

Convenience translation into English of Cellcom Israel Ltd.'s Periodic Report for the period ending September 30, 2024 filed with the Israeli Securities Authority, on November 20, 2024



**Cellcom Israel Ltd.
Periodic Report for The Period
Ending September 30, 2024**

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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 2023 (Reference No.: 2024-01-024693) ("The Company" and "Periodic Report", respectively), as reported in the Company's periodic report for the first and second quarters of 2024 (Reference No: 2023-01-050665 and 2024-01-080760, respectively) ("First Quarter Report" and Second Quarter Report, respectively).

1. Section 18.3.1 to the periodic report - Credit and loans from banking corporations and financial corporations

Further to the description in this section and note 18.3 to the financial statement as of December 31, 2023, regarding a credit facility given to the Company from institutional entity up to NIS 250 million, the Company updates that on November 19, 2024, the credit facility was extended. For additional details see Note 8.a to the financial statement as of September 30, 2024.

2. Section 18.7 to the periodic report – Credit rating

Further to the description in this section, on August 15, 2024, S&P Maalot ("**Maalot**") decided to reaffirm the company's A+ rating with a stable outlook, for the Company's debentures series and commercial securities (unregistered). For details regarding Maalot's announcement as mentioned above, see the Company's immediate report dated August 15, 2024 (reference no. 2024-01-088036), which is included in this report by way of reference.

3. Sections 8.2.1(2), 11.4.2 and 15.2.5 to the periodic report – Multi-Channel Television Services

Further to the description in this section 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.

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).

The engagement between the parties is for a period of 5 years from the date the package begins to be distributed 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.

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, with monthly payment no being less than NIS 5.9 million (or less, under certain conditions). 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.

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.

The Company estimates that if the transaction is completed as mentioned, it will lead to a reduction in its costs.

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.