employment agreement, Mr. Tadmor is entitled to a gross monthly salary of NIS 46,000, including social benefits and ancillary benefits as customary in the Company and in accordance with the Company's Remuneration Policy, and is also entitled to be included in the arrangement of liability insurance of directors and officers and indemnification as is customary in the Company, as is the case with all other officers in the Company.

For further details regarding the terms of Mr. Tadmor's term of office and employment, see Regulation 21 in Chapter D of the Company's Periodic Report for 2021.

- B. At their meetings of May 19, 2022 and May 24, 2022, the Remuneration Committee and the Company's Board of Directors approved, respectively, the granting of unregistered options to the Company's CFO, Mr. Itzik Tadmor, as part of a non-exceptional substantial private grant report of 100,000 unregistered options exercisable into up to 100,000 Ordinary Shares.

In light of the above and as part of the terms of employment of Mr. Tadmor, it is proposed to approve the allocation of unregistered options to Mr. Tadmor, the Company's CFO, following approval by the Company's Remuneration Committee and Board of Directors, contrary to the Company's Remuneration Policy, which does not include provisions regarding capital compensation for Company officers.

For details on the grant to the Company's CFO under the Private Offer Regulations, see Section 2 below.

Proposed resolution wording:

"Approve the allocation of unregistered options to the Company's CFO, Mr. Itzik Tadmor, in the number and on the conditions set forth in Section 2 of the Meeting Convening Report and in violation of the Remuneration Policy".

2. Additional details required in accordance with the Private Offer Regulations in respect of a material private bid and a non-material private bid

- 2.1. The following are the details required in accordance with the Private Offer Regulations in respect of an immaterial private offer to the Company's CFO:

- 2.1.1. The Remuneration Committee and the Company's Board of Directors, at their meetings of May 19, 2022 and May 24, 2022, respectively, approved an insignificant private grant to the Company's CFO, Mr. Itzik Tadmor ("**the CFO**"), of 100,000

unregistered options ("**the Options Allotted to the CFO**") exercisable into 100,000 Ordinary Shares ("**the CFO's Exercise Shares**"), in accordance with and by virtue of the plan and in deviation from the Remuneration Policy.

2.1.2. The terms of the offered securities, their quantity and the rate in percentage they will constitute of the voting rights and equity of the Company after the allotment and fully diluted

- A. After the allotment to the CFO, the CFO's Exercise Shares will be discounted at approximately 0.09% of the voting rights and issued and paid-up equity of Company², and approximately 0.08% of the voting rights and issued and paid-up equity of the Company will be discounted after the allotment and fully diluted³.
- B. Vesting period: For the allotted options, a graded vesting period over 3 years has been set, in such a way that 1/3 of the options will become vested at the end of each year starting from May 24, 2022, the date of approval of the Board of Directors ("**the Grant Date**"), so all the allotted options will become vested at the end of 3 years from the Grant Date.

It should be noted that in the event of a change of control in Company⁴, all assigned options, which have not yet become vested, will automatically become vested and exercisable.

Also, in the event of termination of the agreement with the CFO, the vesting of the options will cease, but the options that have already become vested will be exercisable for a period of 10 years from the date of the engagement in the options agreement.

- C. Exercise price: Each Option Allotted to the CFO will be exercisable for one Ordinary Share of the Company in exchange for an exercise price of NIS 13.5, subject to adjustments.

The closing price of the Company's share on the TASE on May 23, 2022, the day preceding the publication of this report, is NIS 12.98. The exercise price is 4% higher than this price.

² Includes the allotment to the Company's CEO, as set forth in Section 2.2 below, and does not include a total of 3,646,992 dormant Company shares.

³ Includes the allotment to the Company's CEO, as set forth in Section 2.2 below, includes a total of 2,677,362 unlisted options of the Company, and does not include a total of 3,646,992 dormant Company shares.

⁴ "Change of control" means that the number of shares held by the holders indicated in the control permit granted to the Company by the Ministry of Communications as of November 11, 2019 ("**the Control Group**") is less than 50% of the total shares held by the Control Group on January 9, 2020 (after adjustments for share splitting, dividend and similar changes to the Company's equity structure ("**Control Change Event**").

- D. Exercise period: The CFO may not exercise the vested options prior to a Control Change Event, as defined below, and after a Control Change Event occurs, he may exercise only the options the exercise shares deriving from which will be available for sale thereby, as set forth below.

After the Control Group, as defined below, sold more than 50% of the shares it held as of January 9, 2020 (following adjustments for share splitting, dividends and similar changes to the Company's equity structure ("**Control Group Holdings**")), the offerees will be entitled to sell the Exercise Shares, subject to the conditions detailed below:

- (1) the offerees will not sell any Exercise Shares as long as the Control Group has not sold more than 50% of the Control Group Holdings;
- (2) In the event that the Control Group sold more than 50% of the Control Group Holdings and up to 80% of the Control Group Holdings, and subject to the offerees not resigning from their position as the Company's CEO and CFO, as the case may be, the contract with them not ending due to a Reason (as defined in the offerees' employment agreements), the offerees will be entitled to sell Exercise Shares, subject to the following cumulative conditions:
 - The percentage of Exercise Shares to be sold by the offerees out of the allotted options will not exceed the percentage of shares sold by the Control Group out of the Control Group Holdings;
 - The offerees will sell Exercise Shares only in the following cases: (a) In accordance with the tag-along right granted to them by the Control Group; Or (b) In a direct sale on the Tel Aviv Stock Exchange Ltd. ("**TASE**") (up to the limit set forth in the above conditions).
- (3) In the event that the Control Group sold more than 80% of the Control Group Holdings, the offerees will be entitled to sell Exercise Shares, provided that the percentage of Exercise Shares sold by the offerees from the allotted options does not exceed the percentage of shares sold by the Control Group out of the Control Group Holdings.

