"Bezeq" The Israel Telecommunication Corp., Ltd.



Event Transcript

Q3 2026 Financial Results & Strategy Update

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DISCLAIMER

This document includes a transcript of the conference call held on the above date regarding the Company's financial results for the third quarter 2026, following the publication of the Company's financial statements at that date according to the Israeli Securities Law 1968 ("Securities Law"), as well as the publication of the Company's investor presentation.

This document includes statements made at that conference call and accordingly contains only partial information regarding the Company's financial results and the Company's periodic reports published under the Securities Law. The reports can be accessed at the Israeli Securities Authority's website, www.magna.isa.gov.il. A review of this transcript and/or the aforementioned investor presentation published by the Company is not a substitute for a review of the detailed reports of the Company under the Securities Law and is not meant to replace or qualify the full reports. The Company is not responsible for the accuracy or completeness of the information contained in this document. This transcript does not constitute an offer or invitation to purchase or subscribe for any securities of the Company, and neither this transcript nor anything contained herein shall form the basis of, or be relied upon, in connection with any contract or commitment whatsoever.

Q3 2026 Financial Results

Yohai Benita, Bezeq Group CFO: Welcome everyone and thank you for joining us on Bezeq's third quarter earnings call. I am Yohai Benita, CFO of the Bezeq Group. Joining me today are Mr. Tomer Raved, Bezeq's Executive Chairman, Mr. Nir David, CEO of Bezeq Fixed-Line, and Mr. Ilan Sigal, CEO of Pelephone and yes. Before we begin, please review the Safe Harbor statement on Slide 2 of our presentation, which applies to any statement made during today's call. Following our prepared remarks, we will open the call for Q&A. With that said, let me now turn the call over to Tomer, for his opening remarks. After his introduction, I will continue the presentation of our Group's financial highlights, followed by Nir, who will discuss Bezeq Fixed Line results, and Ilan who will cover the results from Pelephone and yes. I will then continue with Bezeq International's results and Tomer will discuss the Group's new growth initiatives.

Tomer Raved, Bezeq Executive Chairman: Thank you, Yohai. I am glad to see all of you joining us today. Our third quarter results demonstrate the strength of the Bezeq Group and the significant progress we have made in executing our strategy. The returns on our investment in national infrastructure are evident across all of the Group's business segments. Looking ahead, we intend to lead the growth engines in the coming decade: strengthening Israel's position as a global communications hub through the subsea cable project, accelerating cloud and cybersecurity services for business customers, expanding fiber-optic network coverage to approximately 3.1 million households, and leading 5G deployment through Pelephone. Our strong cash flow and financial resilience enable us to keep leading the market, investing in groundbreaking innovation, and delivering long-term added value to our shareholders.

Let's now move to Slide 3 where we show Q3 highlights. We posted a particularly strong quarter, with results exceeding expectations and forecasts. Core revenues grew 2.3% to 2.04 billion shekels, and Comp EBITDA was up 8% and surpassed the 1 billion shekel mark, while Comp Net Profit rose 44% to 372 million shekels. These impressive results keep us firmly on track to meet our updated annual targets. In Q3 we completed a buyback plan of 100 million shekels, as part of our multi-year envelope of 800 million shekels. This follows the completion of our previous buyback plan of 150 million shekels. Total dividends and buybacks in 2026 so far amount to 1.2 billion shekels. As we have previously communicated to the market, we are moving ahead on different fronts with new synergistic investment opportunities. This week Pelephone signed an agreement to acquire Wecom Mobile. We will continue to develop and grow our digital infrastructure activities, with an emphasis on the international subsea cable project. Last week we signed a non-binding MOU with Adgar Investments and Development for the joint establishment and operation of a data center, and we are continuing to evaluate additional acquisition opportunities all the time. I will go into more detail later in the presentation. Fiber subscribers were up 15% and take-up reached 36% with

approximately 3.1 million homes passed. 5G continued to drive cellular market performance and subscriber plans were up 12% YoY. ARPU increased year-over-year across retail broadband and yes, up 4.4% and 8.5%, respectively.

Turning to Slide 4, we see the technology and business roadmap on track to deliver our 2029 KPIs, from increased fiber deployment and take-up, expansion of 5G, and growth in the TV + fiber bundle. We are building for durable growth, superior customer experience, and operating efficiency.

