

Convenience translation

In any case of inconsistency, the immediate report in Hebrew shall prevail

Cellcom Israel Ltd.

Immediate report dated December 18, 2023

Subject: **DIC's report regarding entering into an agreement for the sale of the company's shares**

Further to the Company's Immediate Report as of December 5, 2023 regarding the engagement of Discount Investment Corporation Ltd. (the indirect controlling shareholder of the Company - "**DIC**") into a non-binding memorandum of understanding with Fortissimo Capital Fund VI, L.P ("**the Purchaser**") for the sale of its holdings, the Company updates that on December 18, 2023 DIC reported that it entered into an agreement with the purchaser for the sale of its holdings in the company (approximately 35.57%) in a consideration of approximately NIS 925 million which reflects a value of NIS 2.6 billion to the Company ("**the Agreement**", "the Consideration" "**the Transaction**", respectively). The consideration will be linked to the Consumer Price Index as of the end of three months from the date of signing the agreement if the transaction is not completed by this date. Furthermore, to the extent that the completion of the transaction will occur after the publication of additional financial statements of the Company (Annual or Quarterly reports), that is, after the date of publication of the Company's annual reports and any subsequent report, 50% of the Company's profits attributable to DIC's share (35.57%) for the period after the financial statement as of September 30, 2023 will be added to the consideration, as will be reflected in the financial statements (or a corresponding reduction in the case of losses) ("**Price Adjustment**"). DIC stated in the report that the agreement including certain representations of the parties, including a representation by DIC regarding information in the Company's reports published to the public. DIC's liability for the representations was limited in amounts and periods as is customary in this kind of agreements. The purchaser can carry out the purchase through a new legal entity that will be established for the purpose of the purchase and that the purchaser will hold most of its means of control.

As stated by DIC, in accordance with the provisions of the agreement, with the signing of the agreement, the purchaser deposits with an external trustee a total of approximately NIS 46 million, which at the time of the completion of the transaction it will be transferred to DIC as part of the consideration, and will also be transferred to DIC in the event of the fulfilment to the suspending conditions (as defined below) and the transaction is not completed by the purchaser.

The full consideration, including the amount deposited in such trustee, will be paid to DIC in one payment at the time of completion of the transaction after fulfilment to the suspending conditions that were set forth in the agreement: receipt the approvals of Ministry of Communication, the Electricity Authority and the Competition Authority ("**the Suspending Conditions**"). In accordance with the provisions of the agreement the deadline for the fulfillment of the suspending conditions will apply no later than the end of 120 days from the date of entering into the agreement, and it can be extended by each of the parties to the agreement for an additional 60 days.

DIC clarified in its report that there is no certainty regarding the completion of the transaction, in light of the suspending conditions stipulated in the agreement, the existence of which does not depend on DIC alone