Convenience translation into English of Cellcom Israel Ltd.'s Periodic Report for the period ending March 31, 2023 filed with the Israeli Securities Authority, on May 17, 2023

Cellcom Israel Ltd.

PERIODIC REPORT FOR THE PERIOD ENDING MARCH 31, 2023

Table of Contents

Chapter A **Changes and updates that occurred in the Company's business during the reporting period and thereafter in matters that are required to be described in the Periodic Report**

Chapter B **Board of Directors' Report on the Company's State of Affairs**

Chapter C **Financial Statements as of March 31, 2023**

Chapter D **Report regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure pursuant to regulation 38C(a) of the Securities Regulations (Periodic and Immediate Reports), 5730-1970**

Chapter A

Changes and updates that occurred in the Company's business during the reporting period and thereafter in matters that are required to be described in the Periodic Report - Update to Cellcom Israel Ltd.'s Periodic report for the year 2022 (Reference No.: 2023-01-025194) ("The Company" and "Periodic Report", respectively)

1. **Section 12.4.2(1) - Competition in the fixed-line telecommunications market - Multi-channel television services**

   Further to the description in this section, regarding the Director General of Competition's decision to grant an exemption from of a restrictive arrangement for an initiative to establish an internet based multi-channel broadcasting platform through the cooperation of Keshet Broadcasting Ltd. ("**Keshet**") and RGE Group Ltd., and regarding the approval of the Council of the Second Authority for Television and Radio Keshet's application in connection with the aforementioned project, the Company updates that during April 2023, the project began to operate, under the name "free TV" (as a pilot).

2. **Section 18.1.4(2) - Agreement to purchase an IRU on IBC's fiber-optic infrastructure**

   Further to the description in this section, regarding the approval of the Company's board of directors, during March 2023, its engagement in the IRU purchase agreement in IBC Israel Broadband Company (2013) Ltd.'s fiber infrastructure (a communication company that provides communication infrastructure services in Israel through the deployment of fiber-optic infrastructure, and in which the Company (indirectly) holds approximately 23.3% of its share capital), the Company updates that the aforementioned agreement was signed on March 26, 2023.

3. **Section 19.7 – Financing - Raising additional sources**

   Further to the description in this section, on April 2023, the Securities Authority decided to extend the period for the offer of securities according to the Company's shelf prospectus, bearing the date of April 21, 2021, by an additional 12 months, that is, until April 20, 2024.

4. **Section 22.4.1(2)(b) - General license to provide radio telephone mobile services**

   Further to the description in footnote 29, Regarding the publication of a draft of the amendment to the Communications Order (Telecommunication and Broadcasting) (Defining an Essential Service Provided by Bezeq – The Israel Telecommunications Corp. Ltd.) (Amendment), 5757-1997 (the "**Communication Order**") and the Government of Israel's approval of the amendment to the Communications Order, on March 30, 2023, the Economic Committee of The Knesset approved the amendment to the Communications Order (Approval of the Communications Order (Telecommunication and Broadcasting) (Defining an Essential Service Provided by "Bezeq", the Israel Telecommunications Corp. Ltd.) (Amendment), 5782-2022).

5. Section 22.6.2(2) - Development of the Wholesale Market

Further to the description in this section, regarding a hearing published by the Israeli Ministry of Communications, which proposes a new format for examining margin reduction ("**Margin Squeeze**"), that aims to prevent competitive damage to wholesale market activity on an advanced network (a Bezeq network based on optical fibers), which proposes to maintain a margin between the retail price and the wholesale cost at a level of 25% above the wholesale cost. On March 27, 2023, the Israeli Minister of Communications decided that the format for examining the margins reduction in a fixed advanced network will be the format published in the recommendation for the hearing along with a number of changes detailed in the decision. As stated in the aforementioned section, the companies to which the test will apply to will be Bezeq and he service providers entitled to deploy advanced networks in Incentive Areas.

6. Section 25.1 - Material pending legal proceedings

A. Further to the description in this section, regarding the agreement (in an immaterial amount) reached by the parties in a request for approval as a class action filed in the District Court in Tel Aviv, against the Company (among other things), alleging unlawful interest collection on end equipment in a loan transaction, the Company updates that in March 29, 2023, a judgment was issued approving the withdrawal request filed by the parties.

B. Further to the description in this section, regarding an administrative petition filed by Golan Telecom Ltd. ("**Golan**") for revoking a decision by the Ministry of Communications of July 2021, that obligated Golan to return to the state a financial benefit it Previously received from the Ministry of Communications (the "**administrative petition**"), on May 2023, Golan filed a petition to the High Court in this matter (this, after a hearing that took place on April 2023, before the District Court in Jerusalem, following which the administrative petition was revoked by consent (without an order for costs and while it was made clear that will be resubmitted to the High Court)).

Chapter B

Board of Directors' Report on the State of the Company's Affairs

March 31, 2023

The Company's board of directors hereby respectfully submits the board of directors' report on the state of the affairs of the Company and its subsidiaries (hereinafter collectively: the "**Group**") for the period of three months ended March 31, 2023 (the "**Report Period**"). The following presentation is limited in scope and relates to events and changes to the affairs of the Group during the Report Period, which are of material effect. This report was prepared according to the Securities (Periodic and Immediate Reports) Regulations, 1970 (the "**Report Regulations**"), and assuming the reader has available the Company's periodic report for 2022 (ref. no. 2023-01-025194) ("**2022 Periodic Report**").

The Board of Directors' Explanations on the State of the Company's Affairs and Operating results

1. **Brief description of the Company, its business, and its activity during the Report Period**

1.1. General

The Company was incorporated in Israel in 1994 as a private company under the laws of the State of Israel, under the name Cellcom Israel Ltd.

As of the Report date, the Group is active in the Israeli communications market in two areas of activity, which are reported as reportable segments in the Company's consolidated financial statements (for details see Note 4 to the Company's consolidated financial statements as of 31 March 2023 (the "**Financial Statements**")):

1.1.1. The cellular communications sector (mobile segment) - In the framework of this area of activity, the Group provides its customers with a wide range of cellular telecommunication services in Israel, under the licenses granted by the Ministry of Communications. Also, the Group provides overseas roaming services to its customers and to customers of foreign operators who are visiting Israel. In addition, the Company sells related services and equipment and equipment repair services to its customers. The mobile segment also includes the Company's revenues arising from the collaboration agreement with WeCom Mobile Ltd. (formerly known as Marathon 018 Xfone Ltd.) ("**WeCom**").

1.1.2. The fixed-line communications sector (landline segment) - In the framework of this area of activity, the Group provides internet services (broadband services, based on IBC's fiber-optic infrastructure and the fixed-line wholesale market and internet access services (ISP)), internet based television services ("**Cellcom TV**"), international telephony services ("**International Operator Services**"), domestic fixed-line telephony services ("**Domestic Operator Services**"), and transmission services for business customers and for telecommunication operators on the basis of the Group's independent infrastructure. The communication services are provided under license or permit granted to the Group by the Ministry of Communications (except for the internet television services that do not require a license or permit). Similarly, the Group provides additional services such as: Conferencing services, cloud computing services, server hosting services, and IOT solutions. In addition, the Group sells equipment related to the fixed-line segment such as computers and communication equipment (servers, routers and switches, and more), software and integration of information security products.

1.2. Review by the Company's management regarding the results of the Group's activity for the first quarter of 2023

The Group is concluded First quarter of 2023 with a net profit of NIS 43 million, continuing the trend of presenting net profit in 2022.

The Company ended First quarter of 2023 with revenues of NIS 1,081 million compared to NIS 1,055 million in the corresponding quarter of 2022, reflecting an increase of 2.5%.

Revenues from cellular services in the current quarter increased by ~6.1% compared to the corresponding quarter of 2022 and summed up to NIS 504 million (before neutralizing inter-segment revenues). The increase mostly derives from growth of revenues from cellular packages as result of a net increase in number of customers, alongside an increase in average revenue per customer and an increase in revenues from overseas roaming services packages. Revenues in the fixed-line segment increased by ~2.2% compared to the corresponding quarter of last year and summed up to NIS 330 million (before neutralizing inter-segment revenues). The increase mostly stems from an increase in revenues from the fixed-line packages that include internet and television.

Revenues from end equipment in the first quarter of 2023 decreased by ~3.7% compared to the corresponding quarter of 2022 and summed up to NIS 286 million. The decrease derives primarily from decrease in sales of equipment in the fixed-line segment.

The Company's operating profit in the current quarter summed up to NIS 92 million compared to a profit of NIS 73 million in the corresponding quarter of last year, an increase of ~26%. Most of the increase in operating profit derives from an increase in revenues from cellular packages, overseas roaming services and an increase of revenues in the fixed-line sector, internet and television.

The Company's Adjusted EBITDA (as defined in section 4.1 below) for the Report Period summed up to NIS 306 million compared to NIS 286 million in the corresponding quarter of last year, an increase of 7%.

The Company's net profit summed up to NIS 43 million compared to a net profit of NIS 28 million, an increase of 53.6% compared to the corresponding quarter.

The Company ended the quarter with a free cash flow (as defined in section 4.1 below) of NIS 69 million compared to NIS 52 million in the corresponding quarter of 2022, an increase of 32.7%.

1.3. The inflation and interest effect on the period's results

During the first three months period of 2023, the inflation increased by 1.2%. Also, the Bank of Israel raised the interest rate from the beginning of the year from a rate of 3.25% to a rate of 4.25% as of March 31, 2023, an increase of 4.5% as of the publication date of the reports.