On Slide 5, we summarize our key Q3 financial achievements. Note that net debt was up mainly due to timing differences in dividend payments.

Slide 6 highlights our key KPIs for each of our businesses. Broadband retail ARPU continued to grow year-over-year to 142 shekels. We recorded an increase in yes ARPU, due to fiber growth and revenues from the Partner transaction. Pelephone grew 5G subscriber plans to 1.51 million, and 5G MAX subscribers grew to 260 thousand today. We are on track to reach our target of 300 thousand 5G MAX subscribers by year end. I will now hand it back to Yohai, who will review our financials in more detail.

Yohai Benita, Bezeq Group CFO: Thank you, Tomer. Let's **turn to Slide 7 for** the Group's Q3 highlights. Core revenues rose 2.3% to more than 2 billion shekels, representing approximately 94% of Group revenues. Comp EBITDA grew 8% to slightly more than 1 billion shekels. Comp Net Profit grew 44% reaching 372 million shekels due to higher revenues and lower financing and operating expenses, after adjusting for the change in yes' valuation in Q3-2025. Excluding the impact of the cancellation of the provision for the universal fiber fund, Comp EBITDA increased 5.2% and Comp Net Profit rose 36%. Free cash flow was 249 million shekels and was 25% down due to changes in working capital at Pelephone.

Moving to Slide 8, we show our results for the first nine months of 2026. Core revenues were up 3%, driven by growth across all key group segments. Comp EBITDA was up 5.1%, and Comp Net Profit grew 27%. Free cash flow was up 4.4% and reached 859 million shekels.

Turning to Slide 9, we show our Q3 operating expenses. Operating and depreciation expenses were impacted by changes in yes' valuation in the third quarter of 2025. After excluding the impact of the changes in valuation, operating expenses decreased approximately 59 million shekels and depreciation expenses decreased approximately 34 million shekels.

Slide 10 shows our quarterly operational metrics. We recorded growth in wholesale broadband subscribers and achieved higher ARPUs year-over-year for retail

broadband and yes. Following the change in Pelephone's subscribers' methodology, cellular subscribers grew 0.7% year-over-year on a comparable basis, as growth in postpaid subscribers more than offset the decline in prepaid subscribers.

Slide 11 highlights our balanced capital structure. Net debt increased by 896 million shekels to 5.5 billion shekels, with a net debt to Comp EBITDA ratio at 1.6 times. As Tomer mentioned, the increase in net debt was mainly due to timing differences in the payment of dividends. Our credit ratings remain within the AA group, with stable outlooks from both Israeli rating agencies.

Turning to shareholder remuneration on Slide 12. In the third quarter, we completed a buyback plan of 100 million shekels, as part of our multi-year envelope of 800 million shekels. This follows the completion of our previous buyback plan of 150 million shekels.

On Slides 13 through 15, we show our 2026 Outlook and 2029 targets which are unchanged. We will continue to focus on maintaining our AA level rating and striving to increase shareholder remuneration. I will now hand the call to Nir for Fixed-Line results.

Nir David, Bezeq CEO: Thank you, Yohai. Our strong quarterly results demonstrate our strength and the continued growth of our core activities, alongside investments in the Company's future growth engines. We continue to lead Israel's AI revolution by integrating advanced tools into the Group's operations. Over the past year, 3 million calls were handled by Ron, Bezeq's digital agent. We will continue to pursue our strategy, invest in advanced infrastructure and future growth engines, lead through innovation, and provide our customers with the most advanced, high-quality solutions.

Turning to Slide 16, Fixed-Line core revenues increased 1.4% to 1.01 billion shekels, driven by higher revenues from transmission and data communications, cloud & digital services and infrastructure projects. Fiber deployment continued as we reached over 3.07 million homes passed with a take-up rate of 36%.

On the following slide (17), we show Q3 financial highlights. Comp EBITDA rose 5.6% and Comp Net Profit grew 32%, driven by higher revenues and lower operating, depreciation and financing expenses. Free cash flow was stable in Q3, and reached 875 million shekels in the first nine months of 2026, compared to 700 million shekels in the corresponding period.

