

Bezeq Group Business Strategy

March 2026



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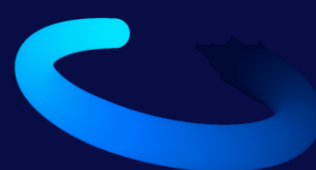
Bezeq Group's 4 core strategic pillars



**Leading Digital
Infrastructure**



Growth Drivers



**Operational
Excellence & AI**



**Robust Financial
Position**

Creating Value

through revenue growth & operational excellence

Key Strategic Highlights



Leading Digital Infrastructure

Nationwide Fiber and 5G Deployment

Strategic Connectivity Hub

Future-Ready infrastructure



Growth Drivers

ARPU's Growth

Higher Broadband Speed

5G Monetization

50% bundle subs in yes



Operational Excellence & AI

Headcount Reduction

End of CapEx Cycle

Decrease in satellite and Legacy expenses



Robust Financial Position

Healthy FCF Growth

Strong Balance Sheet

Growth Synergistic Investment Opportunities

Shareholder Return

Targets 2029

(NIS Billion)

CAGR 2025-2029⁽²⁾

Group Financial

● Core Revenues	8.7 – 8.9	2.5%
● Comp EBITDA ¹	4.2 – 4.4	3.5%
● CapEx	1.5 – 1.6	(2.0%)
● Comp EBITDA – CapEx	2.65 – 2.85	7.5%
● Comp Net Income ¹		>8%
● FCF		>10%

KPIs



Take Up 43%
ARPU³ ~NIS 150



5G Subs 85% of total postpaid subs
ARPU ~NIS 50



TV + fiber bundle subs ~50% of total subs
ARPU⁴ ~NIS 215



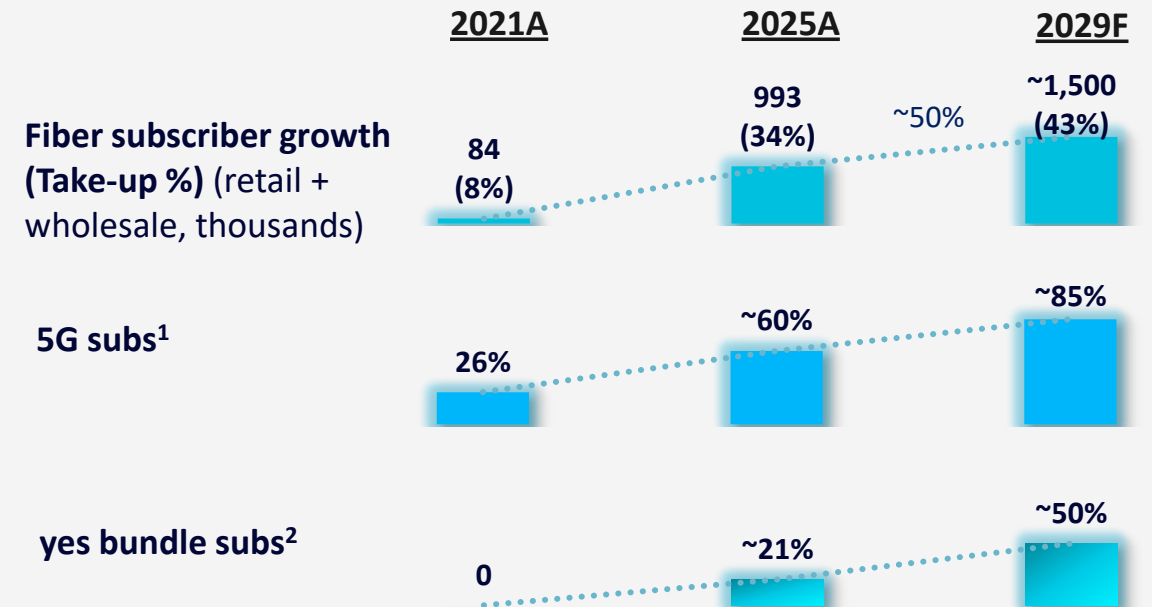
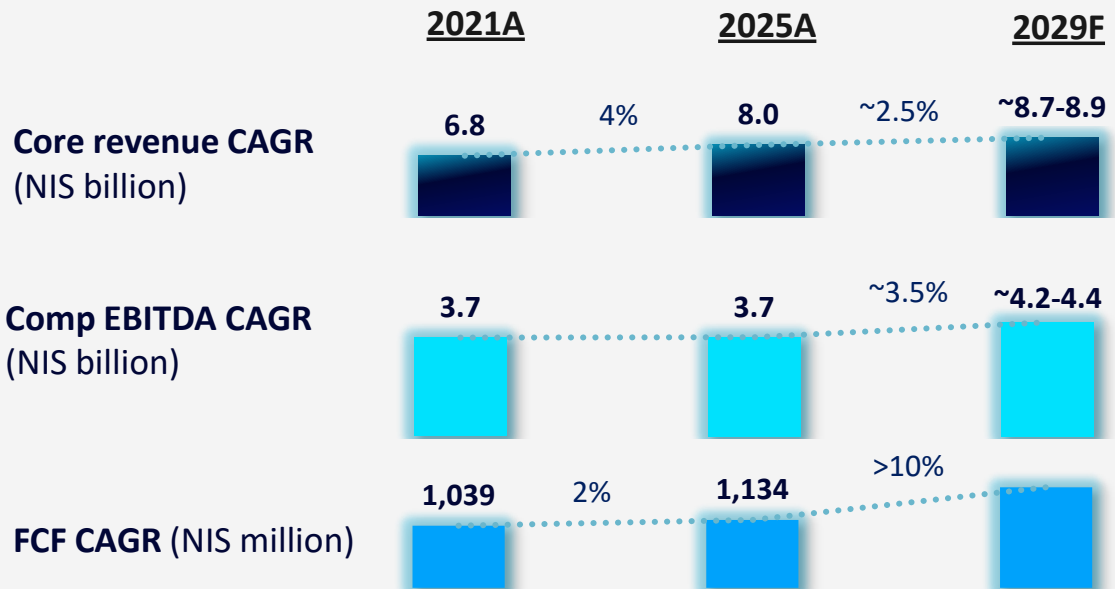
¹ 2025 comparable numbers exclude the total effect of valuations

² CAGR is computed according to the mid range of the targets

³ Retail broadband ARPU

⁴ yes ARPU includes all yes revenues, excluding revenues from content sales to external broadcasting entities and revenues from the sale of end-user equipment

A proven track record supports a strong set of targets ahead



¹ 5G subscribers of total postpaid subscribers

² yes TV + fiber bundle subscribers / total yes subscribers

Bezeq Group – Market Share



#1

Broadband
infrastructure

53%



#2

Mobile

23%

yes.#1

TV¹

33%



Source: Bezeq financial reports and company estimates regarding competitors' market shares

