

Convenience translation into English of Cellcom Israel Ltd.'s Periodic Report for the period ending June 30, 2026 filed with the Israeli Securities Authority, on August 12, 2026



Cellcom Israel Ltd.

PERIODIC REPORT FOR THE PERIOD

ENDING June 30, 2026

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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 the 2025 Periodic report of Cellcom Israel Ltd. (Reference No.: 2026-01-023803) ("The Company" and "Periodic Report", respectively), as reported in the Company's report for the first quarter of 2026 (Reference No: 2026-01-047074) ("First Quarter Report").

1. Section 1.3 – Structure of the Group's Material Holdings

Further to the description in Footnote 1, the Company updates that on July 1, 2026, the Communications Regulations (Telecommunications and Broadcasting) (Procedures and Conditions for Obtaining a Unified General License) (Amendment), 5786-2026, were published, enabling the submission of an application to the Ministry of Communications for the transfer of the Unified General License (general license for the provision of telecommunications services) granted to Cellcom Fixed-Line Communications Limited Partnership (the "**Partnership**") to the Company.

The Company is acting to promote and complete the process of merging the Partnership's operations into the Company and dissolving the Partnership in accordance with the provisions of the Companies Law, 5759-1999.

There is no certainty as to the realization (if at all), inter alia, as it is subject to obtaining the approval of the Ministry of Communications for the transfer of the license as described above.

2. Section 9.1.3 – Restrictions, Legislation, Standards and Special Constraints Applying to the Field of Activity

Further to the description in Footnote 16, the Company updates that on July 9, 2026, the Minister of Energy and Infrastructure signed an extension of Cellcom Energy's electricity supply license (without generation facilities) for an additional five-year period, through December 31, 2031.

3. Section 9.1.4 (1) – Changes in Scope of Activity and Profitability of the Field

Further to the description in this section, regarding the Electricity Authority's availability certificate tenders, the Company updates that on July 15, 2026, the Electricity Authority published a decision determining that, in the second competitive procedure for the purchase of availability certificates, Cellcom Energy was awarded availability certificates with a capacity of 25 MW.

4. Section 9.10.2 and Section 9.10.3 – Engagement in Electricity Purchase Agreements

Further to the description in this section, regarding the signing of several agreements for the purchase of electricity for and by Cellcom Energy (2023) Limited Partnership (which is held in equal parts by the Company and Mashk Energy – Renewable Energies Ltd. ("**Mashk Energy**") – "**Cellcom Energy**"), and of Section 26.7 of Part A of the Periodic report, the Company updates that Cellcom Energy has entered into an agreement (the "**Agreement**") for the purchase of discounted electricity from Nofar Energy in Israel Ltd. (the "**Producer**"). The total (net) payments expected by Cellcom

Energy in connection with the purchase of electricity over the term of the Agreement are estimated by Cellcom Energy at approximately NIS 820 million.

According to the Agreement, Cellcom Energy will purchase energy from independent (stand-alone) electricity storage facilities to be constructed by the Producer and expected to be operated in the years 2027-2029 (the "**Project**"), with a scope of approximately 100 MW and total storage capacity of approximately 500 MWh. The Agreement is for a period of 15 years from the date of commencement of supply of each facility. The purchase of the electricity will be carried out within the framework of the market model regulation, at a price reflecting a discount on the generation component, in accordance with the mechanism set out in the Agreement and subject to a minimum price specified therein. The Agreement includes, inter alia, provisions regarding minimum availability of the storage facilities, agreed compensation for failure to meet such availability, sharing of additional benefits that will derive from the facilities, if any, compensation for delay in commercial operation, liability cap, force majeure and change of law, all as customary in agreements of this type. For the purpose of securing Cellcom Energy's payment obligations under the Agreement, Mashk Energy and the Company have provided parent company guarantees in favor of the Producer up to limited caps as specified in the Agreement, which, in certain circumstances, may be suspended insofar as Cellcom Energy meets certain financial covenants.

The foregoing regarding the price to be paid under the Agreement for the Project, the capacity and the commercial operation dates, constitutes forward-looking information, as defined in the Securities Law, 1968. Such information reflects the assessments of Cellcom Energy and is based, inter alia, on the electricity tariffs determined within the framework of the engagements described above. Forward-looking information, by its nature, is information that may not materialize, in whole or in part, or may materialize in a manner materially different from that anticipated by the Company, and may even not occur at all, as a result of various factors that are not under the control of the Company or Cellcom Energy alone. For details regarding the risk factors in the field of electricity supply activity, see Section 9.12 of Part A of the Company's Periodic Report for 2025.

5. Section 22.6.3 (2) – OTT Multi-Channel Television Services Regulation

Further to the section regarding the Communications (Broadcasting) Bill, 5786-2025, the Communications (Broadcasting) Law, 5786-2026 (the "**Law**") was published in the Official Gazette in July and includes several changes compared to those described in the section. Shortly after the publication of the Law, several petitions were filed with the High Court of Justice. The Court issued a temporary order with respect to those provisions of the Law that became effective upon publication, suspending their effectiveness until a decision is made on the applications for an interim injunction filed in connection with the Law

6. Section 19.7 – Credit Rating

Further to the description in this section, on August 10, 2026, S&P Maalot ("**Maalot**") decided to reaffirm the Company's and the Company's debentures series to ilAA- with a stable outlook, as well as to reaffirm the rating of the Company's commercial securities to ilA-1+. For details regarding Maalot's announcement as mentioned above, see the immediate report dated August 10, 2026 (reference no. 2026-15-074788), which is included in this report by way of reference.

Chapter B

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

June 30, 2026

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 six months ended June 30, 2026 (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 on the assumption that the reader has access to the Company's periodic report for 2025 (ref. no. 2026-01-023803) ("**2025 Periodic Report**").

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

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

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. (the "**Company**"). The company's securities are traded on the Tel Aviv Stock Exchange Ltd.

As of the Report date, the Company and subsidiaries (the "**Group**") are active in the Israeli communications market in two areas of activity, and provides electricity supply services to private and business customers in Israel within the framework of an additional area 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 interim financial statements as of June 30, 2026 (the "**Financial Statements**"):

- 1.1.1. The cellular communications area (cellular segment) - In the framework of this field of activity, the Group provides its customers with a wide range of cellular telecommunication services in Israel, under a license granted by the Israeli Ministry of Communications or MOC. The services include calls, sending and receiving text messages (SMS, MMS), internet access and data transmission over the internet and associated services. In addition, the Group provides overseas roaming services to its customers and to customers of foreign operators who are visiting Israel. The Group also sells (mainly through Dynamica) cellular end equipment and warranty and repair services for end equipment. In addition, the Group provides construction, operation and maintenance services for the radio network it shares with Wecom.
- 1.1.2. The fixed-line communications area (fixed-line segment) - Within the framework of this area of activity, the Group provides internet services, by virtue of a license provided to it by the Ministry of Communications and by virtue of it being a licensed provider in accordance with the Communications Law. These services include internet service providers (ISP) as well as infrastructure services (broadband services, on the basis of IBC fiber optics; as well as copper infrastructure and Bezeq fiber optics within the framework of the wholesale market), TV services over the internet (Cellcom TV and Cellcom TV+), international line-based telephone services (international carrier

services) and domestic services, (Domestic Provider services) and transmission services to business customers (including international transmission services) and for the communications operators on the basis of the Group's independent infrastructure as well as on other operator infrastructure. The Group also provides additional services such as IOT solutions, integration and maintenance of information security solutions services, and server hosting services. In addition, the Group sells land-based end equipment attributed to the land-based segment.

- 1.1.3. Electricity supply segment – within the framework of the electricity supply segment, the Group provides, via Cellcom Energy (a shared corporation held in equal portions by the Company and Meshek Energy), electricity supply services to business and private customers in Israel (excluding the rural segment), all in accordance with the license to supply electricity without means of production given it by the Electricity Authority and the regulation that applies in the field of electricity supply to private and business customers, including the decisions of the Electricity Authority within the framework of the move to the market model and the opening of the electricity supply segment to private customers.

1.2. Review by the Company's management regarding the results of the Group's activity for the second quarter of 2026

The Group concluded the current quarter with a net profit of NIS 92 million compared to a net profit of NIS 64 million in the corresponding quarter of 2025, reflecting an increase of 43.7%.

Revenues excluding interconnection fees amounted to NIS 1,062 million in the current quarter compared to NIS 1,007 million in the corresponding quarter of 2025, reflecting an increase of 5.5%. The increase derives from higher recurring revenues from cellular plans in the cellular segment and increased revenues from end-user equipment in both the cellular and fixed-line segments. The Group's total revenues in the current quarter amounted to approximately NIS 1,065 million compared to approximately NIS 1,047 million in the corresponding quarter of 2025, reflecting an increase of approximately 1.7%. The increase derives from higher revenues from cellular services and increased revenues from end-user equipment in both the cellular and fixed-line segments, as noted above, partially offset by the regulatory framework for reducing interconnection fee tariffs, which became effective in June 2025, whereby, as a general rule, no interconnection payments are made for call minutes (see Note 32E to the 2025 Financial Statements).