Turning to the next slide (18), we show continued fiber deployment reaching approximately 3.1 million homes passed, with almost 1.1 million active subscribers on our fiber network today. They represent 74% of total broadband subscribers and a take-

up rate of 36%. Retail broadband ARPU continued to grow and rose 4.4% year-over-year to 142 shekels.

Moving to Slide 19, we show the take-up trend. Retail fiber take-up reached 660 thousand, or 70% of total retail subscribers. Wholesale fiber take-up reached 435 thousand, 26% growth year-over-year.

Turning to the next slide (20), broadband revenues were down 2.2% and were impacted by the MOC decrease in wholesale tariffs in Q2-2026. Transmission and data revenues grew 5.8% to 328 million shekels due to higher revenues from metro transmission services. Cloud & Digital revenues increased 2.2% driven by higher revenues from virtual exchanges and cloud services. Other revenues rose 6.2% due to higher revenues from infrastructure projects.

Moving to Slide 21, we show our operating expenses. As fiber deployment and penetration have grown, we are seeing the results in lower operating expenses which decreased by 21% due to lower expenses for fiber installation and materials. In addition, operating expenses were positively impacted by the cancellation of the provision for the universal fiber fund. With that, I'll now turn the call over to Ilan to discuss Pelephone and yes.

Ilan Sigal, CEO of Pelephone and yes: Thank you, Nir. The financial results reflect the continued strengthening of Pelephone and yes and the success of our business strategy, as demonstrated by consistent growth, improved profitability and the strengthening of our growth engines.

Turning to Slide 22, Pelephone Comp EBITDA and Comp Net Profit increased due to higher revenues and lower operating expenses, resulting from the cancellation of the provision for the universal fiber fund, among others. We delivered strong subscriber momentum this quarter. After adjusting our numbers to reflect the one-time reduction in data subscribers, postpaid subscribers increased by 11 thousand sequentially, 5G postpaid subscribers grew by 49 thousand, reaching 1.51 million, or 66% of postpaid subscribers today. In parallel, 5G MAX subscriber plans continued to expand, reaching 260 thousand today, reflecting customers' increasing demand for premium connectivity. ARPU was up 3 shekels sequentially, and flat year-over-year. In addition, as mentioned, this week we signed an agreement to acquire Wecom Mobile.

Turning to Slide 23, you can see the detailed financial performance this quarter, which reflects these dynamics. Comp EBITDA grew 5.4% and Comp Net Profit grew 19%. Free cash flow was impacted by changes in working capital, mainly from payments to employees due to the signing of a new collective agreement and the timing of end-user equipment procurement.

On Slide 24, we highlight continued growth in 5G adoption. With 66% of postpaid customers now on 5G plans, we remain well positioned to capture future data and service revenue upside.

On Slide 25, we show revenues from services and ARPU. Revenues from services continued to increase and were up almost 1% year-over-year.

Moving to yes. On Slide 26, yes delivered a strong quarter, with revenues growing 15% to 370 million shekels, for the highest quarterly revenues since Q2-2018. ARPU reached a record 205 shekels, driven by continued growth in the TV plus fiber bundle and revenues from the Partner transaction.

Slide 27 highlights our key financial metrics in Q3. We recorded the highest Comp EBITDA and Comp Net Profit since 2017 and 2016, respectively, driven by higher revenues and streamlining of expenses due to the migration from satellite broadcasting. This is the third consecutive quarter of Comp Net Profit. Free cash flow in the first nine months of 2026 was 20 million shekels, compared to negative free cash flow of 1 million shekels in the corresponding period. Free cash flow was impacted by higher profits and changes in working capital.

Moving to Slide 28. Fiber subscribers increased to 160 thousand today, up 50 thousand year-over-year, while migration to IP continues, with 91% of yes customers now on IP platforms. With that, I'll hand the call back to Yohai for Bezeq International's results.

