



Bezeq - The Israel Telecommunications Corp. Ltd.

(the "Company")

July 25, 2023

Attn.
Israel Securities Authority

Attn.
Tel Aviv Stock Exchange Ltd.

Supplementary immediate report – Communications (Broadcasting) **Memorandum of Law, 2023**

Further to the Company's immediate reports of September 2, 2021 and August 9, 2022, and as set out in section 5.1.2 of the chapter Description of the Company's Business in the Company's Periodic Report for 2022, regarding the Draft Bill on Principles for Regulating Public Broadcasting of Audio-Visual Content, 2022, a supplementary immediate report is hereby issued, whereby on July 25, 2023, the subsidiary yes Television and Communication Services Ltd. ("yes") informed the Company that the Ministry of Communications has published the Communications (Broadcasting) Memorandum of Law, 2023 which includes a draft bill (the "Memorandum" and the "Bill", respectively).

In accordance with the Bill and its explanatory notes, the Bill is intended to amend the legislation based on the recommendations of various committees over the years (the most recent of which was the Folkman Committee) and to revise the obligations and rights applicable to all players in the audio-visual market in several ways, including as set out below, according to which the Memorandum is planned to come into effect in January 2024, other than specific arrangements for which provisions were initially set for later dates as set out in the Memorandum:

1. A new authority will be established in place of the Cable and Satellite Broadcasting Council and the Second Authority for Television and Radio, which will regulate the entire audio-visual content market in a way that will be neutral to the manner and technology for distribution of content, and which will be authorized to issue directives for preventing actions that may impair competition in the sector.
2. A limited and focused set of core obligations will apply to the significant players, and will include registration (in this matter, it was proposed to set up three separate registers – for content providers, Israeli channels, and news providers), investment in local productions (see subsection 6 below), distribution of the Israel Broadcasting Corporation and Knesset channel content, and obligations relating to sport and consumerism, where the scope of such obligations will vary according to the level of the content provider's revenues.



3. The existing restrictions on the economic models in the audio-visual content market will be lifted (while maintaining some of the interchange costs). In all matters relating to the traditional platforms (including yes) – the prohibitions applicable to them regarding broadcasting of commercials and holding a news company will be abolished. In addition, a transitional provision was established according to which holders of a television broadcasting license, as defined in the Second Authority Law, to which the transfer arrangements set out in the Communications Law and the Broadcasting Law apply, will be required to allow the continued transfer of channels to registered licensed providers in accordance with these laws and the required changes, this until the beginning of 2027.
4. Separate regulations will be established for providing news content to the public.
5. Regulations will be set out regarding public broadcasting of sports content to avoid broadcasting of significant sports channels through a single content provider, and to ensure the accessibility of sports channels with particular importance to the Israeli public.
6. Obligations will be defined for investing in local productions, which will apply, with the required changes, to all local and international content providers with a significant scope of activity in Israel, as well as to independent Israeli commercial channels. For example, content providers with a medium or large volume of activity (such as yes) will be required to invest 2% and 4% (respectively) of their annual revenue in local productions (in this regard, this will also include the revenue from the supply of audio-visual content in Israel of a corporation associated with the content provider).
7. In addition, several changes were made to the Bill regarding the provisions included in the hearing that preceded the publication of the Memorandum (see the immediate report of August 9, 2022), including transfer of the Idan+ system to an app and establishing related arrangements; prohibition of a content provider to promote news providers on the remote control; the obligation to provide declared sports events on a channel that is completely open; and the authority to ask for viewing data from the content providers. The Memorandum further states that in the near future, another memorandum is expected to be published to complement the implementation of this Memorandum, referring to regulation of the radio sector.

yes is reviewing the provisions of the Memorandum and its implications. Since this is a legislative memorandum, at this stage it is not known which of the provisions of the Memorandum, if any, will be anchored in binding legislation, and what the contents and arrangements of such legislation will



be, therefore at this stage, it is difficult to estimate how yes will be affected by the legislation and the regulations that will be established following the Memorandum.

For the link to the full text of the Memorandum (with the Bill) as published on the government memorandums website, see: תזכיר חוק התקשורת (שידורים), התשפ"ג-2023, אתר החקיקה הממשלתי - תזכיר חוק התקשורת (שידורים), התשפ"ג-2023 (tazkirim.gov.il) (in Hebrew)

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.