As a rule, the allotted options will be exercisable from the vesting date as specified above and for a period of 10 years from the Grant Date. Allotted options that will not be exercised until the end of the said exercise period will expire and will not confer on the CFO any right.

In addition, it is hereby clarified that the CFO will be entitled to exercise the options allotted to him up to an average profit not exceeding NIS 8.385 for each option granted.

E. The allotted options will be granted to the CFO through a trustee under Article 102 of the Income Tax Ordinance [New Version], 5741-1961 ("**the Ordinance**"), in a capital gains plan.

F. Adjustments

(1) Change in share equity

In the event of a change in the Company's share equity by way of a share splitting, share consolidation, or similar event on the part of the Company, the number of shares exercisable as a result of the exercise of the options granted under the plan will be adjusted proportionally to preserve the proportionate number of shares.

(2) Benefit shares

In the event of a distribution of benefit shares, the rights of each offeree will be preserved in such a way that the number of shares resulting from the exercise of the options will increase or decrease by the number of shares of the same class that the offeree was entitled to receive as benefit shares.

(3) Dividend distribution

If the Company distributes a dividend, and the date determining the right to receive it applies after the date of allotment of the options but before all the options have been exercised and before the offeree's right to exercise them expires, the exercise price of the options will be adjusted by reducing the exercise price for each option as stated by an amount equal to the amount of the dividend distributed for each share. To the extent that the Company distributes a dividend in kind, the holders of the options will be entitled to participate in the said distribution in accordance with the rate of their holding in the Company had the options held by them been exercised.

(4) Issuance of rights

If the Company offers its shareholders securities by way of issuance of rights, the effective date for accepting which (in this section: "**Rights X Day**") will apply before the options are exercised or expired, the rights of the options holders will be retained in such a way that the number of shares resulting from the exercise of an option will be adjusted to the benefit component in the rights issuance as expressed in the ratio between the closing price of the share on TASE on the last trading day before the "Rights X Day".

(5) Dissolution

Should it be decided to dissolve the Company while there are unexercised options, the Board of Directors may determine, with respect to the offerees, in whole or in part, that the relevant offerees may exercise the options, in whole or in part, that have not yet been exercised into shares or even become vested.

(6) Merger

In the event of a merger of the Company (merger of the Company with or into another corporation, or any other similar transaction) and in the event that the surviving entity or acquirer, as the case may be, or in the event that its parent or subsidiary, respectively ("**the Alternative Corporation**"), does not adopt the Company's liabilities under the options issued or does not replace the options issued, the Company's Board of Directors will have the sole discretion to decide on a specific period of time to exercise the vested options, or decide that they will not be exercised and expire upon completion of the merger transaction, according to the following: (1) Options that have not become vested before the date of the merger transaction will expire without any payment or consideration; (2) Options that have become vested before the transaction date will expire and the offeree will be entitled to receive consideration in cash or otherwise in an amount that reflects the difference between the value of the Company's shares (as determined in the merger transaction) and the exercise price of the options; (3) Options, whether vested or not, the replacement of which corporation has not adopted or replaced, and which have not been exercised within the period specified by the Board of Directors as specified above or have not been revoked by the Company's Board of Directors, will expire and become null and void, and the holders of these options will not be entitled to any consideration or right from the Company or the Alternative Corporation.

2.1.3. The consideration

The allotted options will be granted to the CFO without monetary consideration, in accordance with the plan and the options agreement to be signed with him, and subject to the approval of the General Meeting.

2.1.4. Absence of agreements between the CFO and a shareholder in the Company

See section 2.3.5 below.

2.1.5. Prevention or restriction of the performance of an action in the offered securities

See Section 2.3.6 below.

2.2. The following are the details required in accordance with the Private Offer Regulations in respect of a material private offer to the Company's CEO:

2.2.1. The Remuneration Committee and the Company's Board of Directors, at their meetings of May 19, 2022 and May 24, 2022, respectively, approved a material private grant to the Company's CEO, Mr. Tomer Raved ("**the CEO**"), of 3,250,000 unregistered options ("**Option Allotted to the CEO**"), exercisable into 3,250,000 Ordinary Shares ("**the CEO's Exercise Shares**"), in accordance with and by virtue of the plan and in deviation from the Remuneration Policy.

2.2.2. The offeree being an interested party

To the best of the Company's knowledge, as of the date of this report, the offeree does not constitute an interested party, as defined in Article 270 (5) of the Companies Law, and will not become an interested party as a result of the allotment of the Options Allotted to the CEO.

2.2.3. The terms of the offered securities, their quantity and the rate in percentage they will constitute of the voting rights and equity of the Company after the allotment and fully diluted

A. After the allotment to the CFO, the CEO's Exercise Shares will be discounted at approximately 2.80% of the voting rights and issued and paid-up equity of Company⁵, and approximately 2.74% of the voting rights and issued and paid-up equity of the Company will be discounted after the allotment and fully diluted⁶.

B. Vesting period: For the allotted options, a graded vesting period over 3 years has been set, in such a way that 1/3 of the options will become vested at the end of each year starting from the Grant Date (as defined above), so all the allotted options will become vested at the end of 3 years from the Grant Date.