(1) Amongst Israeli TV operators



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1

Israel
Overview

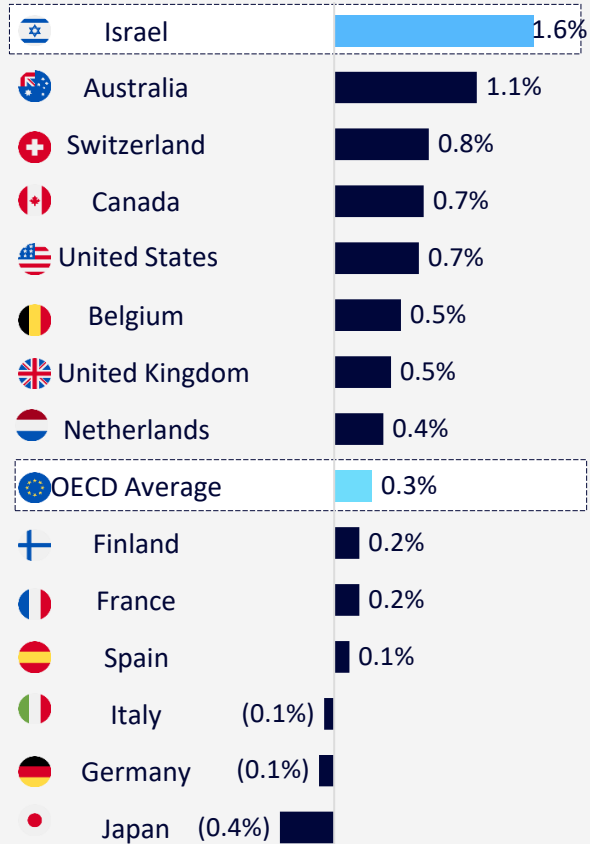
**Israel as a developed economy
with strong and resilient
macro fundamentals**

Israel as a developed economy with strong and resilient macro fundamentals

Population Growth Rate, annual, 2024

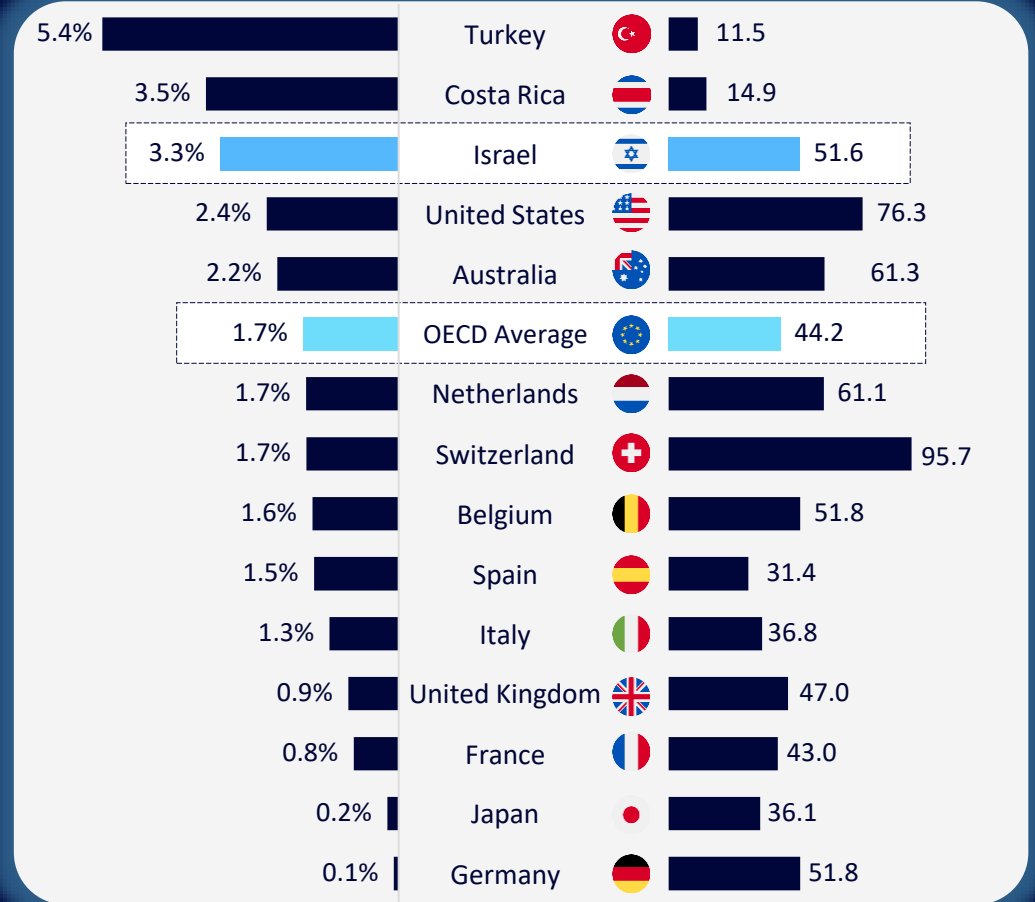
Israel's rapid population growth, the highest among OECD countries, drives increasing demand for advanced digital connectivity

Israel's GDP growth in 2026-2027 ranks among the highest in the OECD, highlighting the country's economic strength



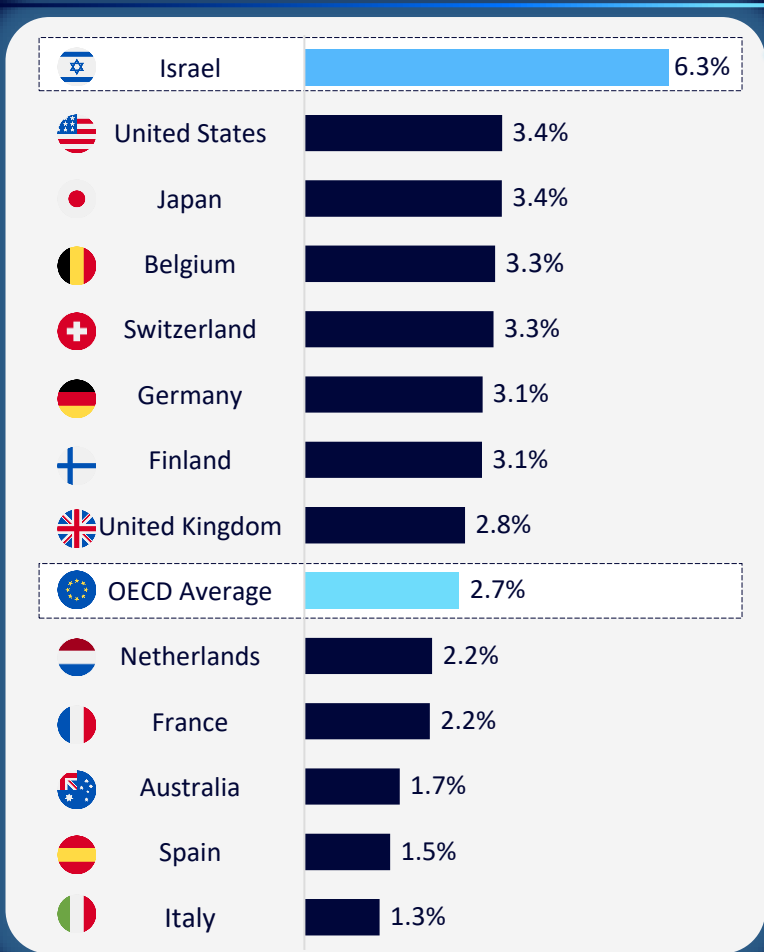
Avg. GDP Growth Rate, 2020-24

Avg. GDP Per Capita, USD K, 2020-24



Israel as a developed economy with strong and resilient macro fundamentals

% R&D Expenditure of GDP, annual, 2024¹



Population Density, people per Sq.KM, 2024



Bezeq is shaping the future of connectivity in Israel, helping power the country's extensive fiber network



Source: The World Factbook

¹ Beginning in 2023 and thereafter or the last updated year


2




Bezeq
Group


**Accelerating growth through
leading infrastructure
and operational excellence**






Bezeq – an Infrastructure Powerhouse in Israel (Today vs 2029 targets)