Below is the assessment of the direct impact of the increase in the inflation rate on the group:

Most of the impact of the increase in inflation rate is on financing expenses for CPI-linked debentures. In the first three months of 2023, the Company recorded financing expenses for linkage to the CPI of debentures totaling approximately NIS 4 million before tax. The outstanding balance of CPI-linked debt summed up to NIS 411 million at the end of the first quarter of 2023.

Every increase of 1% to the inflation rate shall cause an increase to the Company’s expenses due to CPI linkage of debentures in the amount of approximately NIS 4 million, before tax.

Also, the Company’s cost structure includes CPI-linked lease agreements, the inflation rate increase affected the increase of amortization expenses by an amount that is not material (rent is recorded as amortization expenses according to IFRS 16).

Below is the assessment of the indirect impact of an increase in the inflation rate on the group's results:

Following the increase of CPI in the market, there is an increase in the prices of the Company’s inputs, which cause an increase in the Company's expenses. The Company works on an ongoing basis to mitigate the increase in the price of inputs by actions to reduce costs.

Below is the assessment of the impact on the company regarding the increase in the interest rate:

As mentioned above, during the first three months of 2023, interest rates in the market increased to 4.5%, such rise in interest rates does not directly impact the Company’s cost structure.

However, with regards to future debt refinancing and/or future debt issuances, according to the Company’s needs, should interest rates be higher such could impact the interest rates of such future debt financing.

Below is the assessment impact of the increase in interest rate on the examination of goodwill impairment:

The company examined the effect of the interest rate increase during the first three months of 2023 on the goodwill impairment that was performed during the 2022 annual report. The interest rate hike was already known at the time of publishing the annual report, hence it did not lead to an increase in capitalization rate, and therefore did not cause an impairment in both of the Company's reporting segments. For more details regarding the examination of impairment for a cash-generating unit that includes goodwill, see Note 7 to the financial statements.

2. Financial position

Section	As of 31 March		Board of directors' explanation
	2022	2023	
	NIS millions		
Current assets	1,798	1,868	Increase in short term deposits partially offset by a decrease in the cash section and increase in inventory following the launch of new cellular end-user equipment.
Non-current assets	4,821	4,998	Increase in fixed assets and increase in right-of-use assets as result of current acquisitions.
Total assets	**6,619**	**6,866**	
Current liabilities	1,887	1,937	Increase in suppliers and current maturities of debentures opposite a decrease in provisions.
Non-current liabilities	2,779	2,776	Decrease in debenture balances offset against an increase in lease liabilities.
Total liabilities	**4,666**	**4,713**	
Equity	**1,953**	**2,153**	Increase as result of profit for the period.
Total liabilities and equity	**6,619**	**6,866**	

3. Analysis of the operating results

3.1. Below is an analysis of the Company's operating results for the period of three months ended March 31, 2023, compared to the corresponding period of last year:

Section	1-3/2022	1-3/2023	Board of directors' explanation
	NIS millions		
Revenues from services	758	795	Mostly an increase in revenues from cellular packages and revenues from roaming packages, increase in interconnect revenues and revenues from internet and

Section	1-3/2022	1-3/2023	Board of directors' explanation
	NIS millions		
			television.
Revenues from equipment	297	286	Mostly deriving from a decrease in revenues from selling equipment in the fixed-line segment.
Total revenues	**1,055**	**1,081**	
Cost of revenues	(756)	(756)	Increase in costs for internet services and costs of roaming services abroad offset by decrease in cost of sale for end-user equipment in the fixed line segment.
Gross profit	**299**	**325**	
Gross profit rate from total revenues	**28.3%**	**30.1%**	
Sale and marketing, General and administrative costs and credit losses	(234)	(238)	Increase in operating costs partially offset by non-recurring decrease to credit losses.
Other income, net	8	5	
Operating profit	**73**	**92**	
Financing costs, net	(35)	(38)	Increase in financing costs mostly from increase in exchange rate differentials as result of NIS depreciation versus the USD.
Share in the profit (loss) of equity accounted investees	(3)	1	
Profit before taxes on revenue	**35**	**55**	
Taxes on income	(7)	(12)	
Profit for the period	**28**	**43**	

3.2. <u>Below is a summary of financial and operational data in a quarterly breakdown (NIS millions):</u>

Financial data (NIS millions)	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Revenue from services private cellular segment	296	301	314	310	304	320	331	329	323
Revenue from services business cellular segment	43	46	48	50	50	56	59	58	57
Revenue from other services (mainly IC)[1]	118	114	112	114	121	113	120	112	124
Total revenues from services cellular segment	**457**	**461**	**474**	**474**	**475**	**489**	**510**	**499**	**504**
Revenue from equipment cellular segment	240	223	211	242	229	239	246	214	230
Total Revenues cellular segment	**697**	**684**	**685**	**716**	**704**	**728**	**756**	**713**	**734**
Revenue from services private fixed-line segment	173	175	175	175	178	179	183	179	180
Revenue from services business fixed-line segment	102	102	101	112	117	110	122	113	122
Revenue from services other fixed-line segment (mainly inter- segment)	28	28	28	28	28	28	28	28	28
Total revenues from services fixed-line segment	**303**	**305**	**304**	**315**	**323**	**317**	**333**	**320**	**330**
Revenue from equipment fixed-line segment	72	52	44	77	67	62	65	67	56
Total Revenues fixed-line segment	**375**	**357**	**348**	**392**	**390**	**379**	**398**	**387**	**386**
Consolidation adjusments	(39)	(38)	(39)	(38)	(39)	(38)	(39)	(39)	(39)
Total revenues	**1,033**	**1,003**	**994**	**1,070**	**1,055**	**1,069**	**1,115**	**1,061**	**1,081**
Gross profit eqipment	48	41	34	60	52	51	48	50	56
Operational expenses[2]	493	508	494	522	530	521	548	524	552
Adusted EBITDA cellular segment	161	175	168	180	175	191	205	197	211
Adusted EBITDA fixed-line segment	110	122	109	108	111	112	106	100	95
Adjusted EBITDA[3]	271	297	277	288	286	303	311	297	306
Operating profit	50	33	59	67	73	95	95	95	92
Finanacing expenses, net	38	49	39	39	35	43	39	38	38
Profit (loss) for the period	7	(14)	13	21	28	39	41	49	43
Capital expendtures tangible and intangble assets	104	128	165	201	99	135	250	108	185
Free cashflow	49	62	110	46	52	64	38	76	69

Finance debt ,net	2,259	2,240	2,162	2,144	2,126	2,098	2,090	2,047	2,010
Operational Data									
Number of cellular Subscribers (thousands)[4]	3,232	3,226	3,246	3,275	3,306	3,346	3,410	3,452	3,466
Churn rate for cellular Subscribers[5]	7.8%	8.6%	7.2%	7.4%	7.5%	7%	7%	7.1%	7.4%
Monthly cellular ARPU (NIS)[6]	47.4	47.7	48.6	48.4	47.7	49	50.3	48.2	48.6
Monthly cellular ARPU (NIS) without IC	34.9	35.3	36.9	36.7	35.8	37.7	38.6	37.5	36.6
TV field Subscribers (thousands)	254	250	250	252	254	255	256	257	259
Internet infrastructure field Subscribers (thousands)[7]	297	296	300	305	311	316	319	323	329
Fiber infrastructure field Subscribers (thousands)	106	113	123	135	150	162	175	188	204

[1] IC in this component refers to mutual connection fee rates paid by a cellular operator or an international services operator or an international operator for completing a call on the company's cellular network or for sending an SMS message to the company's cellular network.

[2] Operating expenses include other expenses and do not include depreciation expenses and the cost of end equipment.

[3] See definition in Section 4 below.

[4] The subscribers' list data refers to “active” subscribers. (not including data subscribers) For purpose of the subscriber list, one “subscriber” is one line. The Company adds a subscriber to the subscribers list when it joins the service. A subscriber that pays in advance is added to the subscribers list only on the date the charge card is charged. A subscriber that ceased being an “active” subscriber is a subscriber that does not generate revenue and activity on the Cellcom network for six consecutive months. The six months policy is consistent with the policies adopted by other cellular providers in Israel, but the policy of counting the subscribers is not identical between the various cellular providers (the main difference refers to the manner of counting the data subscribers).

[5] The churn rate is calculated according to the ratio of cellular subscribers who disconnected from the Company’s services (whether as a result of the subscriber initiating the disconnection or the Group doing so) and of subscribers who became inactive during the period, and the remaining active subscribers at the beginning of the period.

[6] ARPU is calculated by dividing the total average monthly revenues from cellular services for the period, by the number of average active subscribers for the period. Revenues from cellular services *inter alia* include revenues from roaming services and from hosting and network sharing revenue, and monthly revenues from repair services, but they do not include revenues from occasional repair services and from the sale of equipment.

[7] Relating to “active subscribers.”

