

Convenience translation

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

**Cellcom Israel Ltd. (the "Company")**

Immediate report dated November 12, 2024

Subject: **Entering into a Binding Memorandum of Understanding with HOT in connection with the Company's activities in the field of television services**

Further to what is stated in Sections 8.2.1(2), 11.4.2 and 15.2.5 of Chapter A of the Company's periodic report for 2023, regarding the Company's activity in the field of Multi-Channel Television Services OTT branded as "Cellcom TV", the Company updates as follows:

1. On November 12, 2024, the Company entered into a Binding Memorandum of Understanding with HOT - Communication Systems Ltd. ("**HOT**"), which subject to its completion, the Company is expected to market to subscribers a dedicated package of audio-visual content of the NEXT TV service, including a VOD library that will include HOT's original productions ("**the Package**") ("**the Memorandum**"). The package will be broadcast and distributed by HOT to the package subscribers through, the Cellcom TV application, and HOT will operate, maintain and develop the application through the entire period of the engagement between the parties.
2. In accordance with the memorandum, no later than 30 days after its signing, the Company will receive rights to broadcast several of HOT's original productions, without any additional condition and regardless of the memorandum's coming into effect, for one year (as well as an option to continue using said rights if the memorandum does not come into effect for an additional year).
3. The engagement between the parties is for a period of 5 years from the date the package begins to be distribution to subscribers. The Company has the option to extend the engagement for five additional one-year periods. In addition, the Company is entitled to cancel the engagement as stated at the end of 3 years from the package launch date as stated, with prior notice 6 months.
4. In consideration for the services provided by HOT to the Company as detailed in the memorandum, the Company will pay HOT a monthly payment for each subscriber registered in the package, based on the number of subscribers in the package, where the monthly consideration will not be less than an agreed amount. The agreement also includes linkage mechanism to the index that will generally apply starting from the sixth year of the agreement, a price increases mechanism under certain conditions (starting approximately 3 years from the date the package is distributed to subscribers), and a protection mechanism for the Company to adjust the consideration under certain conditions.
5. The memorandum's coming into effect is contingent upon the fulfillment of suspensive conditions, including the approval of the Competition Authority (without conditions unacceptable to either party), as well as additional approvals. Accordingly, there is no certainty that the memorandum between the parties will come into effect, due, among other things, to factors not dependent on the Company, including the fulfillment of the suspensive conditions.



6. The Company estimates that if the transaction subject to this report is completed, it will lead to a reduction in its costs.
  
7. The information mentioned above regarding the coming into effect of the memorandum, the fulfillment of the suspensive conditions and their date, the date of the consideration adjustment and the expected cost reduction for the Company as a result of the aforementioned engagement, constitutes forward-looking information, as defined in the Securities Law, 5728-1968, which may not materialize or materialize differently than expected (even materially), and there is no certainty regarding its realization (if at all), including coming into effect of the memorandum between the parties, due, inter alia, to factors not dependent on the Company's, including the fulfillment of the suspensive conditions and the manner of implanting the memorandum by the parties.