Revenues from services in the cellular segment in the current quarter amounted to NIS 425 million compared to approximately NIS 416 million in the corresponding quarter of 2025, excluding the effect of interconnection fees which declined as a result of the aforementioned regulatory change reducing interconnection tariffs, reflecting an increase of 2.2%, mainly attributable to an increase in recurring revenues from cellular plans, partially offset by a decrease in revenues from roaming services as a result of operation "Lion's Roar" (see Note 1B to the Financial Statements). Total revenues from services in the cellular segment amounted to NIS 425 million compared to NIS 454 million in the corresponding quarter last year. The decrease is attributable to the reduction in interconnection tariffs.

Revenues from services in the fixed-line segment in the current quarter amounted to approximately NIS 335 million compared to NIS 340 million in the corresponding quarter last year, reflecting a decrease of approximately 1.5%. The decrease derives, among other things, from a reduction in interconnection fee revenues in the fixed-line segment, lower revenues from international operations and lower revenues from internet and television services.

As of June 30, 2026, the Group's cellular subscriber base comprised 3,694 thousand subscribers, representing a growth rate of 1.9% compared to the corresponding quarter of 2025.

Internet subscribers reached approximately 392 thousand subscribers, representing a growth rate of 2.1% compared to the corresponding quarter last year. Fiber subscribers reached approximately 363 thousand subscribers, constituting approximately 93% of the Group's internet infrastructure subscribers, reflecting a growth rate of 6.5% compared to the corresponding quarter last year.

Revenues from end-user equipment in the current quarter in the cellular segment amounted to NIS 279 million compared to NIS 250 million in the corresponding quarter last year, reflecting an increase of approximately 11.6%. The increase derives mainly from the impact of the war in the corresponding quarter last year, which partially affected sales, as well as the launch of a new model that increased sales in the current quarter. In the fixed-line segment, revenues from end-user equipment amounted to NIS 60 million compared to NIS 39 million in the corresponding quarter last year, reflecting an increase of approximately 53.8%. Total revenues from end-user equipment amounted to approximately NIS 339 million, representing an increase of approximately 17.3% compared to the corresponding quarter of 2025.

Adjusted EBITDA (see definition in Section 4 of this report) amounted to approximately NIS 380 million in the current quarter, an increase of approximately 8.3% compared to the corresponding quarter of 2025. The increase is mainly attributable to higher revenues from cellular services, improved profitability of end-user equipment and lower costs of services rendered, including wholesale market costs, partially offset by an increase in selling and marketing expenses and general and administrative expenses.

Adjusted EBITDA in the cellular segment amounted to approximately NIS 245 million in the current quarter, an increase of approximately 7% compared to the corresponding quarter of 2025, mainly as a result of improved profitability of end-user equipment and an increase in recurring revenues from cellular services, offset by an increase in selling and marketing expenses and general and administrative expenses.

In the fixed-line segment, Adjusted EBITDA for the current quarter amounted to approximately NIS 135 million, an increase of approximately 10.7% compared to the corresponding quarter of 2025, mainly attributable to improved profitability of fixed-line equipment, partially offset by lower recurring revenues in the fixed-line segment. The increase was also supported by a reduction in direct cost of revenues, including lower wholesale market prices and lower television content costs.

Free cash flow (FCF) for the current quarter amounted to approximately NIS 136 million compared to approximately NIS 103 million in the corresponding quarter of 2025, reflecting an increase of approximately 32%, mainly attributable to changes in working capital and a decrease in investment activities during the current quarter.

Net financial debt at the end of the current quarter amounted to approximately NIS 1,096 million, a decrease of approximately NIS 458 million compared to net debt of NIS 1,554 million at the end of the corresponding quarter of 2025. The decrease in debt is attributable to debenture repayments during the period, consideration received from the sale of the Company's holdings in IBC, and free cash flow which contributed to debt reduction, offset by dividends distributed.

1.3. Material events during the Report Period and after the date of the report

- A. For details regarding the impact of the security situation in Israel on the Company, see Note 1b to the Financial Statements.
- B. For details regarding legal proceedings involving IBC, see Note 7b to the Financial Statements.
- C. For details regarding dividend distributions, see Note 8b to the Financial Statements.
- D. For details regarding the Maalot rating, see Note 8C to the Financial Statements.
- E. For details regarding the extension of Cellcom Energy's electricity supply license, see Note 8D to the Financial Statements.
- F. For details regarding the entry into electricity purchase agreements, see Note 8E to the Financial Statements.

1.4. The effect of inflation and interest on the results during the period

During the second quarter of 2026, inflation increased by 1.3%. In addition, the Bank of Israel set the interest rate in the economy at 3.75%, compared to 4% at the end of the first quarter of 2026. In July 2026, subsequent to the reporting date, the interest rate decreased to 3.5%.

Below is the Company's assessment of the direct impact of changes in inflation and interest rates on the Group:

The impact of changes in inflation primarily affects the Company's rental expenses for buildings and cellular sites, most of which are linked to the Consumer Price Index. According to the Company's estimates, a 1% increase in the inflation rate would result in an increase of approximately NIS 2 million in the Group's expenses, before tax.

Below is the Company's assessment of the indirect impact of changes in inflation on the Group's results:

In an environment of rising inflation, input costs may increase, which could affect the Group's results.

Below is the Company's assessment of the impact of changes in interest rates on the Company:

Changes in interest rates do not have a material direct impact on the Company's cost structure. However, with respect to future debt refinancing and/or additional debt raising, and/or utilization of credit facilities in accordance with the Company's needs, an increase in

the interest rate environment may affect the interest rates applicable to such future financing and the Company's financing expenses. The Company has commercial securities (CP) and credit facilities that are influenced by market interest rates. Accordingly, a change of 1% in interest rates would result in an increase or decrease of approximately NIS 2 million in annual financing expenses. For additional details regarding the effect of interest rates on the Financial Statements, as well as their impact on goodwill impairment testing, see Notes 13B and 22 to the 2025 Financial Statements.

Below is the Company's assessment of the impact of changes in exchange rates on the Company:

During the current quarter and prior periods, significant fluctuations occurred in foreign exchange rates. The principal currency to which the Company is exposed is the U.S. dollar. The Company's exposure is primarily related to purchases of end-user equipment inventory and to certain purchases relating to the engineering network, which are denominated in U.S. dollars. During the current quarter, the U.S. dollar exchange rate decreased by 5.9%, and as a result, the Company recorded financing income from exchange rate differences in the amount of approximately NIS 4 million.

2. Financial position

Section	As of June 30		Board of directors' explanation
	2026	2025	
	NIS millions		
Current assets	1,445	1,372	Increase in trade receivables (primarily due to end-user equipment) and an increase in inventory.
Non-current assets	4,755	4,943	Decrease primarily due to the disposal of an investment in an equity-accounted investee.
Total assets	6,200	6,315	
Current liabilities	2,070	1,968	Increase in trade and other payables and in current tax liabilities.
Non-current liabilities	1,318	1,763	Decrease primarily due to the reduction in the outstanding balance of debentures.
Total liabilities	3,388	3,731	
Equity	2,812	2,584	Increase resulting from profit for the period, net of dividends distributed.
Total liabilities and equity	6,200	6,315	

3. Analysis of the operating results

3.1. Below is an analysis of the Company's operating results for the period of six and three months ended June 30, 2026, compared to the corresponding period of last year:

Section	1-6/2026	1-6/2025	4-6/2026	4-6/2025	Board of directors' explanation
	NIS millions		NIS millions		
Revenues from services	1,434	1,516	726	758	The decrease compared to the corresponding quarter was primarily due to a decline in interconnection revenues, which was partially offset by an increase in recurring revenues from cellular service plans.
Revenues from equipment	644	643	339	289	The increase compared to the corresponding quarter was attributable to higher equipment revenues in both the cellular and fixed-line segments. The increase in the cellular segment was mainly driven by the launch of a new device model and the impact of operation “Am KeLavi” during June 2025.
Total revenues	2,078	2,159	1,065	1,047	
Cost of revenues	(1,309)	(1,458)	(669)	(695)	The decrease compared to the corresponding quarter was primarily attributable to a reduction in interconnection tariffs, lower wholesale market costs and lower depreciation and amortization expenses, partially offset by higher end-user equipment costs resulting from increased sales volumes.
Gross profit	769	701	396	352	The increase in gross profit compared to the corresponding quarter was mainly attributable to higher revenues from cellular services, increased profit from end-user equipment sales, and lower cost of sales resulting from reduced wholesale market costs and lower depreciation and amortization expenses.
Gross profit margin	37.0%	32.5%	37.2%	33.6%	
Selling and marketing, general and administrative expenses and credit losses	(530)	(505)	(264)	(247)	Mainly due to an increase in salary expenses, including among other expenses related to option grants, as well as higher advertising and other expenses.
Other income, net	27	31	16	12	The increase compared to the corresponding quarter was primarily attributable to higher profit from installment sale transactions.
Operating profit	266	227	148	117	
Financing expenses, net	(38)	(53)	(17)	(27)	The decrease compared to the corresponding quarter in net financing expenses was mainly attributable to lower interest expenses on debentures as a result of a reduction in net debt.
Share profit of equity accounted investees	-	1	-	1	
Profit before taxes on income	228	175	131	91	
Taxes on income	(64)	(51)	(39)	(27)	The increase was attributable to higher profit before taxes.
Net profit	164	124	92	64	