It should be noted that in the event of a change of control in Company⁷, all assigned options, which have not yet become vested, will automatically become vested and exercisable.

Also, in the event of termination of the agreement with the CEO, the vesting of the options will cease, but the options that have already become vested will be exercisable for a period of 10 years from the date of the engagement in the options agreement.

⁵ Includes the allotment to the Company's CEO, as set forth in Section 2.2 below, and does not include a total of 3,646,992 dormant Company shares.

⁶ Includes the allotment to the Company's CFO, as set forth in Section 2.1 above, includes a total of 2,677,362 unlisted Company options, and does not include a total of 3,646,992 dormant Company shares.

⁷ See Footnote 4 above.

C. Exercise price: Each option allotted to the CEO will be exercisable into one Ordinary Share of the Company, in exchange for the exercise prices listed below and subject to adjustments:

- A total of 2,250,000 options will be exercisable at an exercise price of NIS 13.5 per Ordinary Share.
- A total of 500,000 options will be exercisable at an exercise price of NIS 20 per Ordinary Share.
- A total of 500,000 options will be exercisable at an exercise price of NIS 24 per Ordinary Share.

The closing price of the Company's share on the TASE on May 23, 2022, the day prior to the publication of this report, is NIS 12.98. The exercise prices listed above are 4%, 54% and 85% higher than this price, respectively.

D. For details regarding the exercise period of the Options Allotted to the CEO, see Section 2.1.2 (d) above, *mutatis mutandis*.

In addition, it is hereby clarified that the CEO will be entitled to exercise the options allotted to him subject to the following conditions:

- A total of 2,250,000 options will be exercisable up to an average profit not exceeding NIS 5.963 per option granted to the CEO.
- A total of 500,000 options will be exercisable up to an average profit not exceeding NIS 6.708 per option granted to the CEO.
- A total of 500,000 options will be exercisable up to an average profit not exceeding NIS 20.124 per option granted to the CEO.

E. The allotted options will be granted to the CEO through a trustee under Article 102 of the Ordinance, in a capital gains plan.

F. For details regarding the adjustments that apply to the options allotted to the CEO, see Section 2.1.2 (e) above.

2.2.4. The fair value of securities that can be converted or exercised into shares, indicating the method and formula for calculating the value and the assumptions that served as the basis for its calculation

2.2.4.1. At the time the Board of Directors approves the allotment of options allotted to the CEO, the total economic value of the options allotted to

the CEO is NIS 1,149K. The average economic value for each option is NIS 0.354.

2.2.4.2. The fair value of the Options Allotted to the CEO is estimated while applying the Black & Scholes model (B&S), with the main assumptions used in the implementation of the model being as follows:

Date of calculation: May 23, 2022.

Share price: NIS 12.98.

Option duration: 10 years.

Risk-free interest rate: 3%; Annual volatility: 95%.

2.2.5. Details (in annual terms) according to the Schedule 6 to the Reporting Regulations, assuming approval of the grant of the Options Allotted to the CEO (in NIS thousands)

Benefit recipient's details				Benefits for services							Total
Name	Role	Job volume	Holdings rate in corporation's equity	Salary (including conditions and ancillary)	Grant	Share-based payment	Management fee	Consultation fee	Commission	Other	
Tomer Raved	CEO	100%	-	1,450	1,172	383	-	-	-	-	3,005

2.2.6. The issued share equity of the Company, and to the best of the Company's knowledge, the amount and rate of holdings of the CEO, of the shareholders in the Company and the total holdings of the other shareholders in the issued and paid-up equity and voting rights in the Company⁸

The former CEO and the rest of the Company's shareholders	Before allotment	Before allotment	Before allotment	After allotment	After allotment (assuming the exercise of all the allotted options)	After allotment (fully diluted) ⁹
	Shares	Non-negotiable options	Equity holding rate and voting rights	Non-negotiable options	Equity holding rate and voting rights	Equity holding rate and voting rights
Searchlight II BZQ L.P	69,994,038	-	63.11	-	60.32	58.96
T.N.R Investments Ltd.	13,248,905	-	11.76	-	11.42	11.16

⁸ It should be noted that the calculation of the holdings does not include a total of 3,646,992 dormant Company shares.

⁹ Includes a total of 2,677,362 unregistered Company options.

Tomer Raved, the Company's CEO	-	-.10	-	3,250,000	2.80	2.74
The rest of the public, service providers and Company employees	29,445,858	-	26.13	100,000 ¹¹	25.46	24.89
Total	112,688,801	-	100%		100%	100%

2.2.7. Since the allocation is part of a transaction

The allotment of the Options Allotted to the CEO is made as part of the terms of Mr. Raved's office and employment as CEO of the Company, and is approved by the Remuneration Committee and the Company's Board of Directors as set forth in Section 2.2.1 above.

2.2.8. Personal interest of a substantial shareholder or officer in the Company and the nature of the personal interest

To the best of the Company's knowledge, there is no personal interest of a material shareholder or an officer in the Company in the material private offer to the CEO of the Company, except for the personal interest of Mr. Raved due to his being the offeree in the allotment.

2.2.9. Reasons for the Remuneration Committee and the Company's Board of Directors' approval of the allotment of the Options Allotted to the Company's CEO, Mr. Tomer Raved

2.2.9.1. The allocation of options to the CEO as part of Mr. Raved's terms of office and employment is appropriate and reasonable, given Mr. Raved's education, skills, expertise and extensive managerial experience.