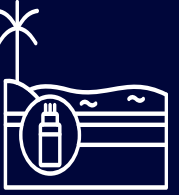



100K KM of Fiber
households 
2.9M → 3.5M
Take up
34% → 43%

Infrastructure ready for
50 Gbps



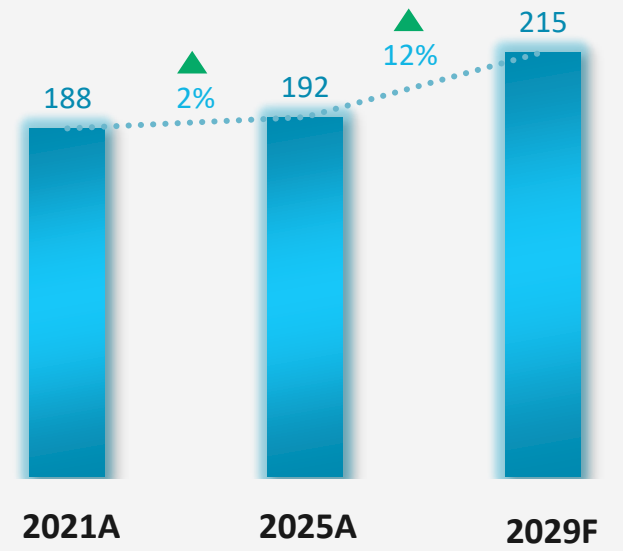
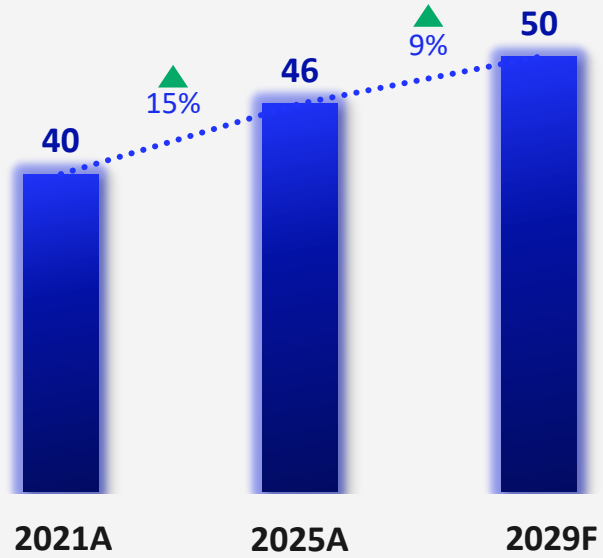
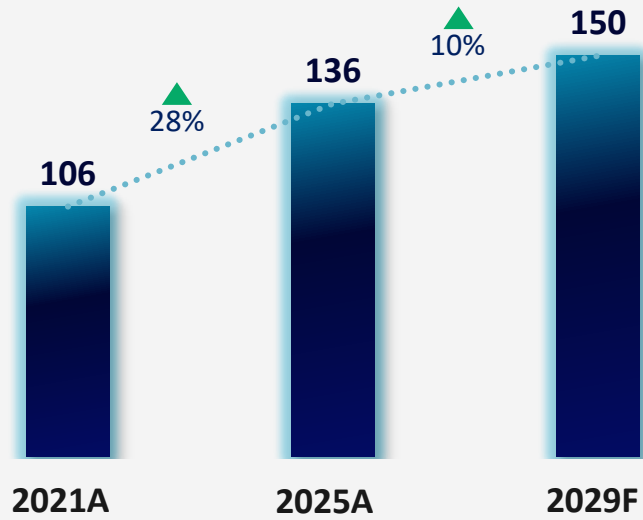

Deployment
~50% → 90%
5G Sites
 **~1.1K → ~2.2K**
Total Sites
~2.5K



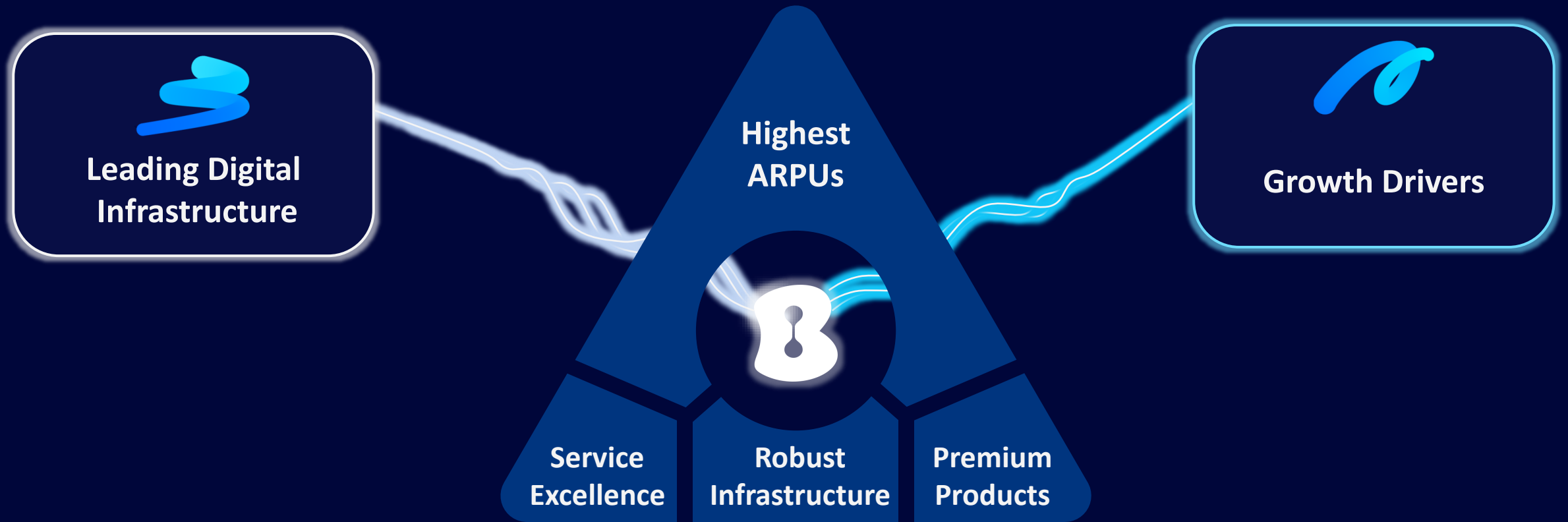

Subsea cable & Data Centers
East to West connectivity

ARPU

Growth Drivers



Bezeq's premium brands and robust infrastructure build connections that drive value



Improve operational excellence and drive innovation



AI

- Enabling the AI revolution
- Adopting advanced tools across the group



Headcount

- New collective agreement at Bezeq and principal understandings at Pelephone
- 14% decrease in Group FTEs by 2029



Cost Savings

- End of CapEx cycle
- Decrease in satellite expenses and other operational savings initiatives