3.2. Main results and operational data in quarterly division (in NIS millions):

Financial data (million NIS)	Q2'26	Q1'26	Q4'25	Q3'25	Q2'25	Q1'25	Q4'24	Q3'24	Q2'24
Revenues from services cellular segment	425	411	420	442	413	409	406	417	400
Revenue from equipment cellular segment	279	254	297	241	250	307	281	249	272
Revenue from other services cellular segment (as of June 30, 2025, including mainly IC) ¹	-	-	-	2	41	46	47	51	77
Total cellular segment revenues	704	665	717	685	704	762	734	717	749
Revenues from services fixed-line segment	301	298	302	306	306	304	303	301	297
Inter-segment revenues fixed-line segment	34	34	40	33	34	34	34	35	35
Revenue from equipment fixed-line segment	60	51	33	43	39	47	59	100	57
Total fixed-line segment	395	383	375	382	379	385	396	436	389
Consolidation adjustments	(34)	(35)	(40)	(34)	(36)	(35)	(35)	(37)	(38)
Total consolidated revenue	1,065	1,013	1,052	1,033	1,047	1,112	1,095	1,116	1,100
Gross profit from equipment sales	63	60	62	57	45	53	51	57	58
Adjusted EBITDA ² cellular segment	245	228	210	248	229	224	214	223	231
Adjusted EBITDA ² fixed-line segment	135	117	126	121	122	125	140	131	117
Adjusted EBITDA ²	380	345	336	369	351	349	354	354	348
Operating profit	148	118	75	127	117	110	106	110	111
Financing expenses, net	17	21	20	29	27	26	27	31	35
Profit for the period	92	72	364	76	64	60	55	56	55

¹ Interconnect fees (IC)- this component refers to interconnection fee rates paid by a cellular operator or an international services operator or an international operator for completing a call on the group's cellular or landline network, or for sending an SMS message to the group's cellular network (as of June 15, 2025, interconnect fees are generally no longer charged for call minutes). For further details on interconnection fee rates see Section 22.3.1 of Chapter A of the 2025 Periodic Report. Starting from the third quarter of 2025, revenues from incoming international calls to the Company as a cellular operator are classified under cellular segment service revenues instead of other cellular segment service revenues. Starting from the second quarter of 2026, the remaining revenues from interconnection fee tariffs (mainly SMS messages) are classified under cellular segment service revenues.

² See definition in Section 4 below.

Financial data (million NIS)	Q2'26	Q1'26	Q4'25	Q3'25	Q2'25	Q1'25	Q4'24	Q3'24	Q2'24
Capital investments in property, plant, equipment and other assets	105	152	171	145	165	149	176	166	171
Investments in property, plant, equipment and other assets	113	109	178	134	133	129	161	159	156
Free cash flow	136	115	42	111	103	94	71	93	62
Finance debt ,net	1,096	1,018	1,119	1,464	1,554	1,625	1,701	1,750	1,820
Operational data									
Number of cellular Subscribers (thousands) ³	3,694	3,679	3,661	3,645	3,624	3,602	3,614	3,571	3,554
Churn rate for cellular Subscribers ⁴	7.9%	7.7%	7.7%	8.0%	7.5%	8.3%	6.4%	7.6%	7.7%
Monthly cellular ARPU (NIS) ⁵	38.6	37.2	38.4	40.5	38.2	37.8	37.7	39	37.6
Monthly internet ARPU (NIS) ⁶	98.1	99.6	101.5	100.3	98.9	97.9	96.2	92.8	91.7
TV subscribers (thousands) ⁷	276	275	275	275	275	273	273	272	269
Internet infrastructure subscribers (thousands)	392	389	386	386	384	381	377	373	365
Fiber infrastructure subscribers (thousands)	363	357	351	348	341	334	322	311	295

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- 3 The subscribers' list data refers to “active” 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. To the best of the Company’s knowledge, 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.
- 4 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.
- 5 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 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 the sale of end-user equipment. Starting from the third quarter of 2025, revenues from incoming international calls to the Company as a cellular operator are classified under cellular segment service revenues instead of other cellular segment service revenues. Starting from the second quarter of 2026, the remaining revenues from interconnection fee tariffs (mainly SMS messages) are classified under cellular segment service revenues.
- 6 Internet ARPU is calculated as the total internet revenue for the period divided by the average number of internet customers for the period. Internet revenue is defined as revenue from the internet infrastructure product and the proportional share of internet revenue from the triple product.
- 7 The TV subscriber count includes paying users starting from the first quarter of 2026.

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

	Cellular			Fixed-line			Electricity			Inter-segment adjustments	
	4-6/ 2026	4-6/ 2025	Change % in	4-6/ 2026	4-6/ 2025	Change % in	4-6/ 2026	4-6/ 2025	Change % in	4-6/ 2026	4-6/ 2025
Revenue from services	425	454	(6.4%)	335	340	(1.5%)	52	44	18.2%	(86)	(80)
Revenue from end-user equipment	279	250	11.6%	60	39	53.8%	-	-	-	-	-
Total revenue	704	704	-	395	379	4.2%	52	44	18.2%	(86)	(80)
Operating profit	108	90	20.0%	40	27	48.1%	-	-	-	-	-
Adjusted EBITDA	245	229	7.0%	135	122	10.7%	2	1	100.0%	(2)	(1)
Adjusted EBITDA as a percentage of total revenue	34.8%	32.5%	7.1%	34.2%	32.2%	6.2%	3.8%	2.3%	65.2%	2.3%	1.3%

	Cellular			Fixed-line			Electricity			Inter-segment adjustments	
	1-6/ 2026	1-6/ 2025	Change % in	1-6/ 2026	1-6/ 2025	Change % in	1-6/ 2026	1-6/ 2025	Change % in	1-6/ 2026	1-6/ 2025
Revenue from services	836	909	(8.0%)	667	678	(1.6%)	101	83	21.7%	(170)	(154)
Revenue from end-user equipment	533	557	(4.3%)	111	86	29.1%	-	-	-	-	-
Total revenue	1,369	1,466	(6.6%)	778	764	1.8%	101	83	21.7%	(170)	(154)
Operating profit (loss)	207	172	20.3%	59	55	7.3%	-	(1)	(100.0%)	-	1
Adjusted EBITDA	473	453	4.4%	252	247	2.0%	2	-	-	(2)	-
Adjusted EBITDA as a percentage of total revenue	34.6%	30.9%	12.0%	32.4%	32.3%	0.3%	2.0%	-	-	1.2%	-

4. **Operational and financial indicators (KPIs)**

4.1 As of the Report date, the Company's management uses **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 income (expenses) that are not part of the Company's current activity (including provisions of lawsuits that are included in other expenses), depreciation and amortization, profits (losses) equity accounted 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 sale transactions in installments and additional revenue in the company's areas of activity.	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 of which. 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 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.
Free cash flow	Net cash provided by operating activities plus the proceeds from selling fixed assets or investments, which are related to the day-to-day business, and less cash used in investment activities in fixed assets or other assets, less payments for leases. The free cash flow does not include investments 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 by 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 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 (in NIS millions):

	For the six months period ended June 30,		For the three months period ended June 30,	
	2026	2025	2026	2025
Profit for the period	164	124	92	64
Taxes on income	64	51	39	27
Financing expenses, net	38	53	17	27
Other income	(3)	(2)	(2)	(1)
Depreciation and amortization	449	467	227	232
Profits from equity accounted investees	-	(1)	-	(1)
Share-based payment	13	8	7	3
Adjusted EBITDA	725	700	380	351

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

	For the six months period ended June 30,		For the three months period ended June 30,	
	2026	2025	2026	2025
Net cash provided by operating activities	629	631	296	323
Cash used for investment activities	(254)	(296)	(104)	(162)
Excluding changes in investments/deposits(*)	-	(14)	-	-
Cash used for leases (principal and interest) (presented within financing activities)	(124)	(125)	(56)	(58)
Effects of fluctuations in exchange rates on balances of cash and cash equivalents	-	1	-	-
Free cash flow	251	197	136	103

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

5. Liquidity

Below are the board of directors' explanations on the Company's liquidity situation for the six and three months periods ended June 30, 2026 compared to the corresponding periods of last year (NIS millions):

Section	1-6/2026	1-6/2025	4-6/2026	4-6/2025	Board of directors' explanation
Balance of cash and cash equivalents as of the beginning of the period	476	371	300	211	
Cash flow provided by operating activities	629	631	296	323	Decrease compared to the corresponding quarter in operating activities, mainly attributable to a negative impact on working capital resulting from inventory build-up and an increase in equipment receivables.
Cash flow used in investment activities	(254)	(296)	(104)	(162)	
Cash flow used in financing activities	(615)	(402)	(256)	(67)	Dividend distribution in the current quarter in the amount of NIS 200 million.
Effect of exchange rate fluctuations on balances of cash and cash equivalents	-	1	-	-	
Balance of cash and cash equivalents as of the end of the period	236	305	236	305	

- 5.1 As of June 30, 2026 the Company has a working capital deficit of NIS 625 million (consolidated) and a working capital deficit (solo) of NIS 1,048 million. Note that as of June 30, 2026 the Group has unused frameworks for the provision of credit amounting to NIS 600 million that have not been taken into account within the framework of working capital. The working capital deficit derives, among other things, from changes in the Company's credit management, which transferred part of its long-term financial obligation to short-term for interest savings reasons. The working capital deficit in the Company's solo report derives from the fact that all of the Company's debt is managed, while some of the positive working capital is in subsidiaries under the Company's full control (100%).
- 5.2 The Board of Directors has examined the Company's cash balances, the free cash flow expected for two years from the current report date, the credit frameworks mentioned above and their expected renewal, and assessed the Company's access to future sources of credit. Also taking into account that some of the Company's debt is short-term based on cost/benefit considerations in a high interest rate market environment, the Company Board of Directors ruled that in spite of the working capital deficit as of June 30, 2026, there is no liquidity problem at the Company and therefore, there are no warning signs as defined in Regulation 10.(b).(14) of the Reports Regulations.