2.2.9.2. The Remuneration Committee and the Company's Board of Directors are of the opinion that the offered capital remuneration does not deviate from what is customary in the Company, and constitutes a proper incentive for Mr. Raved to maximize the Company's profits and to strengthen the relationship between Mr. Raved's interests and the Company's shareholders.

¹⁰ It should be noted that in accordance with the Company's reports, Mr. Raved holds 2,677,362 non-negotiable options of the Company, and subject to the approval of the allotment of unregistered options to Mr. Raved as part of the convening of this Meeting, Mr. Raved undertook to sign an irrevocable undertaking that he waives the options available to him at the time of this convening report, and that the allocation subject to the convening of this Meeting is in lieu of the previous options as aforesaid.

¹¹ Assuming that the allotment to the Company's CFO, Mr. Itzik Tadmor, will be approved at the General Meeting which will convene in accordance with this convening report.

- 2.2.9.3. The Remuneration Committee and the Company's Board of Directors have determined that the allotment of the Options Allotted to the CEO is in favor of the Company and its business, all taking into account, *inter alia*, the above and taking into account: a) the Company's size, profitability and nature; (b) The Company's long-term policy and objectives.
- 2.2.9.4. The provisions of the law allow in special cases to approve the terms of employment for the CEO not in accordance with the Remuneration Policy. In the opinion of the Remuneration Committee and the Board of Directors, the considerations presented above constitute a special case that justifies the allotment of the Options Allotted to the Company's CEO, in deviation from the Remuneration Policy. It should also be noted that in light of the Company's CEO's waiver of the options granted to him in the Previous Allotment, the economic value of the annual capital compensation to which the CEO is entitled will remain almost the same after the allotment of options to the CEO subject to this convening report.
- 2.2.9.5. Therefore, they have unanimously approved the allotment of the Options Allotted to the Company's CEO, and recommended that the Meeting approve it as well.

2.3. Additional details regarding allocations to the CEO and CFO:

- 2.3.1. According to the TASE guidelines, as will apply from time to time, no allotted options will be exercised, to the CEO or CFO, to the Company's shares on the effective date for the distribution of benefit shares, by way of rights, dividend distribution, equity consolidation or equity reduction. Each of the above will be called: "**Company Event**". In addition, if the "X" day of a Company Event takes place before the effective date of a Company Event, the options will not be exercised into shares on the "X" day as aforesaid.
- 2.3.2. The shares arising from the exercise of the options granted under this report will be identical and equal in rights, for all intents and purposes, to the rights conferred on the holder of Ordinary Shares of NIS 0.1 of the Company, existing in the issued and paid-up equity of the Company, and will confer the right to any dividend or other benefit the date determining for the right to receive such dividend or shares applies on or after the day of exercise.
- 2.3.3. The Exercise Shares will be registered in the name of the listing company of Bank Hapoalim Ltd. (or any other listing company that will be the listing company of the Company at the relevant time).
- 2.3.4. Required approvals

- The granting of the Options Allotted to the Company's CEO and CFO was approved by the Remuneration Committee and the Company's Board of Directors, at their meetings on May 19, 2022 and May 24, 2022, respectively.
- The allotments to the Company's CEO and the Company's CFO that are the subject of this report are subject to the approval of the General Meeting of the Company's shareholders.
- In addition, the allotments that are the subject of this report are subject to the receipt of TASE approval for the listing of the Exercise Shares for trading. The Company intends to contact TASE for the purpose of obtaining such approval shortly after the publication of this report. Failure to obtain approval from TASE will result in the cancellation of the allotment, and the Company's CEO and the Company's CFO will have no claim or claim against the Company.

2.3.5. Absence of agreements between the offerees and a shareholder in the Company

To the best of the Company's knowledge, based on an inquiry it has made with the offerees, there are no agreements, either in writing or orally, between the offerees, or anyone on their behalf, and a shareholder and / or a securities holder in the Company, regarding the purchase or sale of securities or regarding voting rights.

2.3.6. Prevention or restriction of the performance of an action in the offered securities

Pursuant to the provisions of Article 15C of the Securities Law, 5748-1968 and the provisions of the Securities Regulations (Details regarding Articles 15A-15C of the Law), 5760-2000, the restrictions set forth below will apply to a sale while the offered shares are traded on TASE:

- (a) in the period of six months beginning on the date of the allotment (hereinafter: **"the First Period"**), the offerees will not be allowed to offer the offered shares while being traded on TASE without publishing a prospectus the publication of which was authorized by the Securities Authority.
- (b) For a period of six consecutive quarters after the end of the First Period, the offerees will be entitled, in the framework of trading on TASE without publishing a prospectus the publication of which was authorized by the Securities Authority, on each trading day, to offer no more than the daily average of the TASE trading volume of the class of shares offered, provided that the total offered amount of the shares offered in each quarter will not exceed 1% of the issued and paid-up equity of the Company as of the day of the offer. For this purpose, "issued and paid-up equity" does not include shares that result from the exercise or conversion of convertible securities that have been allotted up to the date of the offer and have not yet been exercised or converted.

2.3.7. Date of allotment

The Options Allotted to the CEO and CFO will be allotted to the offerees shortly after receipt of all approvals required by law, including the TASE approval of the shares which will result from the exercise of the options offered.