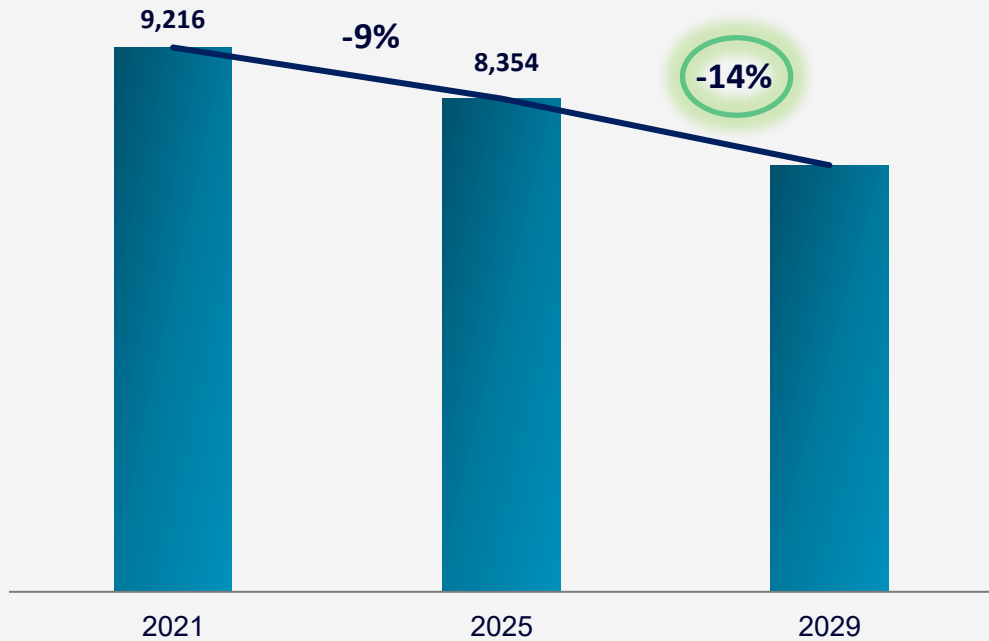
Improving profitability margins



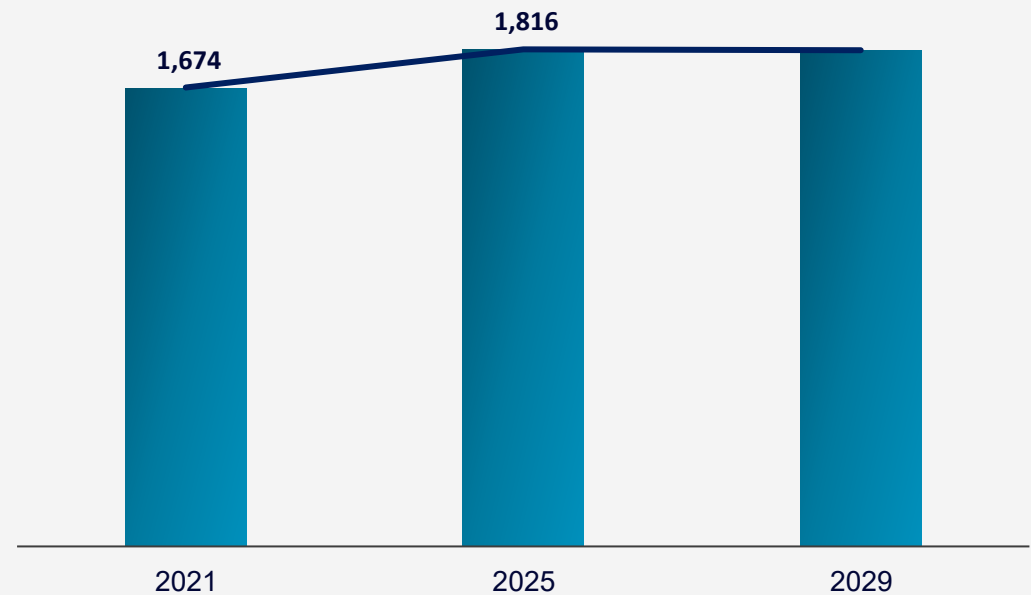
Significant decrease in FTEs



Group FTEs¹



Salary Expenses (NIS m)¹



No increase in salary expenses in the upcoming years



¹ not including Bezeq online

Robust Financial Position

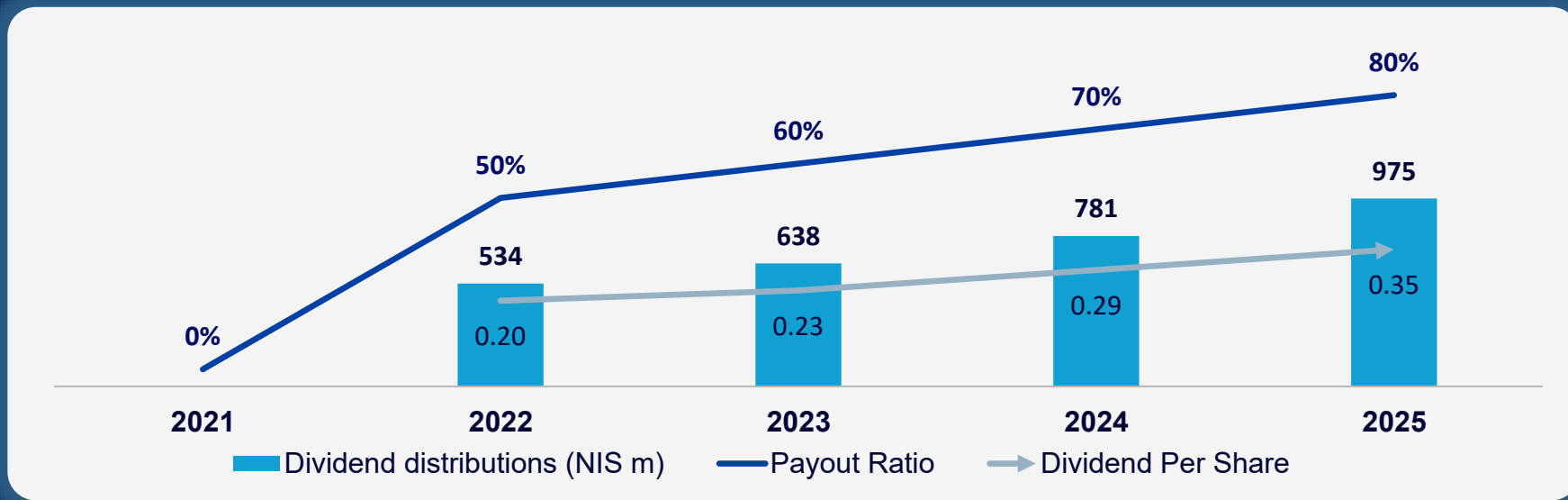
Bezeq has strengthened its debt-servicing capacity despite significant economic and geopolitical challenges in recent years