3.3. Below is central financial data according to sectors of activity (NIS millions):

	Cellular			Fixed-line			Inter-segment adjustments	
	1-3/2022	1-3/2023	Change in %	1-3/2022	1-3/2023	Change in %	1-3/2022	1-3/2023
Revenue from services	475	504	6.1%	323	330	2.2%	(39)	(39)
Revenue from equipment	229	230	0.4%	67	56	(16.4%)	-	-
Total revenue	704	734	4.3%	390	386	(1%)	(39)	(39)
Adjusted EBITDA	175	211	20.6%	111	95	(14.4%)	-	-
Adjusted EBITDA as a percentage of total revenue	24.9%	28.7%	15.3%	28.5%	24.6%	(13.7%)	-	-

	Cellular			Fixed-line			Inter-segment adjustments	
	1-3/2021	1-3/2022	Change in %	1-3/2021	1-3/2022	Change in %	1-9/2022	1-9/2021
Revenue from services	457	475	3.9%	303	323	6.6%	(39)	(39)
Revenue from equipment	240	229	(4.6)%	72	67	(6.9)%	-	-
Total revenue	697	704	1.0%	375	390	4.0%	(39)	(39)
Adjusted EBITDA	161	175	8.7%	110	111	0.9%	-	-
Adjusted EBITDA as a percentage of total revenue	23.1%	24.9%	7.8%	29.3%	28.5%	(2.7)%	-	-

4. **<u>Operational and financial indicators (KPIs)</u>**

4.1. As of the Report date, the Company's management is assisted by **financial** performance indicators that are not based on accepted accounting rules, for evaluating, tracking, and presenting the Company's financial performance. These indicators do not constitute a substitute for the information included in the Company's financial statements. Below are the details of the indicators:

Indicator	Calculation/components	Details of the indicator's purposes	Data
Adjusted EBITDA	Represents the net profit before: Net financing costs, taxes, other revenues (costs) that are not part of the Company's current activity (including provisions for legal claims included in miscellaneous expenses), depreciation and amortization, profits (losses) from investee companies and share-based payments. In addition, includes miscellaneous revenues (costs) that are part of the Company's current activity, such as interest revenues for sale transactions in installments and expenses for voluntary retirement program.	The Company presents this indicator as an additional performance indicator, since it believes that it enables operational performance comparisons between periods and between companies, while neutralizing potential discrepancies arising from differences in the capital structure, taxes, age of fixed assets and amortization costs therefor. The adjusted EBITDA does not take into account the requirement of the debt service and additional obligations, including capital investments, and therefore it does not necessarily indicate the amounts to be available for the Company's use. In addition, no comparison can be made between the adjusted EBITDA and the indicators that are similarly referred to and that are reported by other companies due to a change in the calculation of these indicators.	See Section 4.2 below.
Available cash flow	Net cash deriving from current activity plus the proceeds from selling fixed assets or investments, which are related to the day-to-day business, and less cash used for investment activity in fixed assets or other assets, less payments for leases. The available cash flow does not include investment in subsidiaries.	The Company presents this indicator as an additional performance indicator, since it believes that it enables comparisons between the cash production rate from the operational activity and periods, while neutralizing potential discrepancies arising from differences in the capital structure and debt. The free cash flow does not take into account the requirements of the debt service and additional financing activity, and therefore it does not necessarily indicate the amounts to be available for the Company's use. In addition, no comparison can be made between the free cash flow and the indicators that are similarly referred to and that are reported by other companies due to a change in the calculation of these indicators.	See Section 4.3 below.

4.2. Below are details on the adjustments between the net profit and adjusted EBITDA (NIS millions):

Indicator	For the Three months period ended March 31	
	2022	2023
Profit for the period	28	43
Taxes on income	7	12
Financing costs, net	35	38
Other expenses than are not part of the Company's current activity	1	1
Depreciation and amortization	208	207
Losses (profits) from equity accounted investees	3	(1)
Share-based payment	4	6
Adjusted EBITDA	**286**	**306**

4.3. Below are details on the data regarding the Company's free cash flow (NIS millions):

Section	For the Three months period ended March 31	
	2022	2023
Net cash deriving from operating activities	204	318
Cash used for investment activities	(98)	(229)
Change in deposits (*)	-	50
Cash used for leases (financing activities)	(53)	(70)
Other	(1)	-
Free cash flow	**52**	**69**

(*) Changes in deposits are not part of the company's free cash flow.

5. **Liquidity**

5.1. Below are the board of directors' explanations on the Company's liquidity situation for the three months periods ended 31 March, 2023 compared to the corresponding periods of last year (NIS millions):

Section	1-3/2022	1-3/2023	Board of directors' explanation
Balance of cash and cash equivalents as of the beginning of the period	644	773	
Cash flow deriving from current activities	204	318	Higher net profit in the quarter and as result of changes in working capital.
Cash flow used for investment activities	(98)	(229)	Derives from high investments in the present quarter in fixed and other assets and closing some of the cash in the interest-bearing deposits section.
Cash flow used for financing activities	(109)	(330)	Derives from repayment of debentures in the present quarter.
Balance of cash and cash equivalents as of the end of the period	**640**	**532**	

5.2. As of 31 March 2023, the Company has a negative working capital of NIS 69 million (consolidated) that mostly derives from payment of principal and interest of debentures in the first quarter of 2023 in the amount of approximately NIS 260 million. It is noted that in February 2022 the Company executed a credit facility agreement for a period of two years from making the credit facility available, from an institutional body in the amount of NIS 250 million that has not yet been used, and therefore was not considered as working capital. Also, the working capital deficit (solo) of NIS 644 million. The working capital deficit in the Company's solo statement derives from the fact that all of the Company's debt is managed at the Company while some of the positive working capital is at fully controlled (100%) subsidiaries of the Company.

5.3. Considering the Company's cash balances, the free cash flow anticipated for two years from the date of this report, the aforementioned credit facility not yet used and the Company's access to future sources of credit as of 31 March 2023, and in light of the reason specified above for the existence of a working capital deficit for the Company, the board of directors has determined that despite the working capital deficit as of 31 March

2023, there is no liquidity problem for the Company.

6. **Financing sources**

6.1. The Company mainly finances its activity through cash flow from current activity, by issuing securities, including debentures and ordinary shares, and with loans from institutional entities.

6.2. Details about the Company's debentures in circulation, as of 31 March 2023, are attached as a schedule to this Board Report.

6.3. There have been no material changes in credit days received by the Company from its suppliers and in the credit days the Company granted to customers compared to the 2022 Periodic Report.

6.4. As of the Report Date, as determined by the Company's board of directors and according to the section 5.3 above, there are no warning signs as such are defined in Regulation 10(b) (14) of the Report Regulations, and the Company is in compliance with all financial criteria and the additional terms and obligations set forth in the trust deeds to the liability certificates that it issued.

16 May, 2023

______________________	______________________
Mr. Daniel Sapir	**Ms. Nataly Mishan-Zakai**
CEO of the Company	**Chairman of the Board of Directors**

Schedule - Details Regarding Debentures in Circulation as of the Report Date

1. Details Regarding Liability Certificates in Circulation:

Series (**)	Date of issue	Par value on the issue date (NIS millions)	Par value on March 31, 2023	Par value on March 31, 2023, including linkage	Accrued interest	Financial statements balance as of March 31, 2023	Stock market value	Type of interest	Payment dates of principal	Payment dates of interest(1)	Terms of linkage	Convertible	Right to early redemption
H (1)	08/07/14 03/02/15* 11/02/15*	949.624	331.443	325.207	1.528	326.735	332.505	Annual interest of 1.98%	From July 5, 2018, until July 5, 2024 (including)	On January 5 and July 5, every year from 2015 until 2024 (including)	Linked (principal and interest) to the Consumer Price Index.	No	Subject to certain terms
I (1)	08/07/14 03/02/15* 11/02/15* 28/03/16*	804.010	337.684	333.683	3.256	336.939	336.198	Annual interest of 4.14%	Eight annual payments: Three equal annual payments of 10% from the principal amount on July 5 of 2018 until 2020 (including), and five equal annual payments of 14% from the principal amount on July 5 of 2021 until 2025 (including).	On January 5 and July 5, every year from 2015 until 2025 (including)	Not Linked	No	Subject to certain terms
J	25/09/16	103.267	79.480	79.256	0.453	79.709	79.638	Annual interest of 2.45%	On July 5 of 2021 until 2026 (including).	On January 5 and July 5, every year from 2017 until 2026 (including)	Linked (principal and interest) to the Consumer Price Index	No	Subject to certain terms
K	25/09/16 01/07/18* 10/12/18*	710.634	497.444	495.888	4.112	500.000	483.217	Annual interest of 3.55%	On July 5 of 2021 until 2026 (including).	On January 5 and July 5, every year from 2017 until 2026 (including)	Not Linked	No	Subject to certain terms
L(2,3,4,5)	24/01/18 10/12/18* 12/05/20* 01/12/20*	1,235.937	1,130.482	1,089.255	6.582	1,095.837	1,040.382	Annual interest of 2.50%	On January 5 of 2023 until 2028 (including).	On January 5 every year from 2019 until 2028 (including)	Not Linked	No	Subject to certain terms
M6	08/09/22	394.915	394.915	391.464	4.35	392.590	385.003	Annual interest of 4.73%	On January 5 of 2025 until 2030 (including).	On January 5 and July 5, every year from 2023 until 2030 (including)	Not Linked	No	Subject to certain terms
Total		4,198.387	2,771.448	2,714.752	20.281	2,731.809	2,656.943						

(*) On these dates the debenture series were expanded. The information appearing in the table refers to the full series.

(**) As of 31 March 2023, the Company's debentures (Series H, I, K, L and M) are material and constitute more than 5% of the Company's total liabilities as presented in the Financial Statements. In addition, as of 31 March, 2023, the Company's net debt to adjusted EBITDA[16] ratio was 1.65, including the total interest accrued in the books. As of 31 March, 2023, the Company equity is NIS 2,153 million. There was no cause for early redemption during the Reporting Period.