3. The required majority

For the purpose of approving the resolutions set forth in Sections 1.1 and 1.2 above, a majority is required in accordance with section 267A) (b) of the Companies Law, i.e., a majority of the votes of the present shareholders (either directly or indirectly by proxy) and entitled to vote, provided one of the following is met:

- (A) The count of the majority of the votes in the General Meeting will include the votes of the non-controlling shareholders of the Company or parties personally interested in approving the remuneration policy who participate in the vote; the count of all the votes of the said shareholders will not take into account the abstaining votes; Those who have a personal interest will be subject to the provisions of Article 276 of the Companies Law, *mutatis mutandis*;
- (B) The total number of dissenting votes from among the shareholders referred to in subsection (a) (above did not exceed a rate of two percent) 2% (of the total voting rights in the company).

Pursuant to the provisions of Article 272 (c)(3) of the Companies Law, the Remuneration Committee and subsequently the Board of Directors may, in special cases, approve the resolution specified in Sections 1.1 and 1.2 on the agenda even if the General Meeting opposed the resolution, provided the Remuneration Committee and subsequently the Board of Directors decided on this, on the basis of detailed reasons, after reconsidering the transaction and examining in the aforesaid discussion, *inter alia*, the minutes of the General Meeting.

In accordance with the provisions of Article 276 of the Companies Law, prior to the vote to approve the topics on the agenda (approval of adoption of a new remuneration policy for the Company), any shareholder wishing to participate in the vote will be required to notify the Company whether he has a personal interest in approving the resolution or not. If such notification has not been made by the shareholder, he will not vote at the meeting and his vote will not be counted regarding the said resolution. It should be noted that the obligation to notify the existence or absence of a personal interest, as stated above, also applies to a shareholder who wishes to participate in the vote by ballot, as specified in the ballot paper attached to this report. This provision will also apply to a proxy of a shareholder in the Company.

The vote of a shareholder who fails to notify or fails to mark the box about existence or absence of a personal interest will not be counted.

In accordance with Securities Authority directive "Disclosure Regarding the Manner of Voting of Interested Parties, Senior Officers and Institutional Bodies at Meetings" (November 30, 2011), the shareholder who participates in the voting will notify the Company before the vote at the Meeting of being an interested party, a senior official or institutional body, as defined in the directive, as well

as additional details as required in the directive. If a shareholder votes in accordance with a power of attorney, the above-mentioned details will appear in the power of attorney, as well as the details will regarding the subject of the power of attorney, as required by the directive.

Pursuant to Regulation 36D) (d) (5) of the Reporting Regulations, a shareholder participating in the voting will notify the Company before voting of additional relationships between him and the Company, the controlling shareholder or a senior officer thereof, and will specify the nature of the relationships.

4. Legal quorum for the Meeting and the date of the Adjourned Meeting

A legal quorum will be formed when at least two (2) shareholders, who together hold at least 33.33% of the voting rights in the company, are present, in person or by proxy. If a legal quorum is not present within half an hour after the scheduled time of the Meeting, the Meeting will be adjourned to the same day next week, at the same time and place ("**Adjourned Meeting**"). If a valid quorum is not found at the Adjourned Meeting within half an hour after the scheduled time of the meeting, any number of shareholders present shall constitute a valid quorum.

5. The effective date for participation and voting

Pursuant to the provision of Articles 182 (b) and (c) of the Companies Law and Regulation 3 of the Ballot Voting and Position Papers Regulations, the effective date for determining a shareholder's eligibility to vote at the Meeting is Monday, May 30, 2022 ("**the Effective Date**"). If no trading takes place on the Effective Date, then the Effective Date will be the last trading day preceding that date.

6. Voting at the Meeting and position papers

A shareholder will be entitled to attend the Meeting and vote in person, by proxy, through a ballot paper (within the meaning thereof under Article 87 of the Companies Law (in the wording attached to this report ("**Ballot Paper**")) or through the electronic voting system).

A shareholder may contact the Company directly and receive from it the wording of the Ballot Paper.

In accordance with the Companies Regulations, a shareholder to whose credit a share is registered with a TASE member, and that share is included in the Company's shares registered in the shareholders' register in the name of a listing company, and he wishes to vote at the General Meeting, he will submit to the Company a certificate from the TASE member with which his right to a share is registered, regarding his ownership of the share, on the Effective Date, in accordance with Form 1 in the Appendix to the Proof of Ownership Regulations. Also, an unregistered shareholder may instruct the TASE member to transfer his certificate of ownership to the Company through the electronic voting system.

The distribution website of the Securities Authority ("**the Distribution Website**") and the website of the Tel Aviv Stock Exchange Ltd., where the wording of the Ballot Paper and the position papers within the meaning thereof under Article 88 of the Companies Law appear, are:

www.magna.isa.gov.il and www.maya.tase.co.il, respectively. Voting according by Ballot Paper will be done on the second part of the Ballot Paper as published on the Distribution Website. A shareholder may contact the Company directly and receive from it the wording of the Ballot Paper and the position papers (if any). A TASE member shall send, free of charge, by e-mail, a link to the wording of the ballot paper and the position papers, on the Distribution Website, to any shareholder who is not registered in the register of shareholders and whose shares are registered with that TASE member, if the shareholder has notified that he is so interested, provided that the notice has been given in respect of a particular securities account and on a date prior to the Effective Date. A shareholder whose shares are registered with a TASE member is entitled to receive the certificate of ownership from the TASE member through which he holds his shares, at the TASE member's branch or by mail to his address, in exchange for delivery fees only, if he so requests. A request for this matter will be given in advance to a particular securities account. In addition, a shareholder to whose credit a share is registered with a TASE member, and the same share is included among the shares registered in the register of shareholders in the name of a listing company, may vote by ballot to be transferred to the Company in the electronic voting system.