Bezeq Group's Net Debt/Adjusted EBITDA, TTM, 2019-25



Disciplined and methodological financial approach

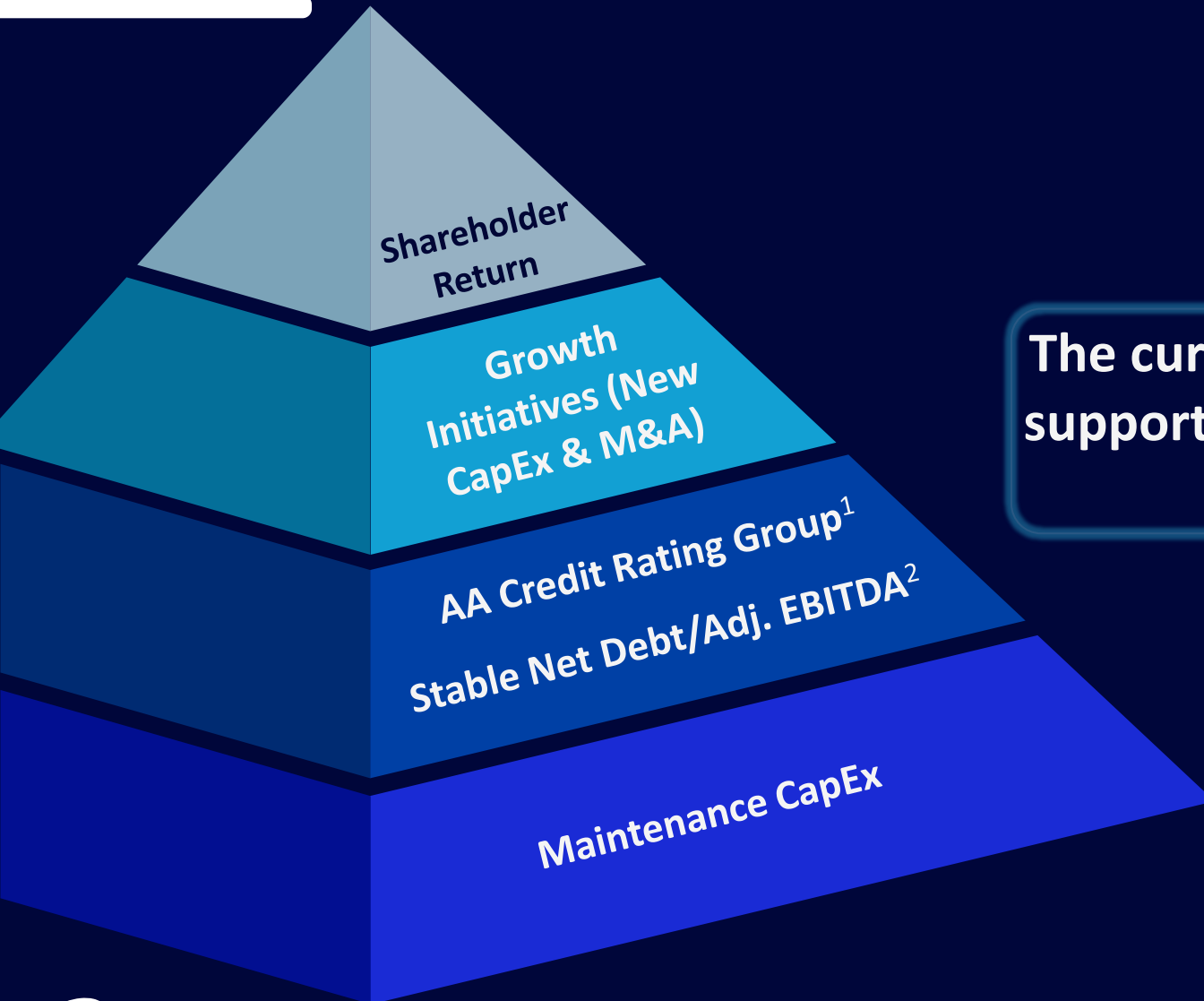
Shareholder Remuneration



FCF CAGR >10% combined with a strong balance sheet support growing and sustainable capital returns to shareholders



Disciplined and methodological financial approach



The current leverage level will allow the group to support further growth (new investments) and to increase return to shareholders



¹ IIAA S&P Global Maalot and Aa2.il Midroog. Both with stable outlook
² After adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation

Israel is strategically located to connect hyperscalers between Asia and Europe

Current routes (Suez Canal)



Potential IMEC route



Bezeq's connectivity capabilities will support the planned future IMEC¹ cables



¹ India-Middle East-Europe Economic Corridor (IMEC)

The removal of the structural separation will allow substantial growth and efficiencies

Post-structural separation group structure¹



Post-structural separation values¹

Unlock top-line synergies

Leverage operational efficiencies

~NIS 1.2 billion
Tax asset



¹ Subject to regulatory approvals

Bezeq leverages its leading infrastructure, broad market access, advanced AI and financial resilience to drive growth and deliver value



Leading Digital Infrastructure

Nationwide Fiber and 5G Deployment

Strategic Connectivity Hub

Future-Ready infrastructure



Growth Drivers

ARPU's Growth

Higher Broadband Speed

5G Monetization

50% bundle subs in yes



Operational Excellence & AI

Headcount Reduction

End of CapEx Cycle

Decrease in satellite and Legacy expenses



Robust Financial Position

Healthy FCF Growth

Strong Balance Sheet

Growth Synergistic Investment Opportunities

Shareholder Return

3

Group
Companies



Bezeq Fixed-Line



Leading telecom provider,
with advanced infrastructure,
unrivaled market reach
and a legacy of innovation