(1) In February, 2016, in accordance with an exchange offer of the Company's debentures (Series H and I) in part of the Company's debentures (Series D and E), respectively, the Company replaced a principal in the amount of NIS 555 million. The Company's debentures (Series D) in the fund in the amount of NIS 844 million of the Company's debentures (Series H) and a fund in the amount of NIS 272 million in the Company's debentures (Series E) in the fund in the amount of approximately NIS 335 million of the Company's debentures (Series I). The Company's debentures (Series D and E) fully paid in July 2017 and January 2017, respectively.

(2) In December 2019, the Company made an acquisition of debentures (Series L) of the Company in the amount of approximately NIS 10 million.

(3) In May 2020, the Company issued debentures (Series L) with a par value of approximately NIS 222 million.

(4) In December 2020, the Company issued debentures (Series L) with a par value of approximately NIS 400 million.

(5) In July 2022, after the date of the financial statements, the company expanded the series L with par value of NIS 105 million. For details, see note 9 (c) to the financial statements.

(6) In September 2022, the company issued debentures (Series M) in the amount of NIS 395 million par value. For details, see note 9 (d) to the financial statements.

2. Details regarding the trustee:

Series	**Name of the trust company**	**Name of responsible person for the liability certificate**	**Contac**	**Address for delivery of documents**
Series H	Mishmeret Trust Services Company Ltd.	CPA Ram Sabati	email: office@mtrust.co.il Tel: 03-6374354	48 Menachem Begin Road, Tel Aviv 6618001,
Series I	Mishmeret Trust Services Company Ltd.	CPA Ram Sabati	email: office@mtrust.co.il Tel: 03-6374354	48 Menachem Begin Road, Tel Aviv 6618001
Series J	Mishmeret Trust Services Company Ltd.	CPA Ram Sabati	email: office@mtrust.co.il Tel: 03-6374354	48 Menachem Begin Road, Tel Aviv 6618001
Series K	Mishmeret Trust Services Company Ltd.	CPA Ram Sabati	email: office@mtrust.co.il Tel: 03-6374354	48 Menachem Begin Road, Tel Aviv 6618001
Series L	Strauss Lazer, Trust Company (1992) Ltd.	CPA Ori Lazer	email: ori@slcpa.co.il	94 Igal Alon Street, Tel Aviv 6789139

[16] The net debt to adjusted EBITDA ratio is the ratio between the Company's net debt to the adjusted EBITDA in a period of 12 consecutive months, when neutralizing one-time events. In this respect, "net debt" is defined as credit and loans from banking corporations and others (with no undertaking for leases deriving from the implementation of the provisions in IFRS 16), and undertakings for debentures, less cash and cahs equivalents and current investments in marketable securities. "Adjusted EBIDTA" – see the definition in Section 4.1 above.

Series	Name of the trust company	Name of responsible person for the liability certificate	Contac	Address for delivery of documents
			Tel: 03-6237777	
Series M	Strauss Lazer, Trust Company (1992) Ltd.	CPA Ori Lazer	email: ori@slcpa.co.il Tel: 03-6237777	94 Igal Alon Street, Tel Aviv 6789139

3. Details regarding the rating of debentures:

Series	Name of rating company	Rating as of the issue date	Rating as of the Report date	Additional ratings between the issue and Report date		Details regarding the intention of the rating company to change the rating
				Rating dates(1)	The rating	
Series H	Maalot Standard & Poor's Ltd. ("**Maalot**")	A+	A	06/2014, 08/2014, 01/2015, 09/2015, 03/2016, 08/2016, 06/2017, 01/2018, 06/2018, 08/2018, 12/2018, 03/2019, 08/2019, 05/2020, 08/2020, 11/2020, 08/2021, 08/2022(1)	A+, A	In August 2022, Maalot updated the Company's rating forecast from A with a stable outlook to a rating of A with a positive outlook.
Series I	Maalot	A+	A	06/2014, 08/2014, 01/2015, 09/2015, 03/2016, 08/2016, 06/2017, 01/2018, 06/2018, 08/2018, 12/2018, 03/2019, 08/2019, 05/2020, 08/2020, 11/2020, 08/2021, 08/2022(1)	A+, A	
Series J	Maalot	A+	A	08/2016, 06/2017, 01/2018, 06/2018, 08/2018, 12/2018, 03/2019, 08/2019, 05/2020, 08/2020, 11/2020, 08/2021, 08/2022(1)	A+, A	
Series K	Maalot	A+	A	08/2016, 06/2017, 01/2018, 06/2018, 08/2018, 12/2018, 03/2019, 08/2019, 05/2020, 08/2020, 11/2020, 08/2021, 08/2022(1)	A+, A	
Series L	Maalot	A+	A	01/2018, 06/2018, 08/2018, 12/2018, 03/2019, 08/2019, 05/2020, 08/2020, 11/2020, 08/2021, 07/2022, 08/2022(1)	A+, A	
Series M	Maalot	A	A	09/2022, 08/2022	A	

(1) In June 2014, August 2014, January 2015, September 2015, March 2016, August 2016, June 2017, January 2018, June 2018, August 2018 and December 2018, Maalot ratified the Company's A+ rating with a stable outlook. In March 2019, Maalot updated the Company's rating forecast from A+ with a stable outlook to a rating of A+ with a negative outlook. In August 2019, Maalot updated the Company's rating forecast from A+ with a negative outlook to a rating of A with a negative outlook. In May 2020, August 2020, and November

2020, Maalot ratified the Company's rating of A with a negative outlook. In August 2021, Maalot updated the Company's rating forecast from A with a negative outlook to a rating of A with a stable outlook. In July 2022, Maalot ratified the Company's A rating with a stable outlook. In August 2022, Ma'lot updated the company's rating forecast from A with a stable outlook to A with a positive outlook.

4. <u>Additional undertakings</u>:

4.1. The Company's debentures (Series H to L) are not secured and include, in addition to accepted terms and undertakings, the following undertakings:

a. A negative pledge undertaking, subject to certain exceptions. Failure to comply with this undertaking shall be deemed a cause for acceleration.

b. An undertaking not to distribute more than 95% of the profits suitable for distribution under the Companies Law (the "**Profits**"); provided that (1) should the Company's net debt to EBITDA[6] ratio exceed the ratio of 3.5:1, the Company shall not distribute more than 85% of the Profits; (2) should the Company's net debt to EBITDA ratio exceed 4:1, the Company shall not distribute more than 70% of the Profits; and (3) should the Company's net debt to EBITDA ration exceed 5:1, or 4.5:1 during four consecutive quarters, the Company shall not distribute dividends and/or if the Company equity will be less than NIS 700 million, for two consecutive quarters.

c. And undertaking to rate the debentures through a rating company (insofar as this is under the Company's control).

d. An undertaking to pay additional interest of 0.25% for a two-point decrease in the rating of the debentures Series H to K, and 0.5% for two points decrease in the rating of debentures Series L, and additional interest of 0.25% for any point decrease in the rating of the debentures until the maximum addition of 1%, compared to their rating before their issue.

e. The Company's undertaking not to issue additional debentures of any series should the Company not meet the financial criteria, or if such issue would cause a decrease in the rating of the debentures.

4.2. In addition, the Company's debentures include events of default, including:

a. Accelerating a different debt of the Company (cross default) by a non-supplier lender, except with respect to a debt of NIS 150 million or less. Such debt acceleration restriction shall not apply to a cross default caused by a different series of Company debentures.

b. A case where the Company shall cease to be active in the cellular communications area and/or ceased to hold its RTM License for a period exceeding 60 days.

c. Trading suspension of the debentures on the Tel Aviv Stock Exchange, for a period exceeding 45 days.

d. Making a distribution that does not comply with the Company's undertaking with respect to the restrictions on distributing profits.

e. Failure to rate the debentures for a period exceeding 60 days.

f. A court request or order to stay proceedings against the Company or submitting a motion for a creditors settlement.

g. Selling a substantive part of the Company's assets or a merger (except for certain exceptions).

h. Failure to publish financial statements on time.

i. A net debt to EBITDA ratio that exceeds 5:1, or that exceeds 4.5:1 during four consecutive quarters.

j. Failure to maintain minimum Company equity of no less than NIS 700 million, for two consecutive quarters.

k. Failure to comply with the Company's undertaking not to create any pledges.

l. A material deterioration in the Company's business compared to the condition thereof on the issue date of the debentures, and real concern that the Company would not be able to repay the debentures on time.

m. A substantial concern that the Company shall not meet, its material obligations towards the debenture holders.

n. Including a note in the Company's financial statements regarding a concern of the Company continued existence as a "going concern" for a period of two consecutive quarters.

o. Violating the Company's undertaking with respect to the issue of additional debentures.

Cellcom Israel Ltd.
Condensed Consolidated Interim Financial Statements

As at March 31, 2023

Condensed Consolidated Interim Financial Statements as of March 31, 2023

Contents

	Page
Auditors’ review report	2
Condensed Consolidated Interim Statements of Financial Position	3
Condensed Consolidated Interim Statements of Income	4
Condensed Consolidated Interim Statements of Comprehensive Income	5
Condensed Consolidated Interim Statements of Changes in Equity	6
Condensed Consolidated Interim Statements of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	9

The accompanying review report is a non-binding translation into English of the original review report published in Hebrew. The version in Hebrew is the approved text.

Auditors' review report to the shareholders of
Cellcom Israel Ltd.