6. **Financing sources**

- 6.1. The Company mainly finances its activity through cash flows generated from operating activities, securities offerings and loans from financial and/or institutional entities.
- 6.2. Details on outstanding obligatory notes and Company credit frameworks as of June 30, 2026 have been attached as an appendix to this Board of Directors' Report.
- 6.3. There have been no material changes in the credit days the Company received from its suppliers and the credit days the Company gave its customers relative to that described in the 2025 Periodic Report.
- 6.4. As of the Report Date, the Company is in compliance with all financial covenants, the terms and additional liabilities set in the deeds of trust for the bonds issued as detailed in the appendix to this Report of the Board of Directors.

August 11, 2026

Mr. Yuval Cohen

**Chairman of the
Board**

Mr. Eli Adadi

CEO

Appendix - details regarding debentures outstanding as of the report date

1. Details regarding outstanding debentures:

Series (**)	Date of issue	Par value on the issue date (in NIS millions)	Par value on June 30, 2026 (in NIS millions)	Par value on June 30, 2026, including linkage (in NIS millions)	Accrued interest (in NIS millions)	Financial statements balance as of June 30, 2026 (in NIS millions)	Stock market value (in NIS millions)	Type of interest	Payment dates of principal	Payment dates of interest ¹	Terms of linkage	Convertible	Right to early redemption
Series J	September 25, 2016	103.267	20.653	24.863	0.294	25.159	25.168	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
Series K	September 25, 2016; July 1, 2018*; December 10, 2018*	710.634	142.127	142.127	2.433	144.576	144.65	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
Series L ^{2,3,4,5}	January 24, 2018; December 10, 2018*; May 12, 2020*; December 1, 2020*; July 2022*	1,235.937	531.991	531.991	6.413	531.31	531.193	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
Series M ^{6,7}	September 8, 2022; November 26, 2024	494.915	420.678	420.678	9.595	427.354	439.04	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		2,544.753	1,115.449	1,119.659	18.735	1,128.399	1,140.051						

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

(**) As of June 30, 2026, the Company's debentures (Series K, L and M) are material and constitute more than 5% of the Company's total liabilities as presented in the Financial Statements. Similarly, as of June 30, 2026, the Company's net debt to adjusted EBITDA¹ ratio was 0.77 including the total interest accrued in the books. There was no cause for early redemption in the Report Period.

- (1) Semi-annual payments, with the exception of debentures (series L) where the payment is annual.
- (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, the company expanded the series L with par value of NIS 105 million.
- (6) In September 2022, the company issued debentures (Series M) in the amount of NIS 395 million par value.
- (7) In November 2024, the Company expanded debentures (Series M) by way of a private offering, at a notational value of 100 million NIS.

2. Details regarding the trustee:

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

¹ 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 regard, "net debt" is defined as credit and loans from banking corporations and from banking corporations as well as liabilities with respect to debentures, after deducting cash and cash equivalents, deposits (with the exception of restricted deposits against bank guarantees) and current investments in marketable securities.

"Adjusted EBITDA" – see the definition in Section 4.1 above.

3. Details regarding the rating of the debentures and commercial:

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 J	Maalot	A+	AA-	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, 08/2023, 11/2023, 08/2024, 08/2025 ⁽¹⁾	A+, A	In August 2026, Maalot reaffirmed the Company's ilAA- credit rating with a stable outlook.
Series K	Maalot	A+	AA-	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, 08/2023, 11/2023, 08/2024, 08/2025 ⁽¹⁾	A+, A	
Series L	Maalot	A+	AA-	01/2018, 06/2018, 08/2018, 12/2018, 03/2019, 08/2019, 05/2020, 08/2020, 11/2020, 08/2021, 07/2022, 08/2022, 08/2023, 11/2023, 08/2024, 08/2025, 08/2026 ⁽¹⁾	A+, A	
Series M	Maalot	A	AA-	08/2022, 09/2022, 08/2023, 11/2023, 08/2024, 11/2024, 08/2025, 08/2026 ⁽¹⁾	A	
CS1	Maalot	A-1	A-1+	01/2024, 08/2024, 08/2025, 08/2026 ⁽¹⁾		

(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 August 2022 Maalot updated the Company's rating forecast from a rating of A stable outlook to a rating of A positive outlook. In September 2022, Maalot reaffirmed the Company's A credit rating with a stable outlook. In August 2023 Maalot updated the Company's rating forecast from a rating of ilA positive outlook to a rating of ilA+ stable outlook. In November 2023 Maalot ratified the Company's rating of A+ stable outlook. In January 2024 Maalot rated short-term Company securities at ilA-1. In August 2024 Maalot ratified the rating forecast to ilA+ stable outlook. In November 2024, Maalot rated the expansion of the Series M debentures at ilA+. In August 2025, Maalot updated the Company's rating outlook from 'ilA+' with a stable outlook to 'ilAA-' with a stable outlook, and revised the rating outlook for the short-term commercial paper from A-1 to A-1+. In August 2026, Maalot reaffirmed the Company's 'ilAA-' credit rating with a stable outlook.

4. Additional obligations under debentures and credit frameworks:

4.1. The Company's debentures (Series J to M) 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 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, and/or if the Company equity will be less than NIS 700 million, for two consecutive quarters (Series M only), the Company shall not distribute dividends.
- c. And undertaking to rate the debentures through a rating company (insofar as this is under the Company's control).
- d. For Series J through Series K, a downgrade of two notches from the initial rating will entitle the bondholders to interest compensation of 0.25%, and each additional downgrade will grant an additional 0.25% interest compensation, up to a maximum total compensation of 1%. For Series L, a downgrade of two notches from the initial rating will entitle the bondholders to interest compensation of 0.5%, and each additional downgrade will grant an additional 0.25% interest compensation, up to a maximum total compensation of 1%. For Series M, a downgrade of one notch from the initial rating will entitle the bondholders to interest compensation of 0.25%, and each additional downgrade will grant an additional 0.25% interest compensation, up to a maximum total compensation of 1%.
- 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 (for Series M debentures only – by a banking institution and/or a financial institution), 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 Cellular 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 creditor's 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. The company's equity falls below 700 million NIS for two consecutive quarters (Series M only).
 - 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.
- 4.3. The Company's credit frameworks include as a rule, violation events similar to those detailed in Section 4.2 above. In addition, the commercial securities issued by the Company include some of the violation events in a manner similar to that noted in Section 4.2 above.

Cellcom Israel Ltd.
Condensed Consolidated Interim Financial Statements

As of June 30, 2026
(Unaudited)

Condensed Consolidated Interim Financial Statements as of June 30, 2026

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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 ("the Company"), which comprises the condensed consolidated statement of financial position as of June 30, 2026 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six and three months periods then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D to the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Israeli Institute of Certified Public Accountants in Israel, "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 generally accepted auditing standards 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, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D to the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
August 11, 2026

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Condensed Consolidated Interim Statements of Financial Position

	June 30		December 31
	2026	2025	2025
	(Unaudited)		(Audited)
	NIS millions		
Current assets			
Cash and cash equivalents	236	305	476
Current deposits	11	11	11
Trade receivables	926	836	838
Current tax assets	-	3	1
Other receivables, including derivatives	38	42	82
Deferred expenses - right of use	105	77	104
Inventory	129	98	104
	1,445	1,372	1,616
Non- current assets			
Trade and other receivables	208	206	208
Deferred expenses - right of use	398	402	383
Property, plant and equipment, net	1,494	1,534	1,537
Intangible assets and others, net	2,058	2,097	2,084
Investments in equity accounted investees	-	115	-
Right-of-use assets, net	594	586	620
Deferred tax assets	3	3	3
	4,755	4,943	4,835
	6,200	6,315	6,451
Current liabilities			
Current maturities of debentures	503	523	412
Short-term credit	200	200	200
Current tax liabilities	98	15	63
Current maturities of lease liabilities	178	182	181
Trade payables and accrued expenses	710	665	713
Provisions	93	91	90
Other payables, including derivatives	288	292	276
	2,070	1,968	1,935
Non- current liabilities			
Debentures	606	1,104	942
Long-term lease liabilities	444	437	474
Provisions	30	27	28
Other long-term liabilities	9	4	11
Excess losses over the investment in an equity-accounted investee	9	-	9
Liability for employee rights upon retirement, net	14	13	14
Deferred taxes liabilities	206	178	203
	1,318	1,763	1,681
	3,388	3,731	3,616
Equity			
Total equity	2,812	2,584	2,835
	6,200	6,315	6,451