Yohai Benita, Bezeq Group CFO: Thank you, Ilan. Finally, turning to Bezeq International on Slide 29. Revenues from business customers decreased 9.6% to 227 million shekels, due to lower revenues from integration activities and international calls, partially offset by higher revenues from business services. Comp EBITDA and Comp Net Profit were stable due to a decrease in operating expenses resulting from the cancellation of the provision for the universal fiber fund, among others. We continue to focus on expanding activity in areas with high growth potential, alongside promoting efficiency and business transformation processes, with the goal of continuing to improve profitability and strengthen our position as our customers' leading technological partner. As reported last week, we signed a non-binding MOU with Adgar for the joint establishment and operation of a 16MW co-location data center in Petach Tikvah. I will now hand the call back to Tomer to discuss our new growth initiatives.

Tomer Raved, Bezeq Executive Chairman: Moving on to Slide 30, I would like to highlight in detail our new growth initiatives over the next few slides.

Slide 31 outlines our disciplined financial approach. First, our cash flow funds maintenance CapEx, while we maintain our credit rating within the AA group. On that

foundation, we invest in growth initiatives, both new CapEx and M&A, with the goal of growing free cash flow and, in turn, shareholder returns. Our current leverage level gives us the flexibility to capitalize on these opportunities.

Slide 32 explains why subsea cables are our main growth initiative. The expansion of cloud services, AI and data centers is driving demand for international data traffic. Traffic between Europe and Asia grew at an average annual rate of 34% between 2020 and 2024, and more than 90% of it is concentrated along the Red Sea route, creating a clear need for additional capacity and alternative routes. Israel's geographic location allows it to serve as an alternative telecommunications bridge between Europe and Asia, including along the potential India-Middle East-Europe economic corridor, adding capacity, diversifying traffic routes and enhancing resilience.

On Slide 33 we provide more details on our subsea cable activities. Our cable partnership with Telecom Italia Sparkle is progressing and is in its final stages prior to signing. The Group's investment is estimated at approximately 250 million shekels, spread over three years. Strong demand for capacity is reflected in customers' willingness to enter into pre-sale agreements in advance, enabling a faster return on investment. We expect most revenues to be generated during the first 5-6 years, followed by ongoing but lower maintenance revenues. We expect the transaction's IRR to exceed 20%. In addition to our share in the project, Bezeq will provide the terrestrial segment to the partnership for additional consideration, and at a later stage, we will examine laying an additional cable together with Sparkle. In parallel, together with our external advisors, we are in discussions and negotiations with several companies for the construction and laying of an independent cable. We bring proven experience to these projects: Jonah, Bezeq's International's wholly owned cable, has connected Tel Aviv to Bari, Italy, since 2012. We are also examining the acquisition of companies in this field.

Moving to Slide 34, we turn to data centers. Bezeq International already provide co-location hosting services in 5 data centers with a total capacity of 13 MW. Last week, we signed a non-binding MOU with Adgar Investments and Development to jointly establish a data center for telecommunications service providers with a capacity of at least 16 MW on Adgar-owned land in Petah Tikva, based on a revenue-share model. Adgar will provide building and carry out the construction works, while Bezeq will purchase the data center equipment and systems, lead implementation through commercial readiness, and provide operation and management services. Each party's investment is estimated at approximately 200-250 million shekels, mostly in 2027 and 2028, and we expect commercial operations to begin in 2028. As occupancy increases, we expect the project to generate annual revenues of approximately 50-80 million shekels and annual EBITDA of approximately 25-40 million shekels for the Group, not

including potential synergies with our existing telecommunications services to data centers.

Turning to Slide 35, Pelephone signed an agreement to acquire the entire share capital of Wecom Mobile for total amount of 250 million shekels. Realizing synergies in operating costs in the short term, and in network and frequency costs over the medium-to-long term, may contribute an estimated 50 million shekels to the Group's results in the short term, and approximately 100 million shekels in the long term. Following the completion of three successful acquisitions, we continue to look for additional M&A transactions across all Group companies, on a limited scale, to strengthen and complement our existing capabilities.

Turning to Slide 36 - To summarize, the Group is focused on evaluating new investment opportunities, with an emphasis on digital infrastructure that generates synergies with our existing operations and expands our growth engines. Our current financial structure and leverage level give us the flexibility to advance these investments, which are intended to diversity our sources of revenue, strengthen our financial resilience and enhance our shareholder value over the long term. Our aim is to leverage our existing capabilities and advantages to promote synergistic investments and create shareholder value. I will now turn the call back to Yohai.