Introduction

We have reviewed the accompanying financial information of Cellcom Israel Ltd. and subsidiaries (hereinafter - the "Company"), which comprises the condensed consolidated statement of financial position as of March 31, 2023 and the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended. The Company's board of directors and management are responsible for the preparation and presentation of this interim financial information for this interim period in accordance with IAS 34, "Interim Financial Reporting". In addition, they are responsible for the preparation of this interim financial information for this interim period in accordance with chapter 4 of the provisions of the Securities Regulations (periodic and immediate report) 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not reviewed the condensed interim financial information of certain consolidated companies, whose assets included in consolidation constitute approximately 1% of total consolidated assets as of March 31, 2023, and whose revenues included in consolidation constitute approximately 12% of total consolidated revenues for the three months period then ended. Also, we did not review the financial statements of investments in equity accounted investees, whose investments constitute approximately NIS 132 million as of March 31, 2023, and whose share in losses constitute approximately NIS 7 million for the three months period then ended.
The condensed interim financial information for this interim period of those companies were reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for those companies, is based on the review reports of the other auditors.

Scope of review

We conducted our review in accordance with (Israel) Review Standard No. 2410, issued by the Israeli Institute of Certified Public Accountants regards "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing principles generally accepted in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of the other auditors, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not present fairly, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

In addition to the previous paragraph, based on our review and the review reports of the other auditors, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not present, in all material respects, in accordance with chapter 4 of the provisions of the Securities Regulations (Periodic and immediate reports) 1970.

Tel Aviv, Israel
May 16, 2023

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

Kesselman & Kesselman, Derech Menachem Begin 146, Tel-Aviv 6492103, Israel,
P.O Box 7187 Tel-Aviv 6107120, Telephone: +972 -3- 7954555, Fax:+972 -3- 7954556, www.pwc.com/il

Condensed Consolidated Interim Statements of Financial Position

	March 31,		December 31,
	2022	2023	2022
	NIS millions		NIS millions
	(Unaudited)		(Audited)
Current assets			
Cash and cash equivalents	640	**532**	773
Current deposits	23	**193**	143
Trade receivables	875	**881**	869
Current tax assets	10	**5**	9
Other receivables, including derivatives	83	**48**	35
Deferred expenses - right of use	64	**68**	66
Inventory	103	**141**	117
	1,798	**1,868**	2,012
Non- current assets			
Trade and other receivables	190	**209**	211
Deferred expenses - right of use	331	**343**	340
Property, plant and equipment, net	1,405	**1,485**	1,480
Intangible assets and others, net	2,139	**2,152**	2,154
Investments in equity accounted investees	133	**132**	131
Right-of-use assets, net	620	**672**	665
Deferred tax assets	3	**5**	5
	4,821	**4,998**	4,986
	6,619	**6,866**	6,998
Current liabilities			
Current maturities of debentures	562	**589**	587
Current tax liabilities	8	**4**	4
Current maturities of lease liabilities	183	**196**	185
Trade payables and accrued expenses	745	**804**	791
Provisions	107	**57**	83
Other payables, including derivatives	282	**287**	274
	1,887	**1,937**	1,924
Non- current liabilities			
Debentures	2,207	**2,126**	2,317
Long-term lease liabilities	471	**512**	521
Provisions	26	**24**	24
Other long-term liabilities	18	**30**	32
Liability for employee rights upon retirement, net	14	**10**	10
Deferred taxes liabilities	43	**74**	66
	2,779	**2,776**	2,970
	4,666	**4,713**	4,894
Equity			
Total equity	1,953	**2,153**	2,104
	6,619	**6,866**	6,998

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

May 16, 2023			
Date of approving the financial statements	Nataly Mishan-Zakai Chairman of the board	Daniel Sapir CEO	Gadi Attias CFO

Condensed Consolidated Interim Statements of Income

	For the three months period ended March 31		For the year ended December 31
	2022	2023	2022
	NIS millions		NIS millions
	(Unaudited)		(Audited)
Revenues	1,055	**1,081**	4,300
Cost of revenues	(756)	**(756)**	(3,034)
Gross profit	299	**325**	1,266
Selling and marketing expenses	(165)	**(171)**	(650)
General and administrative expenses	(68)	**(74)**	(300)
Credit profits (losses)	(1)	**7**	(2)
Other income, net	8	**5**	44
Operating profit	73	**92**	358
Financing income	6	**13**	27
Financing expenses	(41)	**(51)**	(182)
Financing expenses, net	(35)	**(38)**	(155)
Share in profits (losses) of equity accounted investees	(3)	**1**	(1)
Profit before taxes on income	35	**55**	202
Taxes on income	(7)	**(12)**	(45)
Profit for the period	28	**43**	157
Profit per share			
Basic profit per share (in NIS)	0.17	**0.26**	0.96
Diluted profit per share (in NIS)	0.17	**0.26**	0.95

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Comprehensive Income

	For the three months period ended March 31		For the year ended December 31
	2022	**2023**	**2022**
	NIS millions		**NIS millions**
	(Unaudited)		**(Audited)**
Profit for the period	28	**43**	157
Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss			
Changes in fair value of cash flow hedges, net of tax	-	**-**	1
Other comprehensive income items that will not be transferred to profit or loss			
Re-measurement of defined benefit plan, net of tax	-	**-**	1
Total other comprehensive profit for the period, net of tax	-	**-**	2
Total comprehensive income for the period	28	**43**	159

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total
	NIS millions			
For the three months period ended March 31, 2023 (Unaudited)				
Balance as of January 1, 2023 (Audited)	**2**	**792**	**1,310**	**2,104**
Comprehensive income for the period, net of tax				
Profit for the period	**-**	**-**	**43**	**43**
Share based payments	**-**	**-**	**6**	**6**
Balance as of March 31, 2023 (Unaudited)	**2**	**792**	**1,359**	**2,153**

	Attributable to owners of the Company				
	Share capital	Share premium	Capital reserves	Retained earnings	Total
	NIS millions				
For the three months period ended March 31, 2022 (Unaudited)					
Balance as of January 1, 2022 (Audited)	2	792	(1)	1,128	1,921
Comprehensive income for the period, net of tax					
Profit for the period	-	-	-	28	28
Share based payments	-	-	-	4	4
Balance as of March 31, 2022 (Unaudited)	2	792	(1)	1,160	1,953

	Attributable to owners of the Company				
	Share capital	Share premium	Capital reserve	Retained earnings	Total
	NIS millions				
For the year ended December 31,2022 (Audited)					
Balance as of January 1, 2021 (Audited)	2	792	(1)	1,128	1,921
Comprehensive income for the year					
Profit for the year	-	-	-	157	157
Other comprehensive income for the year, net of tax	-	-	1	1	2
Share based payments	-	-	-	24	24
Balance as of December 31, 2022 (Audited)	2	792	-	1,310	2,104

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

	For the three months period ended March 31		For the year ended December 31
	2022	2023	2022
	NIS millions		NIS millions
	(Unaudited)		(Audited)
Cash flows from operating activities			
Profit for the period	28	**43**	157
Adjustments for:			
Depreciation and amortization	208	**207**	830
Share based payments	4	**6**	24
Net change in fair value of investment property	2	**-**	8
Taxes on income	7	**12**	45
Financing expenses, net	35	**38**	155
Other expenses	1	**-**	-
Share in (profits) losses of equity accounted investees	3	**(1)**	1
Changes in operating assets and liabilities:			
Change in inventory	(15)	**(24)**	(29)
Change in trade receivables (including long-term amounts)	(21)	**(11)**	(34)
Change in deferred expenses - right of use (including long-term amounts)	(21)	**(19)**	(75)
Change in other receivables (including long-term amounts)	(35)	**(5)**	11
Change in trade payables, accrued expenses and provisions	(9)	**20**	(57)
Change in other liabilities (including long-term amounts)	20	**55**	48
Receipts (payments) for derivative hedging contracts, net	(2)	**1**	4
Income tax paid	(1)	**(4)**	(12)
Net cash from operating activities	204	**318**	1,076
Cash flows from investing activities			
Acquisition of property, plant, and equipment	(42)	**(116)**	(335)
Acquisition of intangible assets and others	(57)	**(69)**	(257)
Change in current investments, net	-	**(50)**	(120)
Receipts from other derivative contracts, net	1	**-**	-
Interest received	-	**6**	8
Net cash used in investing activities	(98)	**(229)**	(704)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows (cont'd)

	For the three months period ended March 31		For the year ended December 31
	2022	2023	2022
	NIS millions		NIS millions
	(Unaudited)		(Audited)
Cash flows from financing activities			
Receipts for derivative contracts, net	-	**-**	5
Repayment of debentures	-	**(200)**	(396)
Proceeds from issuance of debentures, net of issuance costs	-	**-**	491
Interest paid for debentures	(56)	**(60)**	(82)
Interest paid for leases	(6)	**(6)**	(28)
Payment of principal of lease liabilities	(47)	**(64)**	(233)
Net cash used in financing activities	(109)	**(330)**	(243)
Changes in cash and cash equivalents	(3)	**(241)**	129
Cash and cash equivalents as at the beginning of the period	644	**773**	644
Effects of exchange rate changes on cash and cash equivalents	(1)	**-**	-
Cash and cash equivalents as at the end of the period	640	**532**	773

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Note 1 - Reporting Entity

Cellcom Israel Ltd. ("the Company") is a company incorporated and domiciled in Israel and its official address is 10 Hagavish Street, Netanya 4250708, Israel. The condensed consolidated interim financial statements of the Group as of March 31, 2023, comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's holdings in included entities. The Group operates and maintains a cellular mobile telephone system in Israel and provides cellular telecommunications services, landline telephony services, internet services, international calls services, television over the internet services and transmission services. The Company's shares are traded on the Tel Aviv Stock Exchange (TASE). The Company is controlled by Koor Industries Ltd. (directly and through agreements with other shareholders of the Company), a wholly owned subsidiary of Discount Investment Corporation Ltd. ("DIC."). DIC is a company without controlling shareholders the shares of which are traded on the Tel Aviv Stock Exchange Ltd. (TASE).