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

August 11, 2026

Date of approving the
financial statements

Yuval Cohen
Chairman of the board

Eli Adadi
CEO

Gadi Attias
CFO

Condensed Consolidated Interim Statements of Income

	For the six months period ended June 30		For the three months period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)		(Unaudited)		(Audited)
	NIS millions				
Revenues	2,078	2,159	1,065	1,047	4,244
Cost of revenues	(1,309)	(1,458)	(669)	(695)	(2,793)
Gross profit	769	701	396	352	1,451
Selling and marketing expenses	(375)	(357)	(187)	(176)	(763)
General and administrative expenses	(151)	(143)	(75)	(70)	(292)
Credit losses	(4)	(5)	(2)	(1)	(11)
Other income, net	27	31	16	12	44
Operating profit	266	227	148	117	429
Financing income	8	12	6	11	24
Financing expenses	(46)	(65)	(23)	(38)	(126)
Financing expenses, net	(38)	(53)	(17)	(27)	(102)
Gain from disposal of an equity accounted investee	-	-	-	-	386
Share in profit of investees companies	-	1	-	1	1
Profit before taxes on income	228	175	131	91	714
Taxes on income	(64)	(51)	(39)	(27)	(150)
Net profit for the period	164	124	92	64	564
Profit per share					
Basic profit per share (in NIS)	0.97	0.74	0.55	0.38	3.35
Diluted profit per share (in NIS)	0.96	0.74	0.54	0.38	3.31

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

Condensed Consolidated Interim Statements of Comprehensive Income

	For the six months period ended June 30		For the three months period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
	NIS millions				
Net profit	164	124	92	64	564
Total comprehensive income	164	124	92	64	564

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 six months period ended June 30, 2026				
Balance as of January 1, 2026 (Audited)	2	792	2,041	2,835
Comprehensive income	-	-	164	164
Share based payments	-	-	13	13
Dividend to the Company's shareholders	-	-	(200)	(200)
Balance as of June 30, 2026 (Unaudited)	<u>2</u>	<u>792</u>	<u>2,018</u>	<u>2,812</u>

	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total
	NIS millions			
For the six months period ended June 30, 2025				
Balance as of January 1, 2025 (Audited)	2	792	1,658	2,452
Comprehensive income	-	-	124	124
Share based payments	-	-	8	8
Balance as of June 30, 2025 (Unaudited)	<u>2</u>	<u>792</u>	<u>1,790</u>	<u>2,584</u>

	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total
	NIS millions			
For the three months period ended June 30, 2026 (Unaudited)				
Balance as of April 1, 2026	2	792	1,919	2,713
Comprehensive income	-	-	92	92
Share based payments	-	-	7	7
Balance as of June 30, 2026	<u>2</u>	<u>792</u>	<u>2,018</u>	<u>2,812</u>

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 June 30, 2025 (Unaudited)				
Balance as of April 1, 2025	2	792	1,723	2,517
Comprehensive income	-	-	64	64
Share based payments	-	-	3	3
Balance as of June 30, 2025	2	792	1,790	2,584
	Attributable to owners of the Company			
	Share capital	Share premium	Retained earnings	Total
	NIS millions			
For the year ended December 31, 2025 (Audited)				
Balance as of January 1, 2025	2	792	1,658	2,452
Comprehensive income	-	-	564	564
Share based payments	-	-	19	19
Dividend to the Company's shareholders	-	-	(200)	(200)
Balance as of December 31, 2025	2	792	2,041	2,835

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

Condensed Consolidated Interim Statements of Cash Flows

	For the six months period ended June 30		For the three months period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
	NIS millions				
Cash flows from operating activities					
Net profit	164	124	92	64	564
Adjustments for:					
Depreciation and amortization	449	467	227	232	961
Share based payments	13	8	7	3	19
Capital loss from the sale of fixed assets	-	2	-	2	2
Taxes on income	64	51	39	27	150
Financing expenses, net	38	53	17	27	102
Other income	(2)	(3)	(1)	(2)	(5)
Share in profit of equity accounted investees	-	(1)	-	(1)	(1)
Gain from disposal of an equity accounted investee	-	-	-	-	(386)
Changes in operating assets and liabilities:					
Change in inventory	(25)	52	(34)	43	46
Change in trade receivables (including long-term amounts)	(90)	40	(85)	34	38
Change in deferred expenses - right of use	(66)	(70)	(35)	(35)	(149)
Change in other receivables (including long-term amounts)	42	(7)	25	9	(34)
Change in trade payables, accrued expenses and provisions	39	(84)	24	(74)	(38)
Change in other liabilities (including long-term amounts)	27	12	37	-	(25)
Payments for derivative hedging contracts, net	-	(1)	-	-	(2)
Income tax paid	(24)	(12)	(17)	(6)	(29)
Net cash provided by operating activities	629	631	296	323	1,213
Cash flows from investing activities					
Acquisition of property, plant, and equipment	(140)	(201)	(56)	(109)	(406)
Acquisition of intangible assets and others	(117)	(113)	(49)	(56)	(224)
Change in deposits	-	14	-	-	14
Proceeds from the sale of fixed assets	-	1	-	1	1
Interest received	3	3	1	2	8
Proceeds from disposal of an accounted investee	-	-	-	-	520
Net cash used in investing activities	(254)	(296)	(104)	(162)	(87)

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

Condensed Consolidated Interim Statements of Cash Flows

	For the six months period ended June 30		For the three months period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
	NIS millions				
Cash flows from financing activities					
Receipts for derivative contracts, net	-	1	-	-	1
Change in short-term credit	-	-	-	(8)	-
Repayment of debentures	(249)	(224)	-	-	(503)
Interest paid for debentures and short term credit	(42)	(54)	-	(1)	(77)
Interest paid for leases	(16)	(16)	(8)	(8)	(32)
Dividend paid	(200)	-	(200)	-	(200)
Payment of principal of lease liabilities	(108)	(109)	(48)	(50)	(212)
Net cash used in financing activities	(615)	(402)	(256)	(67)	(1,023)
Changes in cash and cash equivalents	(240)	(67)	(64)	94	103
Cash and cash equivalents as at the beginning of the period	476	371	300	211	371
Effects of exchange rate changes on cash and cash equivalents	-	1	-	-	2
Cash and cash equivalents as at the end of the period	236	305	236	305	476

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

Note 1 - Reporting Entity

- A. 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 Company's shares and debentures are traded on the Tel Aviv Stock Exchange ("TASE"). The condensed consolidated interim financial statements of the Group as of June 30, 2026, comprise the Company and its subsidiaries (together referred to as "the Group") and as well as the Group's holdings in entities accounted for using the equity method. 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 (including through third-party infrastructure). The Company also supplies electricity to private and business customers in Israel as an additional operating segment. The Company is under the control of F.F.6-Cell, Limited Partnership ("the Partnership"). The Partnership is under the control of Mr. Yuval Cohen, through Fortissimo Capital 6 Management (GP) Ltd., which is the general partner in the Partnership, as well as the general partner in Fortissimo Capital Fund 6 SM ("G.P. ("Fortissimo 6 Fund")."). The Fortissimo 6 fund is a limited partner in the Partnership and holds over 50% of its capital rights.

B. The Security Situation in Israel

In June 2025, Operation "Am KeLavi" against Iran led to a partial shutdown of the economy and a two-week closure of Israeli airspace. This negatively impacted revenues from roaming services related to inbound and outbound tourism, as well as sales of end-user equipment within the Group.

On February 28, 2026, a joint operation named 'Lion's Roar' was launched by the State of Israel and the United States against government targets in Iran. According to the Company's estimates, in the first half of 2026, the total impact on the Company's profit before tax was approximately NIS 10 million, primarily relating to roaming services and handset sales (which were mainly affected during the first quarter). The impact on profit was partially offset by reserve duty compensation payments.

The Company has reviewed its funding sources and liquidity, as well as its access to future credit facilities, and estimates that it has sufficient financial strength to cope with the implications of the conflict, among other factors due to the diversification of its business activities and the extent of its liquid balances.

It should be noted that this may be an ongoing crisis event outside the Company's control, characterized by uncertainty. As of the date of approval of the financial statements, there is no certainty regarding the future extent of the impact on the Company or on the Israeli economy as a whole. Such broad macroeconomic effects may adversely affect the Company's business and operating results.

Notes to the Condensed Consolidated Interim Financial Statements

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, 2025 ("Annual Financial Statements"). These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on August 11, 2026.

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. 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.

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

	Exchange rates of US\$	Consumer Price Index (points)*
As of June 30, 2026	2.978	266.47
As of June 30, 2025	3.372	261.39
As of December 31, 2025	3.190	263.42
Change during the period:		
Six months ended June 30, 2026	(6.65%)	1.16%
Six months ended June 30, 2025	(7.54%)	1.57%
Three months ended June 30, 2026	(5.91%)	1.25%
Three months ended June 30, 2025	(9.31%)	1.28%
Year ended December 31, 2025	(12.53%)	2.36%

*Based on the 1993 base index.