Deadline for submitting a Ballot Paper (including the documents to be attached, including confirmation of ownership, as specified above and in the Ballot Paper): the Ballot Paper must be submitted to the Company's offices, according to the above address, so that the Ballot Paper arrives at the Company's offices no later than **four (4) hours** before the convening of the Meeting.

Deadline for voting through the electronic voting system: Voting using the electronic voting system will be possible up to six (6) hours before the date of convening the Meeting.

A shareholder who wishes to participate and vote at the Meeting without attending the Meeting can deposit a power of attorney with the Company to participate and vote at the **Meeting at least 48 hours** before the Meeting, at the Company's offices at 144 Menachem Begin Street, Tel Aviv.

One or more shareholders who hold shares at a rate of five (5) percent or more of the total voting rights in the Company, and whoever holds such a share out of the total voting rights not held by the controlling shareholder in the Company as defined in Article 268 of the Companies Law, is entitled, in person or by a proxy on his behalf, review the ballot papers as specified in Regulation 10 of the Ballot Voting and Position Papers Regulations.

As of the date of this report: (a) The number of shares constituting five (5) percent as aforesaid, is: 5,634,440 Ordinary Shares of the Company; (b) The number of shares constituting five (5) percent net of the shares held by the controlling shareholder in the Company, is: 1,472,293 Ordinary Shares of the Company.

Deadline for submitting position papers to the Company: up to ten (10) days before the date of convening the Meeting, i.e.: before Sunday, June 19, 2022.

Deadline for submitting the Board of Directors' response to the position papers: up to five (5) days before the date of convening the Meeting, i.e.: before Friday, June 24, 2022.

7. Shareholder rights and changes in the agenda

A shareholder's request to include a topic on the Meeting's agenda, in accordance with Article 66 (b) of the Companies Law and in accordance with Regulation 5A of the Notice and Publication Regulations, will be submitted to the Company up to seven (7) days after the date of publication of this report. There is a possibility that topics will be added to the agenda as a result. It will be possible to review the updated agenda and the position papers that have been published (if any) on the Distribution Websites of the Securities Authority and TASE (whose addresses are listed in Section 0 above). The last date on which the Company will submit an amended Ballot Paper, if it is requested to add a topic to the agenda, is on the day of publication of the notice with the updated agenda by the Company. The publication of such updated agenda, insofar as it is published, does not change the Effective Date for the Meeting.

8. Company representatives handling this transaction report

On behalf of the Company, this transaction report is handled by attorneys Ron Soulema and Dana Rosen-Asadon from Shibolet & Co., 4 Berkovich Street (Museum Tower), Tel Aviv. Tel: 03-3075622.

9. Review of documents

The wording of the proposed resolutions, the position papers (insofar as they are submitted to the Company) and the periodic report can be reviewed on the Distribution website of the Securities Authority and on the website of the Tel Aviv Stock Exchange Ltd. (whose addresses are listed in section 0 above), As well as at the Company's offices at the address indicated above, during normal working hours and after prior coordination with Mrs. Idit Cohen Badnani (Tel.: 03-6796100, email: idit@bcomm.co.il).

B Communications Ltd.¹²

¹² Signed by Mr. Tomer Raved, the Company's CEO, and Mr. Itzik Tadmor, the Company's CFO.

B. Communications Ltd. ("The Company")

Ballot Paper for Voting at a Special General Meeting

In accordance with the Companies Regulations (Ballot Voting and Position Papers (2005), "Ballot Voting Regulations")

Part A

Company Name: B. Communications Ltd.;

Type of meeting: Special general meeting;

Date of the meeting: Wednesday, June 29, 2022, at 11:00;

Place of the meeting: The Company's offices at 144 Menachem Begin Street, Tel Aviv.

If a valid quorum is not present within half an hour from the date set for the meeting, the meeting will be adjourned to Wednesday, July 6, 2022, at the same place and time.

A. Details of the issues on the agenda that can be voted on using this ballot paper and the summary of the proposed resolution:

1. Approval of the allocation of unregistered options to the CEO of the Company, Mr. Tomer Raved, as part of the terms of his office and employment and in deviation from the Company's Remuneration Policy¹ ("the Remuneration Policy")

Following the approval of the Remuneration Committee and the Company's Board of Directors dated May 19, 2022 and May 24, 2022, respectively, it is proposed to approve the allotment of 3,250,000 unregistered options of the Company to Mr. Raved, the Company's CEO, exercisable up to 3,250,000 ordinary shares of the Company of NIS 0.1 par value each ("**Ordinary Shares of the Company**"), contrary to the Company's Remuneration Policy, which does not include provisions regarding capital remuneration to officers of the Company. For further details in accordance with the provisions of the Securities Regulations (Private Offer of Securities in a Registered Company), 5760-2000, see Section 2.1 of the meeting convening report.

Summary of the proposed resolution:

"Approve the allocation of unregistered options to the Company's CEO, Mr. Tomer Raved, in the amount and conditions as specified in Section 2.1 of the meeting convening report and in violation of the Remuneration Policy".

2. Approval of the allocation of unregistered options to the Company's CFO, Mr. Itzik Tadmor, as part of the terms of his office and employment and in deviation from the Remuneration Policy

¹ As approved on April 27, 2022 by the Company's Shareholders' Meeting, as set forth in the Immediate Report on the Results of the Meeting (Ref. No.: 2022-01-051748), which is included in this report by way of reference.