Yohai Benita, Bezeq Group CFO: I will now open the Q&A session. If you would like to ask a question, please raise your hand virtually. As you hear your name, please be sure to unmute your microphone, and ask your question. For the benefit of the people in the room, please introduce yourself and share the name of the company you represent. We will address questions as we see the hands raised. I will now pause to poll for questions. Hi, Rohit.

Rohit Modi (Citi): Thank you so much. Rohit Modi from Citi Research. I have three, please. Firstly, starting with results and outlook. Firstly, congratulations on the great set of results. On your outlook and given the performance in the first nine months, it looks like guidance is very conservative for the fourth quarter, as it looks like you are expecting a decline in numbers in the fourth quarter. What is the rationale behind it? Why are you being cautious around the fourth quarter right now? Second question is on the structural separation. Your discussion, any update around that? Do you see any risk on those discussions given the political situation right now? There is a change in government. Do you see any kind of risk to your discussions on structural separation? Thirdly, on your growth initiatives, I'm just trying to understand, you have this data center capacity of JV recently, but how much do you want to stretch your balance sheet for these kinds of new growth initiatives, including the dividend policy you have currently? Any comment on that would be really helpful. Thank you.

Tomer Raved: I'll begin and I'll let Yohai chime in. First, we're not expecting any softness in Q4. And I want to be very, very clear on how we approach that. So we updated our guidance because we saw that we are 10% or more above, and we updated guidance in August for EBITDA and net income. And we feel very strongly and very confident about achieving these results. But as long as there is no additional 10% increase above the current guidance, we're not updating the street. So if we will see that on the going forward basis, the increase is more than 10%, then we would update the street on either of these metrics. And that's the way we already approach things always, actually. But to be clear, we do not expect softness in Q4. I understand the question, but that's not the result we're expecting. Very confident to achieve the target or even beat them. Second question, very, very important one, structural separation. We do not feel any impact from the political situation on the process, which is being run by the professional agencies in the Anti-trust authority, Ministry of Finance and Ministry of Communications. It sits within the professional level inter-ministerial office and team. We are having meetings with them on a weekly basis. We are in the final last mile. We hope to hear the hearing coming out in the coming weeks. To date, we have not seen any impact from the political situation. To that point, it didn't really impact the pace of progress of the process. We do not have a specific timeline. We are happy that this process finally started after a decade. In the past six to nine months, a formal process is finally out in the open, but we are waiting for the results, the same as all you guys on the line. On the third question, we are not looking to stretch our balance sheet at all, especially not data center related projects, to be clear. We have a very, very strong discipline, and I think I outlined that in the slides earlier, that touches all of that. But on data center specifically, we are only expanding the co-location existing business, which is very profitable. It's not a significant investment. We are not going to do the real estate play, 100 megawatts, like other real estate and data center players globally or locally. We are playing our bread and butter, which is really co-location, B2B solutions for banks and hospitals and HMOs, government agencies that need business hosting and cloud solutions. It's completely different from the large AI hyperscaler data center play, which require significant balance sheet commitment, and by the way, in our view, generate lower IRR from the returns we expect to see.

Yohai Benita: Okay, thank you. Next question is from Tavy. Hi, Tavy.

Tavy Rosner (Jefferies): Thanks for taking my questions, and congrats on the strong results. Interestingly, Rohit, those three questions are identical to mine, so that's always helpful. I wanted to ask on more longer term kind of things. Some of the trends we're seeing in the telco world is the AI agents negotiating on your behalf to renegotiate the packages. So that's one. Do you see that as a risk in Israel? Two, is Starlink potentially competing down the road on fixed line services, and then three, is the MOU review of enforcing universal routers to make it easier for customers to migrate from one to the

others. How do you look at it? I guess it's not really down to this quarter, but how do you think about it down the road?