Note 3 - Significant Accounting Policies**Preparation of the Financial Statements**

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

Notes to the Condensed Consolidated Interim Financial Statements

Note 4 - Operating Segments

The Group operates in three reportable segments, as described below, which are the Group's strategic business units. The strategic business units' 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 (Cellular communication) - the segment includes the cellular communications services, cellular equipment and supplemental services.
- Fixed-line segment (Fixed-line communication) - the segment includes internet services, television services, transmission services, landline equipment and supplemental services and landline telephony services.
- Electricity segment (electricity services) - The segment includes electricity supply services by the partnership Cellcom Energy (2023) Limited Partnership ("Cellcom Energy"). The revenues and expenses of the electricity segment are accounted for using the equity method and are presented according to the group's relative share (50%).

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 six months period ended June 30, 2026						
NIS millions						
(Unaudited)						
	Cellular	Fixed-line	Electricity	Reconciliation for consolidation	Consolidated	Reconciliation of subtotal Adjusted segment EBITDA to profit for the period
Revenues from services	835	599	101	(101)	1,434	
Inter-segment revenues- services	1	68	-	(69)	-	
Revenues from sale of equipment	533	111	-	-	644	
Total revenues	1,369	778	101	(170)	2,078	
Gross profit	567	202	5	(5)	769	
Operating profit	207	59	-	-	266	
Adjusted segment EBITDA *	473	252	2	(2)		725
Depreciation and amortization						(449)
Share based payments						(13)
Other income						3
Financing income						8
Financing expenses						(46)
Taxes on income						(64)
Net profit						164

* Adjusted segment EBITDA as reviewed by the Group's CODM, represents the net profit before financing expenses, net, taxes, other income (expenses) that are not part of the Company's current activity (including provisions for legal claims included in the other expenses section), 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 and other income from the company's fields of activity. Adjusted Segment EBITDA is not a financial measure under IFRS and is not comparable to other similarly titled measures for other companies.

Notes to the Condensed Consolidated Interim Financial Statements

Note 4 - Operating Segments (cont'd)

For the six months period ended June 30, 2025						
NIS millions						
(Unaudited)						
	Cellular	Fixed-line	Electricity	Reconciliation for consolidation	Consolidated	Reconciliation of subtotal Adjusted segment EBITDA to profit for the period
Revenues from services*	906	610	83	(83)	1,516	
Inter-segment revenues- services	3	68	-	(71)	-	
Revenues from sale of equipment	557	86	-	-	643	
Total revenues	1,466	764	83	(154)	2,159	
Gross profit	513	188	2	(2)	701	
Operating profit (loss)	172	55	(1)	1	227	
Adjusted segment EBITDA **	453	247	-	-		700
Depreciation and amortization						(467)
Share based payments						(8)
Other income						2
Financing income						12
Financing expenses						(65)
Share in profit of accounted investees						1
Taxes on income						(51)
Net profit						124

* Including revenues from interconnection charges up to June 15, 2025, see Note 6.

** Adjusted segment EBITDA as reviewed by the Group's CODM, represents the net profit before financing expenses, net, taxes, other income (expenses) that are not part of the Company's current activity (including provisions for legal claims included in the other expenses section), 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 and other income from the company's fields of activity. Adjusted Segment EBITDA is not a financial measure under IFRS and is not comparable to other similarly titled measures for other companies.

Notes to the Condensed Consolidated Interim Financial Statements

Note 4 - Operating Segments (cont'd)

For the three months period ended June 30, 2026						
NIS millions						
(Unaudited)						
	Cellular	Fixed-line	Electricity	Reconciliation for consolidation	Consolidated	Reconciliation of subtotal Adjusted segment EBITDA to profit for the period
Revenues from services	425	301	52	(52)	726	
Inter-segment revenues- services	-	34	-	(34)	-	
Revenues from sale of equipment	279	60	-	-	339	
Total revenues	704	395	52	(86)	1,065	
Gross profit	286	110	3	(3)	396	
Operating profit	108	40	-	-	148	
Adjusted segment EBITDA *	245	135	2	(2)		380
Depreciation and amortization						(227)
Share based payments						(7)
Other income						2
Financing income						6
Financing expenses						(23)
Taxes on income						(39)
Net profit						92

* Adjusted segment EBITDA as reviewed by the Group's CODM, represents the net profit before financing expenses, net, taxes, other income (expenses) that are not part of the Company's current activity (including provisions for legal claims included in the other expenses section), 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 and other income from the company's fields of activity. Adjusted Segment EBITDA is not a financial measure under IFRS and is not comparable to other similarly titled measures for other companies.

Notes to the Condensed Consolidated Interim Financial Statements

Note 4 - Operating Segments (cont'd)

For the three months period ended June 30, 2025						
NIS millions						
(Unaudited)						
	Cellular	Fixed-line	Electricity	Reconciliation for consolidation	Consolidated	Reconciliation of subtotal Adjusted segment EBITDA to profit for the period
Revenues from services*	452	306	44	(44)	758	
Inter-segment revenues- services	2	34	-	(36)	-	
Revenues from sale of equipment	250	39	-	-	289	
Total revenues	704	379	44	(80)	1,047	
Gross profit	256	96	1	(1)	352	
Operating profit	90	27	-	-	117	
Adjusted segment EBITDA **	229	122	1	(1)		351
Depreciation and amortization						(232)
Share based payments						(3)
Other income						1
Financing income						11
Financing expenses						(38)
Share in profit of accounted investees						1
Taxes on income						(27)
Net profit						64

* Including revenues from interconnection charges up to June 15, 2025, see Note 6.

** Adjusted segment EBITDA as reviewed by the Group's CODM, represents the net profit before financing expenses, net, taxes, other income (expenses) that are not part of the Company's current activity (including provisions for legal claims included in the other expenses section), 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 and other income from the company's fields of activity. Adjusted Segment EBITDA is not a financial measure under IFRS and is not comparable to other similarly titled measures for other companies.

Notes to the Condensed Consolidated Interim Financial Statements

Note 4 - Operating Segments (cont'd)

	Year ended December 31, 2025					
	NIS millions					
	(Audited)					
	Cellular	Fixed-line	Electricity	Reconciliation for consolidation	Consolidated	Reconciliation of subtotal Adjusted segment EBITDA to profit for the year
Revenues from services*	1,769	1,218	195	(195)	2,987	
Inter-segment revenues- services	4	141	-	(145)	-	
Revenues from sale of equipment	1,095	162	-	-	1,257	
Total revenues	2,868	1,521	195	(340)	4,244	
Gross profit (loss)	1,073	378	6	(6)	1,451	
Operating profit	340	89	-	-	429	
Adjusted segment EBITDA **	911	494	1	(1)		1,405
Depreciation and amortization						(961)
Share based payments						(19)
Other income						4
Financing income						24
Financing expenses						(126)
Gain from disposal of an equity accounted investee						386
Share in profit of accounted investees						1
Taxes on income						(150)
Net profit						564

* Including revenues from interconnection charges up to June 15, 2025, see Note 6.

** Adjusted segment EBITDA as reviewed by the Group's CODM, represents the net profit before financing expenses, net, taxes, other income (expenses) that are not part of the Company's current activity (including provisions for legal claims included in the other expenses section), 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 and other income from the company's fields of activity. Adjusted Segment EBITDA is not a financial measure under IFRS and is not comparable to other similarly titled measures for other companies.

Notes to the Condensed Consolidated Interim Financial Statements

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 to 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:

	June 30				December 31	
	2026		2025		2025	
	Book value	Fair value*	Book value	Fair value*	Book value	Fair value*
	NIS millions					
Debentures including current maturities and accrued interest	(1,128)	(1,140)	(1,655)	(1,648)	(1,386)	(1,389)

* The fair value of the debentures is determined according to the market price at the reporting date, including principal and interest amounts which were paid during the following month after the end of the reporting period. In July 2026, subsequent to the reporting period, the Company repaid NIS 180 million from the outstanding balance of the debentures, including principal and interest (in July 2025, NIS 298 million, including principal and interest; and in January 2026, NIS 281 million, including principal and interest).

Note 6 - Revenues

Composition

	For the six months period ended June 30		For the three months period ended June 30		For the year ended December 31
	2026	2025	2026	2025	2025
	(Unaudited)				(Audited)
	NIS millions				
Revenues from services					
Cellular services	776	763	397	386	1,564
Land-line communications services	596	606	298	302	1,213
Other services	62	60	31	30	121
Total revenues from services	1,434	1,429	726	718	2,898
Revenues from sale of cellular and land-line equipment	644	643	339	289	1,257
Total revenues from services and sale of equipment	2,078	2,072	1,065	1,007	4,155
Interconnect services*	-	87	-	40	89
Total revenues	2,078	2,159	1,065	1,047	4,244

*Including revenues from interconnection charges up to June 15, 2025.

Note 7- Contingent Liabilities

- A. The provision recorded in the financial statements as of June 30, 2026, in respect of all lawsuits against the Group amounted to NIS 61 million.

Most of the 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, primarily for allegations of violations of law and breach of agreements (hereinafter: "Other Claims").

Subsequent to the reporting period, a class action against the Group, for which no claim amount was specified, has been concluded.

Described hereunder are the outstanding lawsuits against the Group, as of June 30, 2026, 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	93
Other Claims	58
Total	151

- * There are additional claims against the Group for which no claim amount has been specified, and which may give rise to further exposure for the Group.