Following the approval of the Remuneration Committee and the Company's Board of Directors dated May 19, 2022 and May 24, 2022, respectively, it is proposed to approve the allotment of 100,000 unregistered options of the Company to Mr. Tadmor, the Company's CFO, up to 100,000 ordinary shares of the Company, contrary to the Company's Remuneration Policy, which does not include provisions regarding capital remuneration for officers of the Company.

Summary of the proposed resolution:

"Approve the allocation of unregistered options to the Company's CFO, Mr. Itzik Tadmor, in the amount and conditions as specified in Section 2.2 of the meeting convening report and in violation of the Remuneration Policy".

B. The place and time for reviewing the full text of the proposed resolutions:

The full text of the proposed resolutions can be viewed at the Company's offices, on Sundays-Thursdays, during normal working hours, after prior arrangement by phone: 03-6796100 until the date of the Special General Meeting, as well as on the Israel Securities Authority website (MAGNA – Distribution website) at www.magna.gov.il and on the Stock Exchange's website at www.www.maya.tase.co.il.

C. The majority required at the meeting to approve the resolutions on each of the issues on the agenda:

For the purpose of approving the resolutions set forth in Sections 1 and 2 above, a majority is required in accordance with Article 267A (b) of the Companies Law, i.e., a majority of the votes of the shareholders present (either directly or indirectly by proxy) and entitled to vote, provided one of the following is met:

- (1) The count of the majority of the votes in the General Meeting will include the votes of the non-controlling shareholders of the Company or parties personally interested in approving the Remuneration Policy who participate in the vote; the count of all the votes of the said shareholders will not take into account the abstaining votes; Those who have a personal interest will be subject to the provisions of Article 276 of the Companies Law, *mutatis mutandis*;
- (2) The total number of dissenting votes from among the shareholders referred to in Paragraph (1) above does not exceed a rate of two percent (2%) of the total voting rights in the Company.

Pursuant to the provisions of Article 272 (c) (3) of the Companies Law, the Remuneration Committee and subsequently the Board of Directors may, in special cases, approve the resolution specified in Sections 1.1 and 1.2 on the agenda even if the General Meeting opposed the resolution, provided the Remuneration Committee and subsequently the Board of Directors decided on this, on the basis of detailed reasons, after reconsidering the transaction and examining in the aforesaid discussion, *inter alia*, the minutes of the General Meeting.

D. Eligibility to vote

The effective date for determining eligibility to vote at the shareholders' meeting is Monday, May 30, 2022 ("the Effective Date").

- E. **Ballot paper validity:** The ballot paper will be valid for an unregistered shareholder² only if attached with a certificate of ownership or if a certificate of ownership is sent to the Company through the electronic voting system.

A ballot paper of a registered shareholder will be valid under Article 177 of the Companies Law only if a attached with a photocopy of an identity card, passport or certificate of incorporation.

This ballot paper must be submitted to the Company, in addition to the documents attached to it as stated above, **up to four (4) hours** before the time of the vote. Alternatively, an unregistered shareholder may send the Company a certificate of ownership through the electronic voting system, as detailed below.

- F. **Electronic voting system:** An unregistered shareholder may vote using the electronic voting system **up to six (6) hours** before the start of the meeting, then the electronic voting system will be closed. Voting in the electronic voting system will be subject to change or cancellation by the time the system is locked, and it will not be possible to change it using the electronic voting system after this time.

Pursuant to the provision of Article 83 (d) of the Companies Law, in the event that a shareholder votes in more than one way, his late vote will be counted. For this purpose, a shareholder's vote by himself or by proxy will be considered later than a vote by ballot or via the electronic voting system.

- G. Pursuant to the provision of Article 66 (b) of the Companies Law, one or more shareholders with at least 1% of the voting rights at the General Meeting may request the Board of Directors to include a topic on the agenda, as long as the topic is appropriate to be discussed at a General Meeting. A request to add a topic will be sent to the Company up to seven (7) days after the meeting is convened. In accordance with and subject to the provisions of the Companies Law and the Ballot Voting Regulations, after the ballot is published, the Company will be entitled to make changes to the agenda, including adding a topic to the agenda, as well as publish position papers regarding the resolutions on the agenda.

- H. **Address for delivery of the ballot paper and position paper:** In light of the COVID19 pandemic, it is recommended that shareholders submit the letter of appointment in writing, via email or fax.

- I. **Deadline for submitting a position paper to the Company:** up to ten (10) days before the date of the meeting, i.e., until Sunday, June 19, 2022.

- J. **Deadline for submitting the Board's response to position papers:** up to five (5) days before the date of the meeting, i.e., until Friday, June 24, 2022.

² An unregistered shareholder is a person to whose credit a share is registered with a TASE member, and that share is included among the shares registered in the register of shareholders in the name of the listing company.

K. The last date on which the Company will submit an amended ballot paper, if a topic is added to the agenda: no later than fourteen (14) days after the date of publication of the meeting convening report. The publication of the updated agenda does not change the Effective Date.

L. The distribution addresses website and the stock exchange website where the ballot paper and position papers can be found

The Securities Authority's distribution website: www.magna.isa.gov.il

The website of Tel Aviv Stock Exchange Ltd.: maya.tase.co.il

M. A shareholder is entitled to receive the certificate of ownership at the branch of the TASE member or by mail to its address, in exchange for delivery fees only, if he so requests. A request for this matter will be given in advance to a particular securities account. An unregistered shareholder may order that his certificate of ownership be transferred to the Company through the electronic voting system.