Note 2 - Basis of Preparation of the Financial Statements

A. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and do not include all of the information required for full annual financial statements. They should be read in conjunction with the financial statements as at and for the year ended December 31, 2022 ("Annual Financial Statements"). These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on March 16, 2023.

B. Functional and presentation currency

These condensed consolidated financial statements are presented in New Israeli Shekels ("NIS"), which is the Group's functional currency, and are rounded to the nearest million. NIS is the currency that represents the primary economic environment in which the Group operates.

C. Basis of measurement

These condensed consolidated financial statements have been prepared on the basis of historical cost except for the following assets and liabilities: current investments and derivative financial instruments that are measured at fair value through profit or loss, Investment property is measured at fair value, deferred tax assets and liabilities, assets and liabilities in respect of employee benefits and provisions and investments in included companies

D. Use of estimates and judgments

The estimates and underlying assumptions that were applied in the preparation of these interim financial statements are consistent with those applied in the preparation of the Annual Financial Statements.

Note 2 - Basis of Preparation of the Financial Statements (cont'd)

E. Exchange rates and known Consumer Price Indexes are as follows:

	Exchange rates of US$	Consumer Price Index (points)*
As of March 31, 2023	**3.615**	**243.38**
As of March 31, 2022	3.176	231.38
As of December 31, 2022	3.519	240.77
Change during the period:		
Three months ended March 31, 2023	**2.7%**	**1.1%**
Three months ended March 31, 2022	2.12%	1.17%
Year ended December 31, 2022	13.15%	5.28%

*According to 1993 base index.

Note 3 - Significant Accounting Policies

The accounting policies of the Group in these condensed consolidated interim financial statements are the same as those applied in the Annual Financial Statements.

Note 4 - Operating Segments

The Group operates in two reportable segments, as described below, which are the Group's strategic business units. The strategic business unit's allocation of resources and evaluation of performance are managed separately. The operating segments were determined based on internal management reports reviewed by the Group's chief operating decision maker (CODM). The CODM does not examine the balance of assets or liabilities for those segments and therefore, they are not presented.

- Cellular segment - the segment includes the cellular communications services, cellular equipment and supplemental services.
- Fixed-line segment - the segment includes landline telephony services, internet services, television services, transmission services, landline equipment and supplemental services.

The accounting policies of the reportable segments are the same as described in the annual financial statements in Note 3, regarding Significant Accounting Policies.

	For the three months period ended March 31, 2023				
	NIS millions				
	(Unaudited)				
	Cellular	**Fixed-line**	**Reconciliation for consolidation**	**Consolidated**	**Reconciliation of subtotal Adjusted segment EBITDA to profit for the period**
External revenues	730	351	-	1,081	
Inter-segment revenues	4	35	(39)	-	
Adjusted segment EBITDA *	**211**	**95**			**306**
Depreciation and amortization					(207)
Taxes on income					(12)
Financing income					13
Financing expenses					(51)
Other expenses					(1)
Share based payments					(6)
Share in profits of equity accounted investees					1
Profit for the period					**43**

* Adjusted segment EBITDA as reviewed by the Group's CODM, represents the net profit before interest (financing expenses, net), taxes, other income (expenses) that are not part of the Company's current activity, depreciation and amortization, profits (losses) of equity account investees and share based payments. In addition, including other income (expenses) that are part of the Company's current activity, such as interest income in respect of transactions sale transactions in instalments and expenses in respect of a voluntary retirement plan. Adjusted Segment EBITDA is not a financial measure under IFRS and is not comparable to other similarly titled measures for other companies.

Note 4 - Operating Segments (cont'd)

	For the three months period ended March 31, 2022				
	NIS millions				
	(Unaudited)				
	Cellular	**Fixed-line**	**Reconciliation for consolidation**	**Consolidated**	**Reconciliation of subtotal Adjusted segment EBITDA to profit for the period**
External revenues	700	355	-	1,055	
Inter-segment revenues	4	35	(39)	-	
Adjusted segment EBITDA *	175	111			286
Depreciation and amortization					(208)
Taxes on income					(7)
Financing income					6
Financing expenses					(41)
Other income					(1)
Share based payments					(4)
Share in losses of equity accounted investees					(3)
Profit for the period					28

	Year ended December 31, 2022				
	NIS millions				
	(Audited)				
	Cellular	**Fixed-line**	**Reconciliation for consolidation**	**Consolidated**	**Reconciliation of subtotal Adjusted segment EBITDA to profit for the year**
External revenues	2,887	1,413	-	4,300	
Inter-segment revenues	14	141	(155)	-	
Adjusted segment EBITDA*	**768**	**429**			1,197
Depreciation and amortization					(830)
Share based payments					(24)
Other expenses					15
Financing income					27
Financing expenses					(182)
Share in losses of equity accounted investees					(1)
Taxes on income					(45)
Profit for the year					157

Note 5 - Financial Instruments

Fair value

Financial instruments measured at fair value for disclosure purposes only

The book value of certain financial assets and liabilities, including cash and cash equivalents, trade and other receivables, current investments, including derivatives, trade and other payables, including derivatives and other long-term liabilities, are equal or approximate to their fair value.

The fair values of the remaining financial liabilities and their book values as presented in the consolidated statements of financial position are as follows:

	March 31,				December 31,	
	2022		2023		2022	
	Book value	Fair value	Book value	Fair value	Book value	Fair value*
	NIS millions		NIS millions		NIS millions	
Debentures including current maturities and accrued interest	(2,789)	(2,885)	**(2,735)**	**(2,657)**	(2,962)	(2,916)

* The fair value of the debentures is determined according to the market price at the reporting date.
In January 2023, the company repaid a total of NIS 60 million for interest.

Note 6 - Revenues

Composition

	For the three months period ended March 31		For the year ended December 31
	2022	2023	2022
	(Unaudited)		(Audited)
	NIS millions		
Revenues from services			
Cellular services	448	**476**	1,865
Land-line communications services	287	**293**	1,150
Other services	23	**26**	96
Total revenues from services	758	**795**	3,111
Revenues from equipment	297	**286**	1,189
Total revenues	1,055	**1,081**	4,300

Note 7 - Impairment testing for cash-generating unit containing goodwill

As of December 31, 2022, the Company performed a quantitative assessment for each of its cash generating units and assessment if a reduction for the goodwill impairment for its cellular and fixed-line segments are required. The recoverable amount of each of the Company's cash-generating units was evaluated by the company with the assistance of an external appraiser using the Value In Use model which was calculated using discounted cash flows method based on a projected five-year cash flows. The five-year projected cash flows were estimated in light of the long-term growth rate. The Company used a relevant discount rate, which reflected the specific risks associated with the future cash flows of its cash-generating units.

The Company examined if there are internal and external indications as of 31 March, 2023, that could lead to a change in the assessment of the work performed as of December 31, 2022, and concluded that there are no indications that require an assessment of a goodwill impairment.

Determining the fair value of cash generating units requires significant judgment, including judgments about the appropriate discount rates, terminal growth rates, weighted average costs of capital and the amount and timing of projected future cash flows. The Company will continue to monitor the fair value of its cash generating units to determine whether events and changes in circumstances such as deterioration in the business climate or operating results, continuous decline in the share price, changes in management’s business strategy or downward adjustments to the Company’ cash flows projections, warrant further impairment testing in future periods.

Note 8 - Contingent Liabilities

The provision recorded in the financial statements as of March 31, 2023, in respect of all lawsuits against the Group amounted to NIS 42 million.

Most of the purported class actions that are filed against the Group are claims by end customers of the Group, primarily for allegations regarding unlawful charges, conduct in breach of law or license, or breach of agreements with the customers, while causing pecuniary and non-pecuniary damages to the customers (hereinafter: “Consumer Claims”). In addition, various legal proceedings have been brought against the Group by employees, subcontractors, suppliers, authorities and others, most for allegations of violation of law with respect to termination of employment and mandatory payments to employees, allegations for breach of contract, copyright infringement, patent infringement and mandatory payments to authorities (hereinafter: “Other Claims”).

Described hereunder are the outstanding lawsuits against the Group, as of 31 March, 2023, classified into groups with similar characteristics. The amounts presented below are calculated based on the claims amounts as of the date of their submission to the Group:

Group of claims	**Claim amount for claims whose chances can be estimated**
	NIS millions
Consumer Claims	1,038 (1) (2)
Other Claims	5
Total	**1,043**

(1) Includes a claim against the Group and additional defendants together in sum of approx. NIS 300 million, without separately noting the amount claimed from the Group, and two other claims against the Group and additional defendants while the amount claimed from the Group was estimated by the plaintiffs at approx. NIS 3 million.

(2) There are additional claims against the Group for which no claim amount was noted, for which Group may have additional exposure.

Described hereunder the number and amount of the claims as at March 31, 2023, divided down by amount of the claim:

Claim amount	**Number of claims**	**Total claims amount (NIS millions)**
Up to NIS 100 million *	29	335
NIS 100-500 million	1	405
Unquantified claims	16	-
Against the Group and other defendants together without specifying the amount claimed from the Group	1	300
Against the Group and other defendants together, in which the amount claimed from the Group has been quantified	1	3
Unquantified claims against the Group and other defendants	6	-
Total	**54**	**1,043**

* Including 19 claims filed against the Group by employees, subcontractors, suppliers, authorities and others as of March 31, 2023, in a total amount of approximately NIS 5 million.