Described hereunder the number and amount of the claims as at June 30, 2026, divided down by amount of the claim:

Claim amount	Number of claims	Total claims amount (NIS millions)
Up to NIS 100 million *	20	151
Unquantified claims	20	-
Claims against the Group and additional defendants, for which no claim amount has been specified	9	-
Total	49	151

- * Including 18 claims filed against the Group by employees, subcontractors, suppliers, authorities and others as of June 30, 2026, in a total amount of approximately NIS 58 million.

Note 7- Contingent Liabilities (cont'd)**B. Legal Proceedings with IBC**

1. Further to the disclosure in Note 30(G) to the annual financial statements regarding a lawsuit filed by the Company with the District Court in Tel Aviv-Yafo against I.B.C. Israel Broadband Company (2013) Ltd. ("IBC"), on March 23, 2026, the Court approved a procedural arrangement submitted by the parties (the "Procedural Arrangement"), which resolves the disputes covered therein for the duration of the legal proceedings (until a final, non-appealable judgment is rendered).

The main terms of the Procedural Arrangement are as follows:

The Company shall complete the amount of the bank guarantees provided to IBC in accordance with the mechanism set forth in the IRU agreement, up to an amount not exceeding NIS 50 million, subject to IBC not realizing any amounts from the bank guarantees that are subject to interpretative disputes between the parties.

IBC undertakes to refrain from issuing tax invoices that include, directly and/or indirectly, payments that are subject to disputes between the parties.

The Company undertook to pay IBC, on their due dates, the ongoing payments (including for Q4 2025) for infrastructure services relating to the bundle of lines derived from the updated commitment rate (15%) out of a total of up to approximately 2 million subscriber households.

For any additional line that the Company purchases beyond the above, the Company shall pay IBC the per-line price in accordance with the IRU agreement, without this constituting any commitment as to volume or any rate (15% or otherwise) out of IBC's total deployment as it exists at the time of purchase.

With respect to the lines purchased and/or to be purchased as described above, IBC undertakes to provide the Company with all services relating to such additional lines, without any further or other conditions.

The Procedural Arrangement resolves the disputes covered therein for the duration of the legal proceedings (until a final, non-appealable judgment), and nothing stated therein, or omitted therefrom, shall prejudice any of the parties' claims or rights, nor shall it constitute an admission of any claim.

2. During April 2026, IBC filed an amended counterclaim against the Company (the "Amended Counterclaim"), seeking, inter alia, monetary relief in the amount of approximately NIS 16.5 million, as well as declaratory relief. Among the declaratory remedies requested, the Court was asked to declare that the Company's conduct constitutes a breach of the IRU agreement between the parties, as well as an anticipated breach thereof.

As stated in the Amended Counterclaim, based on information available to IBC (including information regarding the scope of its planned deployment), IBC estimates, on a rough and non-binding basis, that as of the date of filing the original counterclaim (which was filed during November 2025), the anticipated breach relates to non-payment of amounts totaling approximately NIS 895 million through the end of the IRU agreement period (in addition to the amount claimed in the original statement of claim).

Notes to the Condensed Consolidated Interim Financial Statements

Note 7- Contingent Liabilities (cont'd)

B. Legal Proceedings with IBC (cont'd)

It is clarified that the procedural arrangement remains in effect for the duration of the legal proceedings (until a final and non-appealable judgment is issued). At this stage, the Company is unable to assess the outcome of the aforementioned legal proceedings.

Note 8 - Material events during and after the reporting period

A. Share-Based Payment

On April 23, 2026, the Company's General Meeting of shareholders approved, following the approval of the Company's Compensation Committee and Board of Directors, the grant of 777 thousand options to the Company's CEO under a net exercise mechanism, in accordance with the Company's equity compensation plan, with a value of approximately NIS 7.8 million. The options will vest in three equal tranches after one year, two years, and three years from the grant date. The options are exercisable within 24 months from the vesting date of the first tranche and within 12 months from the vesting date of each of the remaining tranches.

The basic assumptions used in calculating the fair value are:

Share price at the grant date – NIS 37.95
 Expected volatility (weighted average) – 34.1%-37.4%
 Average life span of option – 2.66 years
 Risk-free interest rate – 3.7%

In March 2026 and May 2026, following the reporting period, the Company's Board of Directors approved the grant of approximately 0.3 million options to officers, under a net exercise mechanism and in accordance with the Company's equity compensation plan, with a value of approximately NIS 3.6 million. The options will vest in four equal tranches after one year, two years, three years and four years from the grant date.

The basic assumptions used in calculating the fair value are:

Share price at the grant date – NIS 33.7-35.5
 Expected volatility (weighted average) – 35.2%-38.4%
 Average life span of option – 3.75 years
 Risk-free interest rate – 3.7%

B. Dividend distribution

In March 2026, the Company's Board of Directors declared a cash dividend of approximately NIS 1.19 per share, in a total amount of NIS 200 million, which was paid in April 2026, to the Company's shareholders who were registered in the Company's shareholders register at the close of trading on April 1, 2026.

Note 8 - Material events during and after the reporting period (cont'd)**C. Maalot Rating**

In August 2026, subsequent to the reporting period, Maalot reaffirmed the Company's ilAA- credit rating with a stable outlook.

D. Extension of Cellcom Energy's Electricity Supply License

In July 2026, subsequent to the reporting period, the Minister of Energy and Infrastructure signed an extension of Cellcom Energy's electricity supply license without generation facilities for an additional five-year period, through December 31, 2031.

E. Entry into Electricity Purchase Agreements

In June 2026, Cellcom Energy entered into an agreement (the "Agreement") for the purchase of discounted electricity from Nofar Energy Israel Ltd. (the "Producer"). The total net payments expected by Cellcom Energy in connection with the purchase of electricity over the term of the Agreement are estimated by Cellcom Energy at approximately NIS 820 million.

Pursuant to the Agreement, Cellcom Energy will purchase electricity generated from standalone energy storage facilities to be established by the Producer and expected to commence operations during the years 2027-2029 (the "Project"), with an installed capacity of approximately 100 MW and an aggregate storage capacity of approximately 500 MWh. The Agreement is for a period of 15 years commencing on the supply start date of each facility. Electricity will be purchased under the market model regulation at a price reflecting a discount on the generation component, in accordance with the mechanism set forth in the Agreement and subject to a minimum price specified therein. The Agreement includes, among other things, provisions regarding minimum availability requirements for the storage facilities, liquidated damages for failure to meet such availability requirements, sharing of additional benefits generated by the facilities, if any, compensation for delays in commercial operation, limitations of liability, force majeure and changes in law, all as customary in agreements of this nature. To secure Cellcom Energy's payment obligations under the Agreement, Meshek Energy and the Company provided parent company guarantees in favor of the Producer up to limited amounts as specified in the Agreement. Under certain circumstances, such guarantees may be suspended if Cellcom Energy complies with certain financial covenants.

The information regarding the price to be paid under the Agreement in respect of the Project, the Project's installed capacity and the expected commercial operation dates reflects Cellcom Energy's estimates and is based, among other things, on the electricity tariffs established under the agreement described above.

For additional details, see Note 30(H) to the annual financial statements.

Cellcom Israel Ltd.

Separate Interim Financial Information

As of June 30, 2026

(Unaudited)

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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.

Dear Sirs,

Re: Special report to the review of the separate interim financial information in accordance with Regulation 38d to the Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information disclosed in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 of Cellcom Israel Ltd. ("the Company") as of June 30, 2026 and for the six and three months periods then ended. The Company's board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion on the separate interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Israeli Institute of Certified Public Accountants in Israel, "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 generally accepted auditing standards 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, nothing has come to our attention that causes us to believe that the accompanying separate interim financial information is not prepared, in all material respects, in accordance with Regulation 38d to the Israel Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
August 11, 2026

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Condensed Separate Interim Information of Financial Position

	June 30		December 31
	2026	2025	2025
	NIS millions		
	(Unaudited)		(Audited)
Current assets			
Cash and cash equivalents	102	164	293
Trade receivables	656	641	639
Current tax assets	-	2	-
Other receivables, includes derivatives	21	41	71
Current maturities of loans to investees	-	57	56
Inventory	87	48	61
	866	953	1,120
Non- current assets			
Trade and other receivables	200	205	204
Property, plant and equipment, net	1,415	1,452	1,451
Intangible assets and others, net	405	425	422
Investments in equity accounted investees	2,298	2,499	2,145
Loans to investees and capital notes	250	298	274
Right-of-use assets, net	537	553	555
	5,105	5,432	5,051
	5,971	6,385	6,171
Current liabilities			
Current maturities of debentures	503	523	412
Short-term credit	200	200	200
Current maturities of lease liabilities	157	168	165
Trade payables and accrued expenses	631	713	588
Provisions	87	81	84
Current tax liabilities	76	-	50
Loans from investees companies	-	120	-
Other payables, including derivatives	260	291	246
	1,914	2,096	1,745
Non- current liabilities			
Debentures	606	1,104	942
Long-term lease liabilities	407	417	423
Provisions	30	27	28
Other long-term liabilities	7	2	9
Excess losses over the investment in an equity-accounted investee	9	-	9
Liability for employee rights upon retirement, net	14	12	13
Deferred taxes liabilities	172	143	167
	1,245	1,705	1,591
	3,159	3,801	3,336
Equity			
Total Equity	2,812	2,584	2,835
	5,971	6,385	6,171