Business Snapshot¹

2.9m

Homes passed
by fiber

34%

Take-Up rate

5,300

Employees

4.4b

Revenues, NIS

136

Retail ARPU, NIS

Services



Broadband



Cloud & Digital



Transmission & Data



Telephony

Drive growth, quality and operational efficiencies with innovative technologies



Business Direction

Top Quality Internet

Value-added-Services for Home & Businesses

AI for Operational Excellence & Innovation

Course of Action

- Retail ARPU growth
- Fiber take-up increase

- Home connectivity
- Business solutions

- Enhance customer experience
- Implement cost cutting tools

Strategic Pillar

Leading Infrastructure

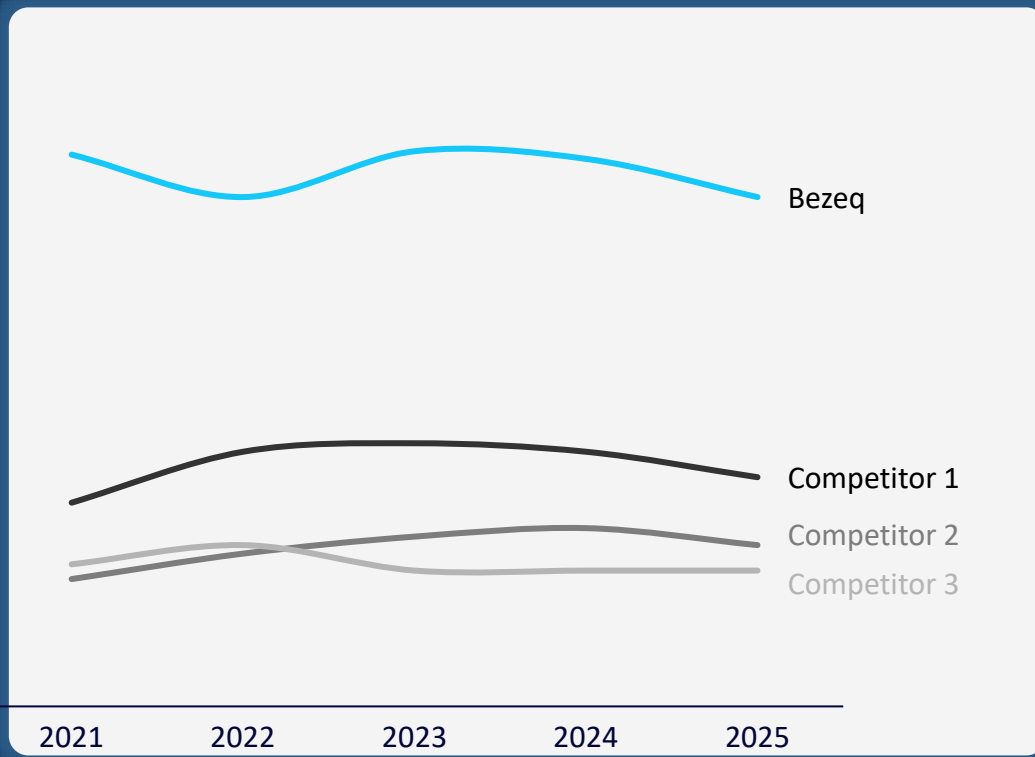
Premium Brands

AI Driven

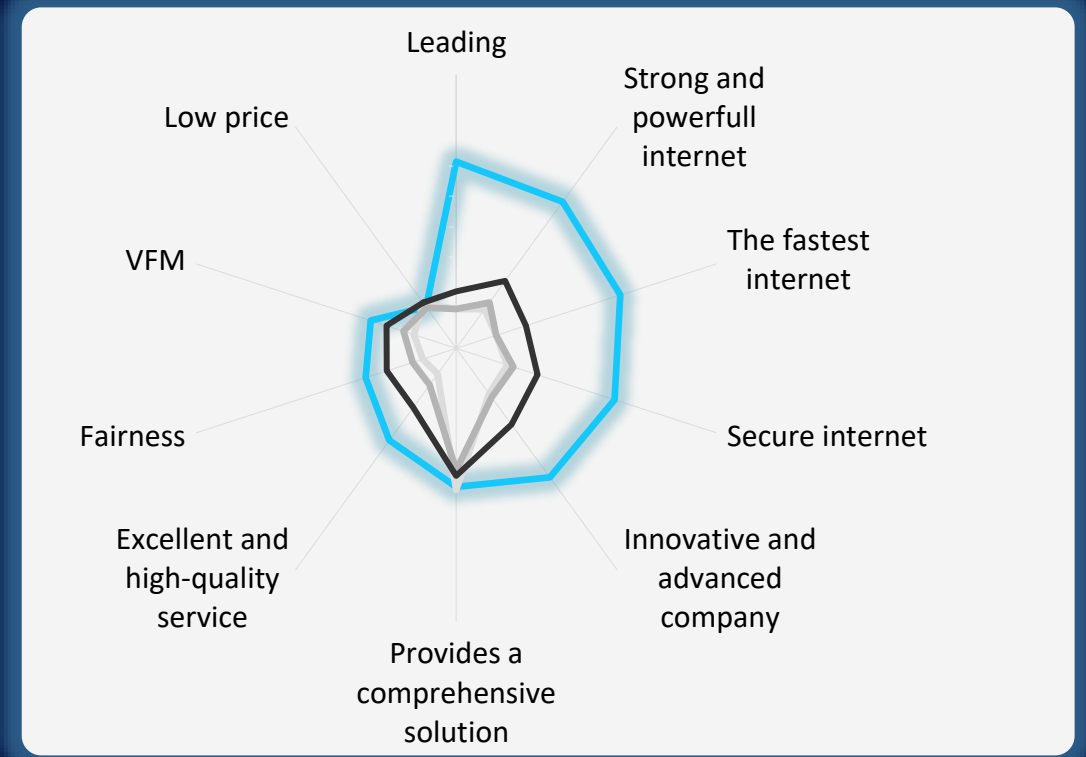


Strongest and most reliable internet offer, outperforming competitors

Public perception of reliable internet¹



Public perception of Bezeq's strengths

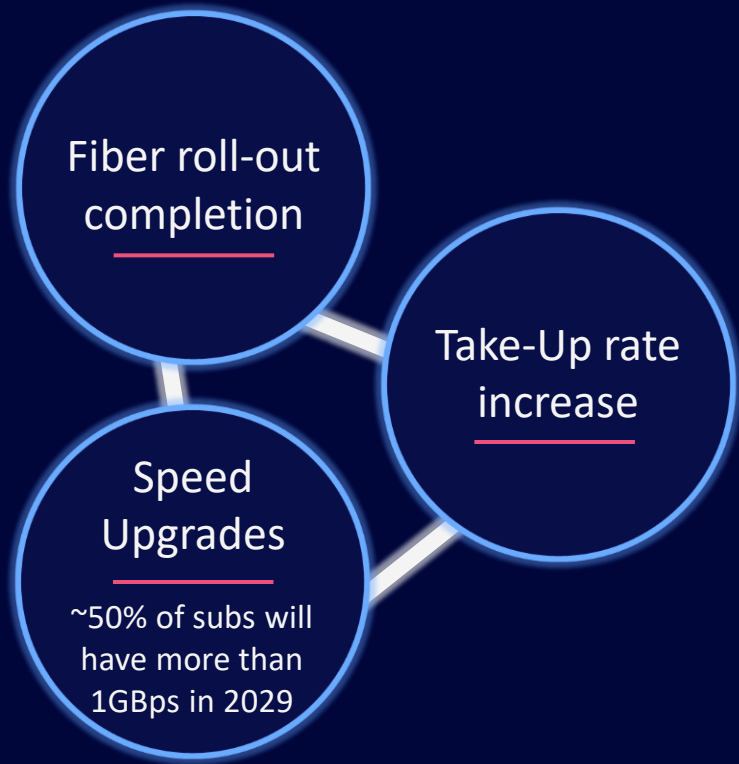


¹"Which of the following companies can be described as providing strong and powerful internet?", a representative online survey conducted by KANTAR, July 2025

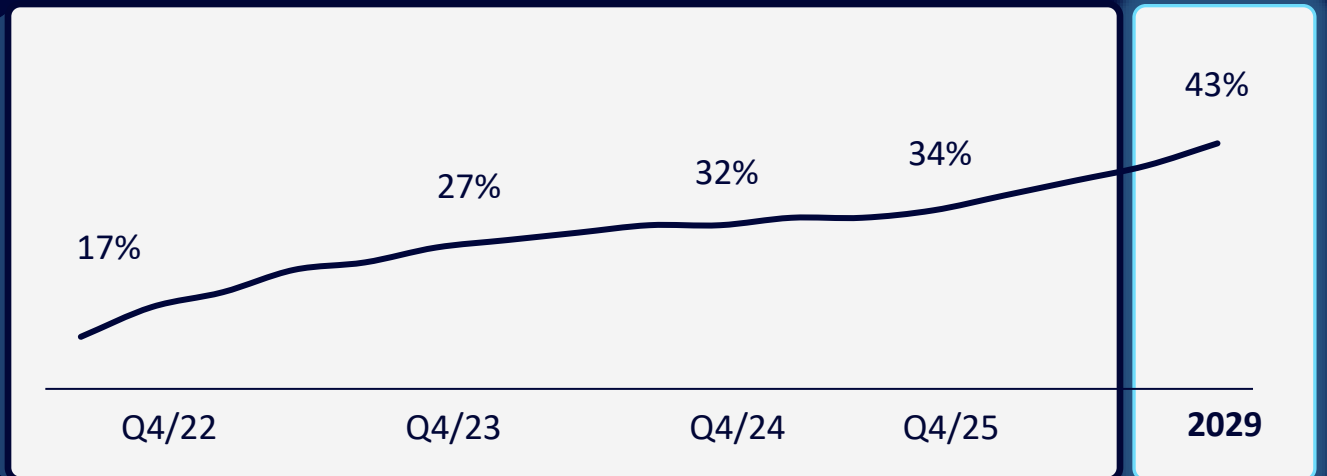
²A representative online survey conducted by KANTAR, July 2025