Note 9 - Material events during and after the reporting period

Share-based payment

In April and May 2023, after the reporting period, the company's board of directors approved approx. 2.91 million options to senior employees, according an outline plan dated 10.3.2023 as amended and published on 9.3.2023, vesting in 3 equal batches upon the lapse of one, two and three years from the date of grant, with a total value of NIS 9 million and an exercise price of NIS 13.8- 13.9. The options included in the first batch can be exercised within 24 months of vesting and the options included in the second and third batch can be exercised within 12 months of vesting.

Cellcom Israel Ltd.

Separate Interim Financial Information

As at March 31, 2023

(Unaudited)

Contents **Page**

Auditors' special report on condensed separate interim Financial information	2
Condensed Separate Interim of Financial Information	3
Condensed Interim Information of Profit or Loss	4
Condensed Interim Information of Comprehensive Income	5
Condensed Interim Information of Cash Flows	6
Notes to Condensed Separate Financial Information	8

The accompanying review report is a non-binding translation into English of the original review report published in Hebrew. The version in Hebrew is the approved text.

To
The Shareholders of
Cellcom Israel Ltd.
Netanya, Israel

Re: <u>Auditors' special report on separate financial information in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports) – 1970</u>

Introduction

We have reviewed the separate financial information disclosed in accordance with Regulation 38D to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 of Cellcom Israel Ltd (hereafter - the Company) as of March 31, 2023 and for the three months period then ended. This separate financial information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on this separate financial information based on our review.

We did not review the financial information included in the financial statements of investees, the total net assets less total liabilities of which amounted to NIS 100 million as of March 31, 2023, and the Company's share in the loss of those investees amounted to NIS 7 million for the three months period then ended. The financial statements of those investees were reviewed by other independent auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those investees, is based on the reports of the other independent auditors.

Scope of review

We conducted our review in accordance with (Israel) Review Standard No. 2410, issued by the Israeli Institute of Certified Public Accountants regards "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing principles generally accepted in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of the other auditors, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not present fairly, in all material respects, in conformity with Regulation 38D to the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv, Israel
May 16, 2023

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

Kesselman & Kesselman, Derech Menachem Begin 146, Tel-Aviv 6492103, Israel,
P.O Box 7187 Tel-Aviv 6107120, Telephone: +972 -3- 7954555, Fax:+972 -3- 7954556, www.pwc.com/il

Condensed Interim Information of Financial Information

	March 31, 2022	March 31, 2023	December 31, 2022
	NIS millions		
	(Unaudited)		(Audited)
Current assets			
Cash and cash equivalents	409	**293**	611
Current deposits	-	**180**	120
Trade receivables	624	**625**	606
Current tax assets	9	**5**	9
Other receivables, includes derrivities	78	**42**	31
Inventory	63	**91**	65
	1,183	**1,236**	1,442
Non- current assets			
Trade and other receivables	207	**218**	222
Property, plant and equipment, net	1,318	**1,399**	1,393
Intangible assets and others, net	410	**441**	438
Investments in equity accounted investees	2,374	**2,420**	2,356
Loans from investees and capital notes	385	**394**	391
Right-of-use assets, net	579	**642**	634
	5,273	**5,514**	5,434
	6,456	**6,750**	6,876
Current liabilities			
Current maturities of debentures	562	**589**	587
Current maturities of lease liabilities	166	**180**	168
Trade payables and accrued expenses	470	**578**	591
Provisions	99	**78**	84
Loans from investees companies	240	**250**	220
Other payables, including derivatives	237	**205**	213
	1,774	**1,880**	1,863
Non- current liabilities			
Debentures	2,207	**2,126**	2,317
Long-term lease liabilities	448	**497**	506
Provisions	26	**24**	24
Other long-term liabilities	15	**9**	9
Liability for employee rights upon retirement, net	12	**10**	10
Deferred taxes liabilities	21	**51**	43
	2,729	**2,717**	2,909
	4,503	**4,597**	4,772
Equity	1,953	**2,153**	2,104
	6,456	**6,750**	6,876

The accompanying notes are an integral part of these condensed separate interim financial statements.

May 16, 2023			
Date of approving the financial statements	Nataly Mishan-Zakai Chairman of the Board of Directors	Daniel Sapir CEO	Gadi Attias CFO

Condensed Interim Information of Profit or Loss

	Three-month period ended March 31		Year ended December 31
	2022	2023	2022
	NIS millions		
	(Unaudited)		(Audited)
Revenues	663	**723**	2,767
Cost of revenues	(519)	**(552)**	(2,125)
Gross profit	144	**171**	642
Selling and marketing expenses	(105)	**(105)**	(400)
General and administrative expenses	(47)	**(54)**	(216)
Credit losses	-	**7**	1
Other income, net	9	**6**	50
Operating income	1	**25**	77
Financing income	6	**14**	38
Financing expenses	(40)	**(51)**	(190)
Financing expenses, net	(34)	**(37)**	(152)
Share in profit of investees companies	64	**64**	261
Profit before taxes on income	31	**52**	186
Taxes on income	(3)	**(9)**	(29)
Profit for the period	28	**43**	157

The accompanying notes are an integral part of these condensed separate interim financial statements.

Condensed Interim Information of Comprehensive Income

	Three-month period ended March 31		Year ended December 31
	2022	2023	2022
	NIS millions		
	(Unaudited)		(Audited)
Profit for the period	28	**43**	157
Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss			
Changes in fair value of cash flow hedges transferred to profit or loss, net of tax	-	**-**	1
Total other comprehensive income for the period that after initial recognition in comprehensive income was or will be transferred to profit or loss, net of tax	-	**-**	1
Other comprehensive income items that will not be transferred to profit or loss			
Re-measurement of defined benefit plan, net of tax	-	**-**	1
Total other comprehensive income for the period that will not be transferred to profit or loss, net of tax	-	**-**	1
Total other comprehensive profit (loss), net of tax	-	**-**	2
Total comprehensive income for the period	28	**43**	159

The accompanying notes are an integral part of these condensed separate interim financial statements.

Condensed Interim Information of Cash Flows

	Three-month period ended March 31		Year ended December 31
	2022	2023	2022
		NIS millions	
	(Unaudited)		(Audited)
Cash flows from operating activities			
Profit for the period	28	**43**	157
Adjustments for:			
Depreciation and amortization	175	**169**	679
Share-based payments	4	**6**	24
Net change in fair value of investment property	2	**-**	8
Tax on income	3	**9**	29
Financing expenses, net	34	**37**	152
Share in profit of equity accounted investees	(64)	**(64)**	(261)
Changes in operating assets and liabilities:			
Change in inventory	(16)	**(26)**	(18)
Change in trade receivables (including long-term amounts)	67	**(19)**	72
Change in other receivables (including long-term amounts)	(40)	**-**	15
Change in trade payables, accrued expenses and provisions	(19)	**2**	11
Change in other liabilities (including long-term liabilities)	16	**42**	217
Payments for derivative hedging contracts, net	(1)	**1**	4
Income tax paid	(1)	**-**	(5)
Net cash from operating activities	188	**200**	1,084
Cash flows from investing activities			
Acquisition of property, plant and equipment	(40)	**(100)**	(320)
Acquisition of intangible assets and others	(47)	**(62)**	(223)
Investments in investee companies	-	**-**	8
Change in current investments, net	-	**(60)**	(120)
Interest received	-	**4**	8
Net cash used in investing activities	(87)	**(218)**	(647)

The accompanying notes are an integral part of these condensed separate interim financial statements.

Condensed Interim Information of Cash Flows

	Three-month period ended March 31		Year ended December 31
	2022	2023	2022
		NIS millions	
	(Unaudited)		(Audited)
Cash flows from financing activities			
Receipts (Payment) for derivative contracts, net	(1)	**-**	5
Repayment of debentures	-	**(200)**	(396)
Receipt from issuance of debentures, net of issuance costs	-	**-**	491
Interest paid	(60)	**(67)**	(109)
Receipts of loan from investees	30	**30**	10
Payment of principal of lease liabilities	(47)	**(63)**	(214)
Net cash used in financing activities	(78)	**(300)**	(213)
Changes in cash and cash equivalents	23	**(318)**	224
Cash and cash equivalents as at the beginning of the period	387	**611**	387
Effects of exchange rate changes on cash and cash equivalents	(1)	**-**	-
Cash and cash equivalents as at the end of the period	409	**293**	611

The accompanying notes are an integral part of these condensed separate interim financial statements.

Note 1- Basis of Preparation of the Financial Information

A. Definitions

Presented hereunder is condensed financial information from the Group's condensed consolidated financial statements as of March 31, 2023 (hereinafter – the condensed consolidated financial statements), which are issued as part of the periodic reports, and which are attributed to the Company itself (hereinafter – condensed separate financial information), and are presented in accordance with Regulation 38D (hereinafter – the Regulation) and the tenth addendum to the Securities Regulations (Periodic and Immediate Reports) – 1970 (hereinafter – the tenth addendum) regarding condensed separate interim financial information of an entity.
The condensed separate financial statements must be read together with the annually condensed separate financial statements as of December 31, 2022 and together with the consolidated financial statements.

Unless stated otherwise, all the terms presented in the separate financial information are as defined in the Company's consolidated financial statements as of December 31, 2022 (hereinafter: "the annually consolidated financial statements").

