

Convenience translation

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

Cellcom Israel Ltd. (the "Company")

Immediate report dated May 14, 2025

Subject: **Receiving a notice regarding a binding offer to purchase holdings in IBC.**

Further to what is stated in Section 18.2.1 of Chapter A of the Company's periodic report for 2024, regarding investment agreements in IBC Israel Broadband Company (2013) Ltd. ("**IBC**") and as stated in Note 8 of the Company's financial report for the year 2024, the Company updates that on May 13, 2025, it received a notice ("**the Notice**") from HOT Telecommunication Systems Ltd. ("**HOT**") and Israel Infrastructure Fund 3 Limited Partnership ("**IIF**"), stating that on May 11, 2025, HOT and IIF received a binding offer ("**the Offer**") from a corporation within the Phoenix Group ("**the Offeror**") to purchase all their holdings in IBC (Unlimited) Holdings Limited Partnership ("**IBC Partnership**") and in the general partner of the IBC Partnership ("**the General Partner**") (together – "**the Sold Holdings**").

The following are the main points of the offer (as communicated to the Company in the notice):

1. The proposed purchase price for the sold holdings is a total of NIS 1.04 billion in cash, plus interest at a rate of 8% per year, which will accrue from November 1, 2025, until the date of completion of the transaction. The purchase price will be paid in full at the date of completion of the transaction, in equal parts to each of HOT and IIF (i.e., NIS 520 million to each of them).
2. In accordance with the notice, the offer was submitted by the offeror and it was stated that it is being made on behalf of a group of purchasers that the offeror intends to form within a period of up to 30 days, which will include financial investors as well as potential managing partners with whom the offeror is negotiating. It was also mentioned in the offer that once the group of purchasers is formed, a limited partnership will be established to purchase the sold holdings ("**the purchasing partnership**"). Additionally, it was noted that according to the offer, Phoenix has received commitments from entities within the Phoenix Group to hold up to 49% of the limited partners' rights in the purchasing partnership, and from a corporation within the Mor Group to hold up to 18% of the limited partners' holdings in the purchasing partnership.
3. According to the principles of the offer (as detailed in the notice), the completion of the transaction is subject to the fulfillment of acceptable suspending conditions, including obtaining the required regulatory approvals and the approval of IBC's financing parties.
4. As stated in the notice, the offer is backed by an autonomous guarantee from a corporation within the offeror's group, in the amount of NIS 104 million.

As stated in the notice, HOT and IIF indicated that they are approaching the company in accordance with the provisions of the IBC Partnership Agreement and provisions of the Shareholders' Agreement of the General Partner (together "the Set of Agreements") regarding the company's right of first refusal within 30 days, offering to purchase all the sold holdings under the terms of the offer as detailed. It was further noted that if the company does not wish to exercise its right of first refusal, the Company is requested to inform whether it wishes to join the sale of the sold holdings and in this context, it was noted that according to the set Agreement, the Company's right to join the sale applies (in this case) only to part of the sold holdings offered for sale by HOT and within 45 days. However, it was noted that within the framework of the offer, the offeror (subject to the formation of the group) confirmed its consent to increase the scope of the holdings purchased in the IBC Partnership and the General Partner up to 100%. In this case, the purchase price for purchasing all of the Company's holdings in the IBC Partnership and the General Partner will be identical to the price offered to each of HOT and IIF (i.e., NIS 520 million).

The company is reviewing the notice and the offer.