Capitalize on existing fiber infrastructure



Bezeq's fiber take-up rate evolution and mid-term

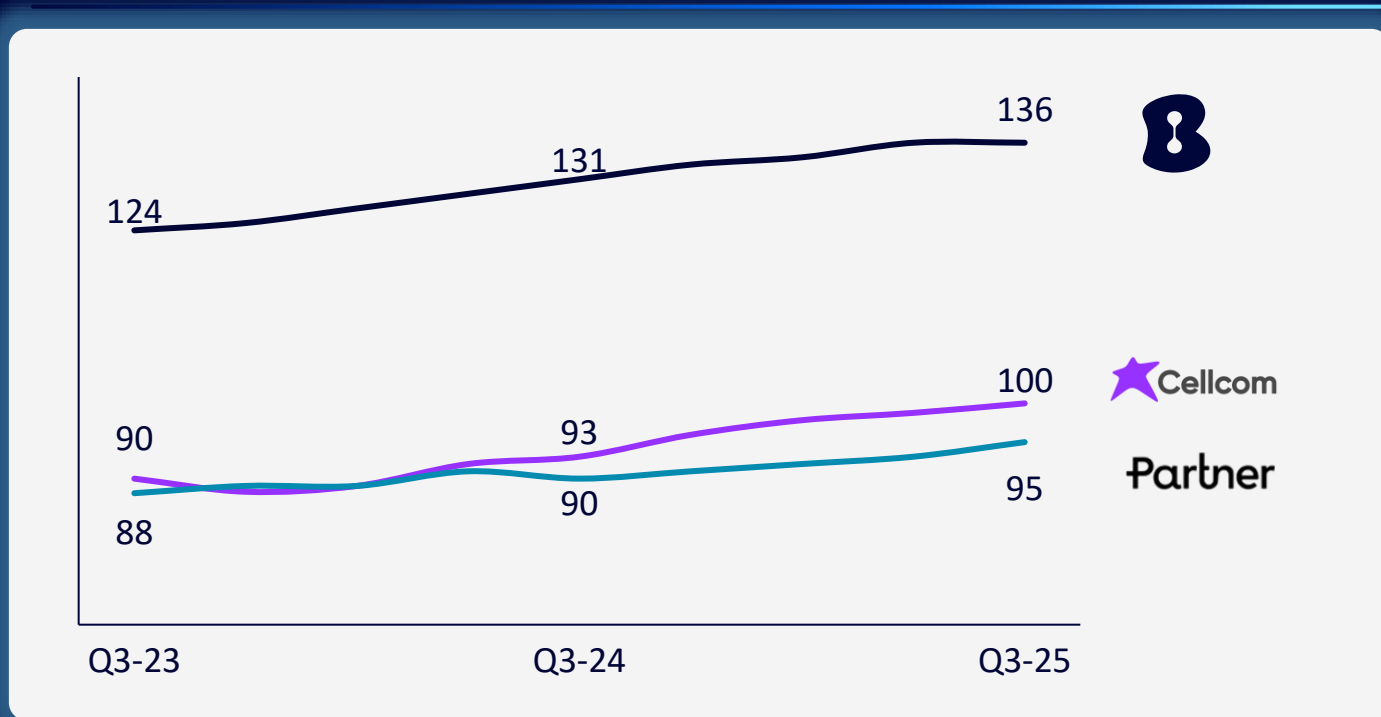


**3.5m homes passed target by 2029
with ~1.5m subscribers**



Highest broadband ARPU among competitors, reflecting its premium market positioning

Broadband monthly ARPU, NIS, 2023-25



2029

150
ARPU, NIS



Implementing AI solutions to enrich customer experience and streamline internal processes

Simplification

Always-on Automation

Digital & Personalization

IT Rationalization



Customer Experience

- AI fault predictions
- Churn prediction
- Value added AI services

Increase ARPU & support retention



AI Process Optimization

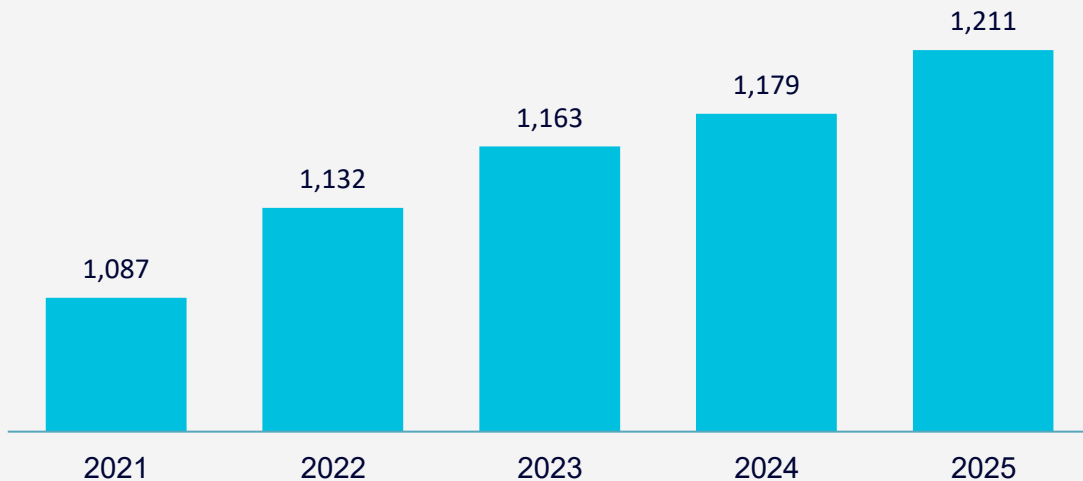
- Voice-to-voice AI agents
- Network capacity management
- AI tools for employees

Reduce costs & improve performance



The Advanced Platform for Businesses in Israel

Transmission & data (NIS million)



Transmission & data revenues continue to grow, reaching an all time high

Launching the next generation of IPVPN
Based on SDWAN technology

We developed PRO solutions for businesses, and revenues from these services are growing

V CLOUD | SECURITY PRO | NETWORKING PRO

Creating new revenues based on AI

GPUaaS

AlaaS - Integration of AI capabilities into PBX systems, Voice Bot, AI Assistant, Call transcription





Pelephone

Leading cellular provider in Israel, delivering outstanding service built on advanced network

Business Snapshot¹

2.68m
Subscribers

1.38m
5G Subscribers

1,600
Employees

2.2b
Revenues¹, NIS

46
ARPU, NIS

Services



Leading 5G
Cellular Services



End-User
Equipment



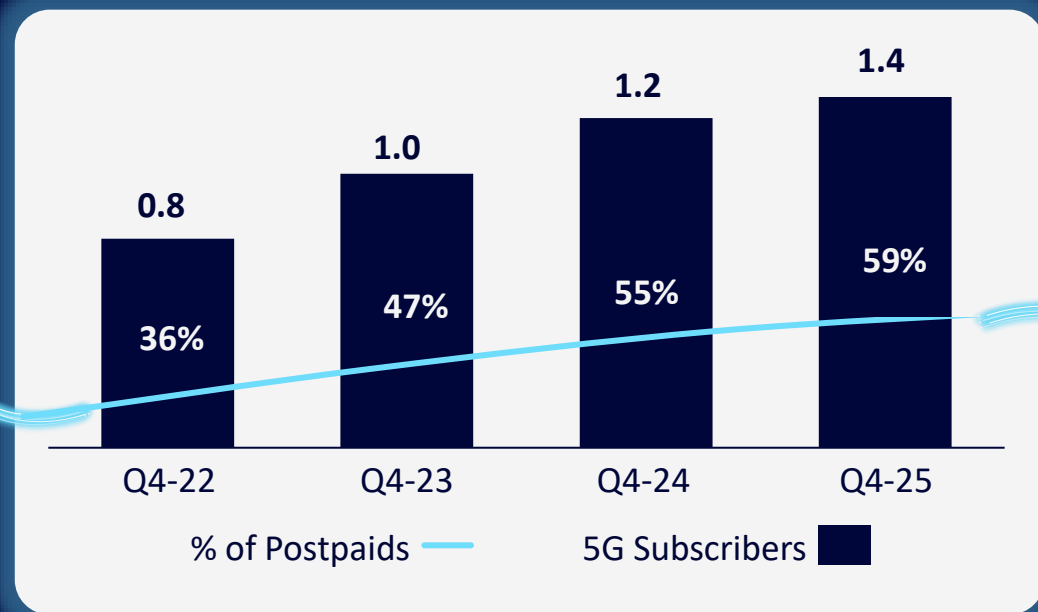
Shaping the 5G revolution with exceptional service and operational excellence