N. An unregistered shareholder is entitled to receive by e-mail, free of charge, a link to the wording of the ballot paper and the position papers on the distribution site of the Securities Authority, from the TASE member through which he holds his shares, unless he informs the TASE member that he does not wish to receive such link or is interested in receiving ballot papers by mail for a fee; Notice regarding ballot papers will also apply regarding the receipt of position papers.

O. **Review of the ballot papers**: One or more shareholders holding shares at a rate of five (5) percent or more of all voting rights in the Company, and those who hold such a rate out of the total voting rights not held by the controlling shareholder in the Company as defined in Article 268 of the Companies Law. The General Meeting is entitled, itself or through a representative on its behalf, to review the ballot papers as specified in Regulation 10 of the Ballot Voting Regulations, at the Company's offices, on Sundays-Thursdays, during normal business hours.

P. **The number of shares that constitutes 5% of the total voting rights in the Company is - 5,634,440 ordinary shares of the Company of NIS 0.1 par value each; The number of shares that constitutes 5% of the total voting rights in the Company that are not held by a controlling shareholder - as defined in Article 268 of the Companies Law, there are 1,472,293 ordinary shares of the Company of NIS 0.1 each.**

Q. **Indication of the manner of voting**: A shareholder will indicate the manner of voting on any topic on the agenda in respect of which voting may take place by means of this ballot paper, in the second part of the ballot paper.

R. Following the publication of this ballot paper, there may be changes in the agenda, including adding a topic to the agenda, and position papers may be published. It will be possible to review the current agenda and position papers in the Company's reports on the distribution websites. The publication of the updated agenda does not change the Effective Date.

Part B

Company Name: B. Communications Ltd.;

Company No.: 512832742

Type of meeting: Special general meeting;

Date of the meeting: Wednesday, June 29, 2022, at 11:00;

Place of the meeting: The Company's offices at 144 Menachem Begin Street, Tel Aviv.

Address for mailing and delivery of ballot papers: the Company's offices at 144 Menachem Begin Street, Tel Aviv;

If a valid quorum is not present within half an hour from the date set for the meeting, the meeting will be adjourned to Wednesday, July 6, 2022, at the same place and time.

Shareholder details:

Shareholder name: _____

ID No.: _____

If the shareholder does not have an Israeli identity card -

Passport No.: _____

State of issue: _____

Valid until: _____

If the shareholder is a corporation -

Corporation No.: _____

State of incorporation: _____.

Date of the vote:

Date: _____; **Time:** _____.

Are you a related party³, senior officer⁴, institutional investor (including fund manager)⁵ / none of these *⁶

	<u>Please answer yes / no and specify your answer if it is affirmative; Absence of marking or reference to the question on the part of the voter will be considered a negative answer</u>
Related party	
Senior officer in the Company	
Institutional investor (including fund manager)	

³ According to the definition of the term "related party" in Article 1 of the Securities Law, 5748-1968.

⁴ According to the definition of the term "senior officer" in Article 37 (d) of the Securities Law, 5748-1968

⁵ According to the definition of this term in Regulation 1 of the Financial Services Supervision Regulations (Provident Funds) (Participation of a Management Company at a General Meeting), 5769-2009 as well as the Director of a Mutual Investment Fund, according to the definition of this term in Mutual Investments in Trust Law, 5754-1994.

⁶ Required by virtue of Securities Authority directive dated November 30, 2011: "Disclosure regarding the manner of voting of related parties, senior officers and institutional bodies at meetings".

None of the above	
-------------------	--

(*) If the voter votes in accordance with a power of attorney, the details stated in the table will also be given in connection with the person granting the power of attorney.

Manner of voting:

Topic on the agenda	Voting manner In favor	Voting manner Against	Voting manner Abstained	Regarding transaction approval under Articles 255 and 272 to 275 of the Companies Law, the majority required for the approval of which is not an ordinary majority, or a remuneration policy under Article 267(a) - Are you a controlling shareholder, personally interested in the resolution, a senior officer or an institutional investor? ⁷	Regarding transaction approval under Articles 255 and 272 to 275 of the Companies Law, the majority required for the approval of which is not an ordinary majority, or a remuneration policy under Article 267(a) - Are you a controlling shareholder, personally interested in the resolution, a senior officer or an institutional investor? ⁸
				Yes	No
Section 1 - Approve the allocation of unregistered options to the Company's CEO, Mr. Tomer Raved, in the amount and conditions as specified in Section 2.1 of the meeting convening report					
Section 2 - Approve the allocation of unregistered options to the Company's CFO, Mr. Itzik Tadmor, in the amount and conditions as specified in Section 2.2 of the meeting convening report					

*** If you are a "personal interest" or "controlling shareholder" or "senior official" or "institutional investor" regarding the approval of any of the decisions on the agenda, the nature of the personal interest / being a controlling shareholder and / or a senior official and / Or an institutional investor, hereinafter:**

⁷ The vote of a shareholder who does not complete this column or marks "yes" without specifying will not be counted.

⁸ Non-marking will be considered as abstention from voting on the topic.

(Date)

(Shareholder's signature)

For shareholders who hold shares through a TASE member (according to Article 177 (1) of the Companies Law), this ballot paper is valid only when attached with a certificate of ownership, except in cases where the voting is done via the system).

For shareholders registered in the Company's register of shareholders - the ballot paper is valid when attached with a photocopy of the identity card / passport / incorporation certificate.