

**Letter from the
Chairman of
Bezeq Group
2023**



Bezeq

Letter from the Chairman of Bezeq Group | Tomer Raved

To begin, I would like to express my appreciation to Bezeq Group's staff and to those reservists who, since October 7th, have been working day and night on the front lines and home front. They continue to courageously provide and support essential services to all citizens of the State of Israel, despite the difficult personal and national challenges arising from the situation. As one of the largest corporations in the country, **we see ourselves as an integral part of the revival efforts in Israel and we will continue to work tirelessly to make this possible.**

Over the past four years, in my position as a director in Bezeq Group, and through my deep involvement in the activities of the Company's Board of Directors, I have become well acquainted with the Group companies and the vast potential they offer. I am well aware of the magnitude of the responsibility placed on my shoulders in my position as chairman and I will act, together with the boards of directors and managements of the companies, and all of Bezeq Group's staff to ensure further growth and success.

According to estimates, the population of Israel is expected to double by 2050. This figure increasingly requires corporate entities and public institutions to adapt to the changing world and move their businesses and services over to the digital world. Educational institutions, health and transportation organizations, as well as a long list of other sectors that have a substantial impact on Israeli citizens, including the security and technological sectors, are part of this digital transformation.

When we entered the fiber optic and 5G cellular world four years ago, **Bezeq became the main telecommunications infrastructure company driving the digital revolution in Israel**, enabling continuous high-speed communications globally. The urgency for rapid, nationwide fiber deployment led to an improvement in Israel's global position in the telecommunications sector, and in retrospect, it has proven itself as an essential entity across the country.

At the same time, **we have acted to create synergies between the Group's various operating segments and transitioned most of our television (yes) customers from satellite infrastructure to our internet infrastructure**, while further supporting leading local content production in Israel and worldwide, which distinguishes our value proposition in the world of content.

We are pleased that in recent years a competitive and healthy telecommunications market has grown in Israel, alongside a strong regulatory environment that understands and supports the value of the substantial investments made by telecommunications companies, all while maintaining a competitive environment in all sectors.

The 2023 financial statements are a testimony of Bezeq's strength, with growth in revenues and all profitability metrics, including adjusted EBITDA of NIS 3.8 billion and adjusted net profit of NIS 1.3 billion. Bezeq Group has managed to present outstanding results, while securing its future by significantly reducing its debt and with substantial investments in infrastructure exceeding NIS 1.7 billion in 2023.

Bezeq's moral and business compass has guided us in recent years and is expected to continue guiding us in 2024 and beyond to further growth, stability and value creation. We are currently at a point of record investments. Over the past four years, we have invested over NIS 6 billion, while we have continued to reduce our financial leverage and returned to distributing dividends to our shareholders based on our revised policies, currently at 70% of net profits. Bezeq has shown stability, innovation and growth throughout the years of Covid, inflation, war and a complex geopolitical environment. We will continue to invest wisely for the future of the Group and of the State

of Israel, by maintaining substantial free cash flow that the Company will strive to increase in the coming years by an average of 7%-9%, maintaining an EBITDA margin of 42%-44% and gradually reducing investments. Additionally, we are embarking on an operational excellence program, focused on the Group's growth engines.

Thank you for your continued support and interest in Bezeq Group.

I wish you all peaceful and safe times ahead.

Sincerely,

Tomer Raved, Chairman of Bezeq Group