



**BEZEQ THE ISRAELI TELECOMMUNICATION CORP. LTD.**

("the Company")

August 6, 2025

To:

Israel Securities Authority

TEL AVIV STOCK EXCHANGE LTD

Dear Sir/Madam,

**Dividend Distribution**

The Company hereby announces that on August 5, 2025, the Board of Directors of the Company recommended to the general meeting of the Company's shareholders the distribution of a dividend to the Company's shareholders in a total amount of NIS 583 million (constituting 80% of the Company's semi-annual net profit after tax according to the consolidated financial statements for the first half of 2025), which as of the date of this decision constitutes approximately NIS 0.2102818 per ordinary share of NIS 1 par value of the Company (the "Share"), and approximately 21.02818% of the issued and paid-up share capital of the Company (hereinafter: the "Dividend").

The actual dividend amount per share to be paid will be determined according to the number of shares in the issued and paid-up share capital of the Company, subject to the exercise of warrants, as will be on September 21, 2025 (close to the record date). If such a change occurs, the Company will publish a supplementary report accordingly. The record date for the dividend payment will be September 28, 2025, and the payment will be made on October 19, 2025. The dividend distribution is subject to the approval of the general meeting of the Company's shareholders. Tax will be withheld at source from the dividend in accordance with the provisions of the law.

**Below are the Board of Directors' reasons for the recommendation:**

- **1.1** The Company's Board of Directors examined the Company's compliance with the tests set forth in Section 302 of the Companies Law – the profit test and the solvency test – and determined that the Company meets these tests, as detailed below.
  - The Board of Directors examined the Company's compliance with the tests set forth in Section 302 of the Companies Law – the profit test and the solvency test – and determined that the Company meets these tests, as detailed below.
- **1.2 Regarding the profit test - based on the Company's financial statements for the period ended June 30, 2025**
  - The dividend distribution meets the profit test. The Board of Directors was presented with the balance of distributable profits accumulated over the past two years (profits accumulated in the past two years after deducting distributions made for that period), amounting to approximately NIS 1,164 million, and it was found that, as stated, the proposed dividend distribution meets the profit test (i.e., the dividend distribution is from the Company's distributable profits).
- **1.3 Regarding the solvency test - the Board of Directors examined, among other things, the Company's expected cash flows**
  - and the sources of financing available to it for the repayment of its existing and expected liabilities, and for the payment of the dividend. The Board also examined in these contexts the balances of cash and cash equivalents and the amount of credit that, to the best of the Company's assessment, is available to it.
  - The Board further examined, as part of the solvency test, the implications of the dividend payment on the Company's financial position and liquidity, on the Company's operations in its current form, including its impact on the Company's investment plans and on its capital structure and leverage level (including its credit rating).

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In these contexts, the Board of Directors was presented with the Company's management's position, according to which the payment of the dividend as stated does not impair the Company's operations and investments as required to maintain its business and competitive standing and the Company's compliance with the solvency test. The Board also reviewed the Company's cash flow forecasts (and sensitivity analyses of these forecasts to significant unexpected deteriorations in the Company's business), as well as examined its financial strength and its ability to service its debts through analysis of projected debt coverage ratios. The Board also examined the net liquidity sources from the Company's wholly owned subsidiaries. In this context, the Board took into account that the Company has no financial covenants that could affect the amount or cost of its debt.

In light of its findings and after the data and forecasts mentioned above were presented to it by management, the Board concluded that the Company has significant ability to meet its existing and expected cash needs in the foreseeable future (even in the event of unexpected deterioration in the Company's business), both through cash generation from operations, net cash flows from subsidiaries, and through raising credit, if required. Therefore, there is no reasonable concern that the dividend distribution will prevent the Company from meeting its existing and expected liabilities when due, and the proposed dividend payment is not expected to materially adversely affect the Company's financial position, including its capital structure, liquidity, or its ability to continue operating in its current form.

It is clarified that all the information in this immediate report, to the extent that it refers to forecasts and/or estimates and/or forward-looking information, is forward-looking information as defined in the Securities Law, 1968. Such estimates, forecasts, and forward-looking information are based, among other things, on assessments regarding the competitive structure in the communications market and the regulatory framework of the sector, the economic situation in the economy, and the Company's investments. It is further clarified that such estimates, forecasts, and forward-looking information may be affected by a variety of factors not under the Company's control, and therefore may not materialize in practice or may materialize differently.

Respectfully,

BEZEQ THE ISRAELI TELECOMMUNICATION CORP. LTD.

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**FOOTNOTE:**

This is an unofficial AI generated translation of the official Hebrew version and has no binding force. The only binding version is the official Hebrew version. For more information, please review the legal disclaimer.

<sup>101</sup> The dividend distribution is in line with the Company's dividend policy, as published on March 12, 2025 (Reference: 2025-01-016345).