Tomer Raved: I'll start. First, we are well familiar with the points you raised, good ones. Look, on AI agents, first, we are leveraging these capabilities internally, and we're using agents. As Nir and Ilan repeatedly mentioned and presented, we have agents across the group to sell and provide solutions. We have thousands of calls every day that are incoming and outgoing calls with the bots. We are monitoring these trends, but we're also blocking, like many other companies, the ability of bots to call and negotiate. It's not really a trend that we allow, and there are great tools to deal with it and actually benefit from it. There's a way to sell more and not just renegotiate price. Today, it's not just a risk, and we are blocking the ability to use these tools with our live agents and with our people agents. That's number one. Starlink, we see more as a collaboration opportunity, and Ilan can expand on mobile. On fixed, it's not a risk. Israel is a dense country. Satellite cannot replace fiber in any place in the world. If Starlink wants to buy a cellular company in Israel, that's great, but that could be a great uplift as a collaboration opportunity for the cellular market. So we do not expect them to really impact the Israeli market or the competition here, again, unless they want to join the party, which is great, but eventually they need infrastructure. So that's not a significant risk. I know it's a big buzz and risk in the US, where you have rural terrestrial areas with no fiber and no cellular coverage completely understand the risk. Not in a dense country with Israel, where the cost per passing is very low, and the environment, which is not just Israel, it's South Korea, it's Switzerland, it's Netherlands, much lower risk for this type of satellite solution. The last point was around the universal router. That's not something that is realistic technologically and not a risk. We saw an article, like yourself, and a few data points. The amount of technology and configuration invested in the routers does not really allow, and the MOC doesn't think it would allow, for some sort of theoretical wholesale on the routers. So we do not view this as something that is a realistic risk.

Yohai Benita: Okay, thank you. Our next question is from David Kaplan. Hi, David.

David Kaplan (Psagot): Hi, David from Psagot Sigma. A couple of questions. The first one, can you talk us through the Wecom acquisition a little bit. In terms of the number of subscribers there, we're not talking about what was a large competitor or significant competitor. So what was the thought process in that one? And of course, how is that going to impact capital allocation and or dividends and returns to shareholders? That's the first one. The second one I have is on Pelephone specifically. There's been a little bit of cash flow drag there because of the collective agreement with the employees. So how much of that is left? What's the annual savings going forward? And how much longer are we going to see that drag on the cash flow from Pelephone?

Tomer Raved: So first on Wecom, we are happy to sign this very strategic investment. As you saw, and I just mentioned in the previous slide, it could generate 50 to 100 million shekels of incremental EBITDA on top of the double-digit current EBITDA that Wecom has with roughly 300,000 subscribers. This does not impact dividends or leverage. It's not a significant investment. And if anything, this could create synergies that would reduce leverage going forward and improve shareholder returns, due to the incremental profitability. So it does not impact capital allocation. It's not a significant needle mover from that perspective. It definitely contributes to the group profitability synergies and EBITDA, which is a very significant upside going forward. On Pelephone, and Yohai and Ilan can add, but the drag on working capital is not predominantly from the union collective agreement. It's actually from the Government accountant general agreement renewal where we buy the devices ahead of time, a lot of equipment and inventory that we bought in the past three to four months. This will continue to happen over the next three to four months. Very profitable business. But the inventory and the equipment we buy and sell to these 100,000 plus customers. So that's a great business. But that's just because the renewal of that tender requires equipment. And that's why you see the kind of short-term impact on working capital at Pelephone.

Ilan Sigal: The working capital, the agreement, the money from the agreement will finish this quarter.

Yohai Benita: I will add to what Ilan and Tomer mentioned. The majority of the retirement payments in Pelephone has already happened in 2026. We expect some to be in 2027, 2028, but at a much lower scale compared to what we see today. And the benefit we will start to see immediately after the employee has retired. So in 2027, we're already going to see that. I will remind you that in 2029, we have a target to keep the salary expenses flat on a group level compared to 2025. And these actions will allow us to meet this target, and we see that it was a very positive contribution.

David Kaplan (Psagot): So in Q4, we could see a similar impact on Pelephone from the employee agreement.

Tomer Raved: Not from the employee agreement, more from the equipment tender.

David Kaplan (Psagot): Okay, thanks.

Yohai Benita: Next question is from Ondrej from UBS, please. Hi.