"The Company" – Cellcom Israel Ltd.

"Investee companies" – Subsidiaries and companies accounted on the equity basis.

"Inter-company transactions" – transactions between the company and her investees.

"Inter-company balance", "Inter-company revenues and expenses", "Inter-company cash flows" – balances, revenues or expenses, and cash flows, depending on the matter, arising from inter-company transactions, which eliminated in the consolidated financial statements.

B. Basis of preparation of the financial Information

Accounting Policy in the condensed separate interim financial information, is in accordance with the accounting policies, which detailed in the separate financial information as of December 31, 2022.

Note 2 - Commitments, loans and significant transactions with Investees

A. Investments and ownership interest in investee companies

		Company's investments in investee as of		
	Company's ownership interest in the investee	March 31		December 31
		2022	2023	2022
		NIS millions		
Cellcom Fixed Line Communication L.P.	100%	1,678	**1,680**	1,629
Golan Telecom Ltd.	100%	401	**408**	409
Dynamica Cellular Ltd.	100%	164	**200**	187
I.B.C (Unlimited) Holdings L.P.	33%	130	**132**	131
Other Companies	-	1	**-**	-
		2,374	**2,420**	2,356

Note 2 - Commitments, loans and significant transactions with Investees (cont'd)

B. Loans to investee companies

	March 31		December 31
	2022	2023	2022
	NIS millions		
Loan to Golan Telecom Ltd. *	135	**144**	141
Capital Note - Golan Telecom Ltd.	250	**250**	250
	385	**394**	391

* The loan was granted as part of the sharing network agreement singing in 2017, half of which in includes an annual interest rate of 1.85% and is linked to the CPI, the other half includes an interest rate of 3.5% and is not linked.

C. Loans from investee companies

	March 31		December 31
	2022	2023	2022
	NIS millions		
Short-term loan from Cellcom Fixed Line Communication L.P. *	240	**250**	220

* The loan includes an annual interest rate of 2.6% and is not linked.

Note 3 - Events during and after the reporting period

For additional information regarding Share-based payment, see Note 9 for the consolidated financial statements.

Quarterly Report regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure Pursuant to regulation 38C(a) of the Regulations:

The Management, under the supervisions of the Board of Directors of Cellcom Israel Ltd. (hereafter: the "**Company**") is responsible for determining and maintaining appropriate internal control over financial reporting and disclosure in the Company.

In this regard, the members of the Management are as follows:

1. Daniel Sapir, CEO
2. Gadi Attias, CFO
3. Larisa Cohen, VP Legal Counsel and Corporate Secretary
4. Teimuraz Romashvili, VP Sales and International Activity
5. Victor Malka, Chief Information Officer
6. Eli Adadi, VP Retail and CEO of Dynamica Communications Chain Stores Ltd
7. Ami Shtramer, VP Human Resources
8. Dafna Agassi, VP Marketing
9. Sivan Shushan Lisha, VP Business Customer
10. Avraham Grinman, VP of Engineering
11. Ndadv Amsalem, CEO of Golan Telecom Ltd.
12. Nir Yogev Manager of Regulation and Business Development
13. Bosmat Levi Feuer, Manager of Private Service Sector

The internal control over financial reporting and disclosure includes the existing controls and procedures in the Company, which were determined by the Chief Executive Officer and the senior corporate financial officer or under their supervision, or by someone who in practice carries out these functions, under the supervision of the Company's Board of Directors and which are intended to provide a reasonable degree of assurance regarding the reliability of financial reporting and the preparation of the reports according to the provisions of the law and to ensure that the information which the Company is required to disclose in the reports that it publishes according to the provisions of the law is gathered, processed, summarized and reported on the dates and in the format prescribed by law.

The internal control includes, among other things, controls and procedures that were determined to ensure that the information which the Company is required to disclose as aforesaid, was accumulated and submitted to the Company's Management, including the Chief Executive Officer and the senior corporate financial officer or someone who in practice fulfills these functions, in order to facilitate decision making at the appropriate time, with regard to the disclosure requirements.

Due to its structural constraints, internal control over financial reporting and disclosure is not intended to provide absolute assurance that misrepresentation or the omission of information in the reports will be prevented or revealed.

In the annual report on the effectiveness of the internal control over financial reporting and disclosure which was attached to the periodic report for the period ended on December 31, 2022 (hereinafter: the "**Last Annual Report on Internal Control**"), the Board of Directors and Management assessed the internal control in the Company; based on the said assessment, the Board of Directors and Management came to the conclusion that the said control, December 31, 2022, is effective as of was found effective.

Until to the date of the report, the Board of Directors and Management were not made aware of any event or matter that would have changed their assessment of the effectiveness of internal control, as it was presented in the Last Annual Report on Internal Control.

As of the date of the report and based on the assessment of the effectiveness of the internal control in the Last Annual Report on Internal Control and on the information brought to the attention of the Management and the Board of Directors as mentioned above, the internal control is effective.

Executive Statements

The Statement of the CEO according to Regulation 38C(d)(1)

The undersigned, Daniel Sapir, states as follows:

1. I have reviewed the quarterly report of Cellcom Israel Ltd. (hereinafter – the "**Company**") for the first quarter of 2023 (hereinafter – the "**Reports**");
2. Based on my knowledge, the Reports do not contain any misrepresentation of a material fact or omit any representation of material fact required so that the representations included therein, in light of the circumstances under which such representations were made, are not misleading with respect to the Reports period;
3. Based on my knowledge, the financial statements and other financial information included in the Reports adequately reflect in all material aspects the financial position, the results of operations and cash flows of the Company for the dates and periods to which the Reports relate;
4. I have disclosed to the Company's auditor, the Board of Directors and the Company's audit committee, based on my most recent assessment regarding the internal control over financial reporting and disclosure:
    a. All material deficiencies and weaknesses in determining or operating the internal control over financial reporting and disclosure, which could reasonably adversely affect the Company's ability to gather, process, summarize or report financial data so as to cast doubt on the reliability of financial reporting and the preparation of financial statements in accordance with law; and –
    b. Any fraud, whether or not material, that involves the CEO or anyone directly subordinated to the CEO or that involves other employees who have a significant role in internal control over financial reporting and disclosure.
5. I, by myself or together with others in the Company:
    a. have determined such controls and procedures, or ascertained the determination and fulfillment of controls and procedures under my supervision, intended to ensure that material information relating to the Company, including its subsidiaries as defined in the Securities Law (Annual Financial Statements) – 2010, is made known to me by others in the Company and the subsidiaries, particularly during the period in which the Reports are being prepared; and –
    b. have determined such controls and procedures, or ascertained the determination and fulfillment of such controls and procedures under my supervision, intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with law, including in accordance with generally accepted accounting principles;
    c. No event or matter during the course of the period between the date of the last report (quarterly or annual) and the date of this report has been brought to my attention that would change the conclusion of the Board of Directors and Management with respect to the effectiveness of the internal control over the Company's financial reporting and disclosure.

The foregoing does not derogate from my responsibility or the responsibility of any other person under any law.

____

Daniel Sapir

CEO

May 16, 2023

The Statement of the Highest Ranking Officer in Finance according to Regulation 38C(d)(2)

The undersigned, Gadi Atias, states as follows:

1. I have reviewed the interim financial statements and other financial information included in the interim period reports of Cellcom Israel Ltd. (hereinafter – the "**Company**") for the first quarter of 2023 (hereinafter – the "**Reports**" or the " Interim Period Reports ");
2. Based on my knowledge, the interim financial statements and other financial information included in the interim period reports do not contain any misrepresentation of a material fact or omit any representation of material fact required so that the representations included therein, in light of the circumstances under which such representations were made, are not misleading with respect to the Reports period;
3. Based on my knowledge, the interim financial statements and other financial information included in the interim period reports, adequately reflect in all material aspects the financial position, the results of operations and cash flows of the Company for the dates and periods to which the Reports relate;
4. I have disclosed to the Company's auditor, the Board of Directors and the Company's audit committee, based on my most updated assessment regarding the internal control over financial reporting and disclosure:
   a. All material deficiencies and weaknesses in determining or operating the internal control over financial reporting and disclosure to the extent it relates to the interim financial statements and other financial information included in the interim period reports, which could reasonably adversely affect the Company's ability to gather, process, summarize or report financial data so as to cast doubt on the reliability of financial reporting and the preparation of financial statements in accordance with law; and –
   b. Any fraud, whether or not material, that involves the CEO or anyone directly subordinated to the CEO or that involves other employees who have a significant role in internal control over financial reporting and disclosure.
5. I, by myself or together with others in the Company:
   a. have determined such controls and procedures, or ascertained the determination and fulfillment of controls and procedures under my supervision, intended to ensure that material information relating to the Company, including its subsidiaries as defined in the Securities Law (Annual Financial Statements) – 2010, is made known to me by others in the Company and the subsidiaries, particularly during the period in which the Reports are being prepared; and –
   b. have determined such controls and procedures, or ascertained the determination and fulfillment of such controls and procedures under my supervision, intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with law, including in accordance with generally accepted accounting principles;
   c. No event or matter has been brought to my attention which occurred during the period between the date of the last report (quarterly or annual) and the date of this report that relates to the interim financial statements and any other financial information that is included in the interim period reports, that would change the conclusion of the Board of Directors and Management with respect to the effectiveness of the internal control over the Company's financial reporting and disclosure.

The foregoing does not derogate from my responsibility or the responsibility of any other person under any law.

____

Gadi Atias

CFO

May 16, 2023