Pelephone upholds its advanced offerings through its 5G network evolution



Postpaid subscribers on 5G plans, million



2029

85%

Deployment of 90% of 5G sites by 2029

Monthly ARPU, excl. interconnect fees, rounded NIS, 2021-25



Telephone has consistently generated the highest ARPU levels in the Israeli market





Deliver premium services through next-generation 5G technology

5G MAX

Next-gen 5G Network



Enhanced customer experience



Prioritization at peak times



Extensive data coverage



Higher traffic speeds

5G MAX Subscribers

140k

Current

450k

2029

Incremental contribution to the ARPU



The background features several large, overlapping, curved shapes in shades of blue and dark blue, creating a sense of depth and movement. The shapes are smooth and rounded, with some appearing to be layered on top of others.

yes.

Israel's top TV provider, featuring high-quality content and a first-class viewing experience

Business Snapshot¹

565k

Subscribers

118k

Fiber Subscribers

950

Employees

192

ARPU, NIS

1.3b

Revenues, NIS

Services



Leading TV
Provider



Premium
Content



IPTV & Fiber
Bundle



¹ FY 2025

yes.

Setting the standard of TV services alongside growth and cost reduction

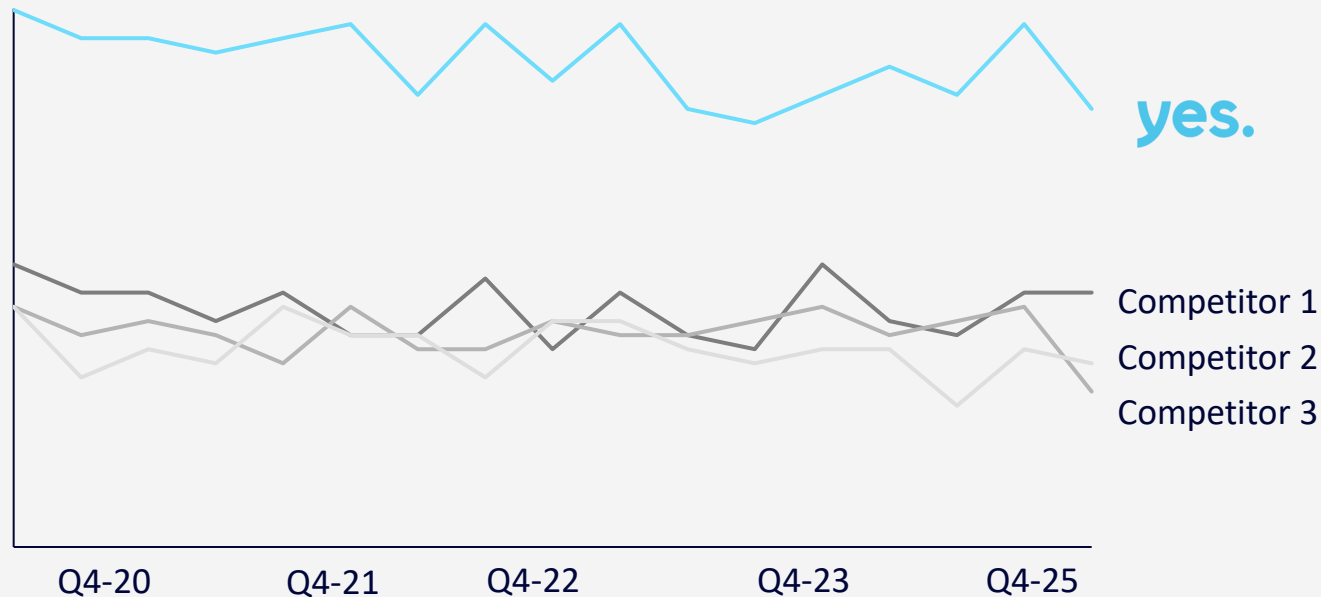


yes.



Which companies can be described as ones that customers truly love?

Most popular TV provider¹



yes stands out as Israel's most popular TV provider, reflecting the strength of its brand



yes.



¹“Which companies can be described as ones that customers truly love?”, online survey conducted by ThePoint2

Accelerating revenue growth with advanced features and a growing customer base

Bundle



50% of subs to be TV + Fiber bundles in 2029

Partnerships



Revenue growth through affiliations & partnerships

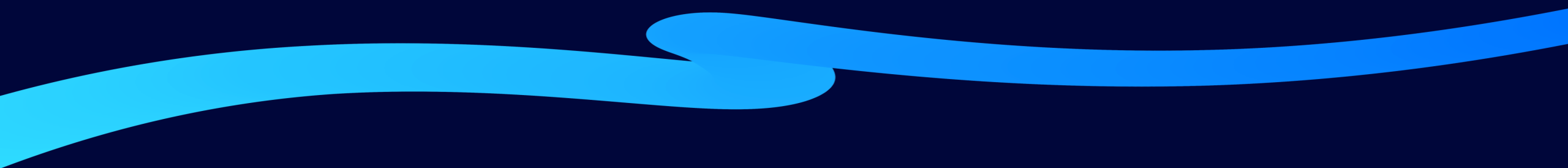
CTV



Ad revenues

yes.





ARPU growth driven by leveraging of premium content and exceptional customer experience



¹As of FY 2025

yes.



Hybrid ICT company offering innovative IT & Telecom business solutions

B2B focused services achieved
by organic growth and M&A

Business Snapshot¹

+20k

Customers

535

Employees

1.1b

Revenues, NIS



Telecom
Services



10MW
Data
Centers



Cybersecurity
Services



Cloud &
Agentic
Services



System
Integration
Services



IT Solutions

B-Tech offers end-to-end cybersecurity & cloud services solutions by partnering with leading companies



Cybersecurity

Network management

Endpoint solutions

Cyber cover & incident response

Partnering with



Cloud

Direct connect delivery

Cloud connectivity

Manage and monitor

Partnering with



4

ESG

ESG

ESG is embedded in every layer of our strategy

Supporting long-term growth



Environmental



Net Zero

Targeting 2050, including Scope 3



Green Fleet

38% hybrid, climate-ready



Recycling

Doubled to 180 tons



Energy Efficiency

20% savings, 5G site sharing

Social



Gender

Gender equality across mgmt tiers by 2030, WEPs signed



Diversity

20% target by 2030



Digital

85% fiber, 5G leader, AI-Enabled Network Optimization



Support

Cyber compliant, AI based

Governance



Rating

GRI, SASB, MSCI AA, Platinum+, reporting



Ethics

Fairness and anti-corruption



Supply Chain

Ethical supplier standards



Compliance & Risk Management

Control and maintain regulations