Ondrej Cabejsek (UBS): Hi, everyone. Thank you for the presentation. Apologies, I joined late. So if I'm asking something that has already been addressed, I have a couple of questions. I'll go one by one, if I may. Just following up on the Wecom deal. So first of all, again, congratulations, because I think this is the second time someone tried to

buy them. So finally, we've got, more consolidation in the market. I was just wondering, what's the difference between the, I guess, 50 million of the data accretion is what Wecom presumably is generating today. So how do we get to 100? Is that based on the assumption that there are full synergies achieved, some kind of cross-selling market repair or anything like that? That would be my first question, please.

Tomer Raved: There are two components. The 50 reflect mostly Opex and existing profitability from Wecom. The additional 50, or even more, is from network and frequency synergies that will take a little bit more time to achieve. Meaning the short-term synergies would be roughly 50. The long-term synergies will be at least 100. Because we have at least 50, actually closer to 60 million shekels synergies from frequencies and network costs that are currently being paid to Cellcom.

Ilan Sigal: One more thing, we will probably transfer Wecom customers from 4G to 5G plans, resulting in additional synergies.

Ondrej Cabejsek (UBS): But the kind of upside on the revenue side from cross-selling or upselling that is not included in this number that you're talking about?

Tomer Raved: In very, very limited scale, correct.

Ondrej Cabejsek (UBS): Ok, thank you. Second question I have is on the fiber wholesale rates, which are obviously starting second quarter of 2026, having an impact after they reset. Now that we are approaching the end of 2026, do we have good visibility on whether something similar is going to happen into 2027? Or do we assume that the wholesale rates on fiber that we have today are going to continue going forward, i.e. there will be a good favorable pace into 2027 in terms of broadband growth?

Tomer Raved: Ok, so just to recap, and that's an excellent question, the wholesale tariff reform that happened six months ago was the last one, meaning the decision is to actually remove supervision from wholesale tariffs starting in 2028. So 2027 is going to be the last year with regulatory supervision, meaning the 58 shekels on wholesale, it's not going to change again. If anything, there's more upside than downside on wholesale rates, given that there's a free market starting in 2028, which is very consistent with what you see in the EU today.

Ondrej Cabejsek (UBS): Thank you, that's great. And then a final question, if I may. So on the subsea cable projects, I believe that the map that you showed indicates that there's a terrestrial line, but then there is a line that crosses the Gulf of Oman, if I read this correctly. A couple of days ago, there was an article in the Financial Times that

Iran is threatening to cut subsea cables in the Gulf. So I guess, is there a risk that this project might be derailed because of the geopolitical situation in the region?

Tomer Raved: It's actually the biggest opportunity. If Iran cuts the cable in the Straits of Hormuz, the need for our terrestrial bypass is even more important, because then we connect terrestrially Saudi, Emirates and other countries in the Gulf by land. They don't need to go to Bab el-Mandeb at the Red Sea. They don't need to go to the Straits of Hormuz. We are actually the solution in this case, the 2x or 3x solution of what we model today, if this type of action is being taken, which I hope not. But exactly this type of event, whether it's accident or terrorist-related activities, that's exactly why you need redundancy. That's exactly why the Red Sea is not enough, why the Straits of Hormuz is not enough in terms of subsea cables. You need as many routes as possible. And that's why the demand that we outlined earlier is exponential almost from hyperscanners. They cannot afford to have one route or two routes. They need multiple routes. And to cross the continent from Asia to Europe, Israel today is the only country, if you compare it to Syria or Lebanon as of today, that has the terrestrial infrastructure to support this bridge.

Ondrej Cabejsek (UBS): Last question, if I may, I believe there is no more behind me. So the ramp in terms of the data center, I guess you indicated this is short-term to midterm. What does that actually mean? So I guess we're starting in 2028 with a slow ramp then getting to 50 maybe 29 or 30 and then getting to 80 million of revenue, when can we expect to get there?

Tomer Raved: It depends on the utilization. But within the first three to five years of the project, we're probably going to reach very high utilization, which will reflect these numbers. We will probably provide more specific numbers, both on data centers and on cables in the coming quarters.

Ondrej Cabejsek (UBS): Thank you very much.

Yohai Benita: Ok, thank you, Ondrej. If there are no further questions at this time, I would like to thank you all for taking the time to join us today. Should you have any follow-up questions please feel free to contact our investor relations department. We look forward to speaking to you on our fourth quarter and year-end 2026 earnings call. Thank you.