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

August 11, 2026

Date of approving the
financial statements

Yuval Cohen
Chairman of the Board of
Directors

Eli Adadi
CEO

Gadi Attias
CFO

Condensed Separate Interim Information of Income

	For the six months period ended June 30		For the three months period ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	NIS millions				
	(Unaudited)		(Unaudited)		(Audited)
Revenues	1,345	1,432	690	685	2,771
Cost of revenues	(958)	(1,102)	(488)	(509)	(2,075)
Gross profit	387	330	202	176	696
Selling and marketing expenses	(244)	(229)	(122)	(113)	(506)
General and administrative expenses	(122)	(107)	(62)	(53)	(215)
Credit losses	(3)	(3)	(1)	-	(5)
Other income, net	31	36	18	17	54
Operating profit	49	27	35	27	24
Financing income	9	19	5	14	26
Financing expenses	(44)	(70)	(22)	(39)	(124)
Financing expenses, net	(35)	(51)	(17)	(25)	(98)
Gain from disposal of an equity accounted investee	-	-	-	-	386
Share in profit of investees companies	193	181	102	78	362
Profit before taxes on income	207	157	120	80	674
Taxes on income	(43)	(33)	(28)	(16)	(110)
Net profit	164	124	92	64	564

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

Condensed Separate Interim Information of Comprehensive Income

	For the six months period ended June 30		For the three months period ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	NIS millions				
	(Unaudited)				(Audited)
Net profit for the period	164	124	92	64	564
Total comprehensive income for the period	164	124	92	64	564

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

Condensed Separate Interim Information of Cash Flows

	For the six months period ended June 30		For the three months period ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
NIS millions					
	(Unaudited)				(Audited)
Cash flows from operating activities					
Net profit for the period	164	124	92	64	564
Adjustments for:					
Depreciation and amortization	349	374	176	185	767
Share-based payments	13	8	7	3	19
Loss on sale of property, plant and equipment	-	2	-	2	2
Gain from disposal of an equity accounted investee	-	-	-	-	(386)
Tax on income	43	33	28	16	110
Financing expenses, net	35	51	17	25	98
Other income	(2)	(3)	(1)	(2)	(5)
Share in profit of equity accounted investees	(193)	(181)	(102)	(78)	(362)
Changes in operating assets and liabilities:					
Change in inventory	(26)	49	(25)	36	36
Change in trade receivables and other receivables (including long-term amounts)	35	(15)	12	51	(45)
Change in trade payables, accrued expenses and provisions	96	102	87	30	(37)
Change in other liabilities (including long-term liabilities)	33	15	25	14	(44)
Receipts (payments) for derivative hedging contracts, net	-	(1)	-	-	(2)
Income tax paid	(13)	-	(11)	-	2
Net cash provided by operating activities	534	558	305	346	717
Cash flows from investing activities					
Acquisition of property, plant and equipment	(143)	(186)	(64)	(99)	(365)
Acquisition of intangible assets and others	(100)	(97)	(42)	(47)	(189)
Dividend received	40	-	-	-	-
Proceeds from disposal of property, plant and equipment and other assets	-	1	-	1	1
Repayment of a loan, including interest, from an investee	83	1	27	1	31
Proceeds from disposal of an accounted investee	-	-	-	-	520
Net cash used in investing activities	(120)	(281)	(79)	(144)	(2)

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

Condensed Separate Interim Information of Cash Flows

	For the six months period ended June 30		For the three months period ended June 30		Year ended December 31
	2026	2025	2026	2025	2025
	NIS millions				
	(Unaudited)				(Audited)
Cash flows from financing activities					
Receipts for derivative contracts, net	-	1	-	-	1
Change in short-term credit	-	-	-	(8)	-
Repayment of debentures	(249)	(224)	-	-	(503)
Dividend paid	(200)	-	(200)	-	(200)
Interest paid for leases	(15)	(15)	(8)	(7)	(31)
Interest paid for debentures and short term credit	(42)	(54)	-	(1)	(77)
Receipts of loan from investees	-	30	-	-	330
Payment of principal of lease liabilities	(99)	(98)	(43)	(45)	(190)
Net cash used in financing activities	(605)	(360)	(251)	(61)	(670)
Changes in cash and cash equivalents	(191)	(83)	(25)	141	45
Cash and cash equivalents as at the beginning of the period	293	246	127	23	246
Effects of exchange rate changes on cash and cash equivalents	-	1	-	-	2
Cash and cash equivalents as at the end of the period	102	164	102	164	293

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

Note 1- Basis of Preparation of the Separate Financial Information

A. Definitions

Presented hereunder is condensed financial information from the Group's condensed consolidated financial statements as of June 30, 2026 (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 annual condensed separate financial statements as of December 31, 2025 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, 2025 (hereinafter: "the annual 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. Working Capital

As of June 30, 2026, the Company has a working capital deficit of NIS 1,048 million. The working capital deficit in the Company's separate financial 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. Also, following a change in the Company's credit management policy, under which part of its financial liabilities were reclassified from long-term to short-term, driven by interest cost savings considerations. It should be noted that as of June 30, 2026, the Group has unused credit facilities amounting to approximately NIS 600 million, which were not taken into account in the working capital.

C. 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, 2025.

Notes to Condensed Separate Financial Information

Note 2 - Commitments, loans and significant transactions with Investees

A. Investments and ownership interest in investee companies

	Company's ownership interest in the investee	Company's investments in investee as of		
		June 30		December 31
		2026	2025	2025
		NIS millions		
Cellcom Fixed Line Communication L.P.	100%	1,563	1,745	1,437
Golan Telecom Ltd.	100%	529	470	502
Dynamica Cellular Ltd.	100%	206	169	206
I.B.C (Unlimited) Holdings L.P.*	0%	-	123	-
Cellcom Energy (2023) L.P	50%	(9)	(8)	(9)
		2,289	2,499	2,136

* In October 2025, the transaction for the sale of the company's holdings in IBC, which had been accounted for using the equity method was completed. For further information regarding the transaction, see Note 30 F to the consolidated financial statements.

B. Loans to investee companies

	Loans to investee companies as of		
	June 30		December 31
	2026	2025	2025
NIS millions			
Loan to Golan Telecom Ltd. *	-	105	80
Capital Note - Golan Telecom Ltd.	250	250	250
	<u>250</u>	<u>355</u>	<u>330</u>

* The loan was granted as part of the sharing network agreement signed in 2017 (which terminated upon its acquisition), half of which bears annual interest rate of 1.85% and is linked to the CPI, the other half bears interest rate of 3.5% and is not linked.

C. Loans from investee companies

	Loans from investee companies as of		
	June 30		December 31
	2026	2025	2025
NIS millions			
Short-term loan from Cellcom Fixed Line Communication L.P. *	-	120	-
	<u>-</u>	<u>120</u>	<u>-</u>

* The loan from Cellcom Fixed Line includes an annual interest at the rate of the prime interest rate.

Note 3 - Events during and after the reporting period**1. Dissolution of Cellcom Fixed-Line Communications Limited Partnership**

On July 1, 2026, the Communications Regulations (Telecommunications and Broadcasting) (Procedures and Conditions for Obtaining a Unified General License) (Amendment), 5786-2026, were published, enabling the submission of an application to the Ministry of Communications for the transfer to the Company of the Unified General License (general license for the provision of telecommunications services) granted to Cellcom Fixed-Line Communications Limited Partnership (the "Partnership"). The Company is taking steps to advance and complete the merger of the Partnership's operations into the Company and the dissolution of the Partnership, in accordance with the provisions of the Israeli Companies Law, 5759-1999.

2. For information regarding legal proceedings with IBC, see Note 7 B to the Consolidated Interim Financial Statements;
3. For information regarding a Share-based payment, see Note 8 A to the Consolidated Interim Financial statements;
4. For information regarding dividend distribution to the company's shareholders, see Note 8 B to the Consolidated Interim Financial Statements;
5. For information concerning the Maalot credit rating, see Note 8 C to the Consolidated Interim Financial Statements;
6. For information regarding the extension of Cellcom Energy's electricity supply license, see Note 8 D to the Consolidated Interim Financial Statements;
7. For information regarding the company's entry into electricity purchase agreements, see Note 8 E to the Consolidated Interim 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. Eli Adadi, CEO
2. Gadi Attias, CFO
3. Larisa Cohen, VP Legal Counsel and Corporate Secretary
4. Teimuraz Romashvili, VP Sales and International Activity
5. Yaniv Gueta , Chief Information Officer
6. Efrat Madmoni, VP Human Resources
7. Yaakov Truzman, VP Business Customer
8. Avraham Grinman, VP of Engineering
9. Hananya Gilad, VP of Private Service Sector
10. Galit Shakalo Offenber, VP of Retail
11. Michal Betzer, VP Marketing
12. Omer Harel, Head of Innovation and Digital Division

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 quarterly report on the effectiveness of the internal control over financial reporting and disclosure which was attached to the quarterly report for the period ended on March 31, 2026 (hereinafter: the "The Last Quarterly Report on Internal Control"), the internal control was found to be 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 Quarter 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 Quarter 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)

I, Eli Adadi, states as follows:

1. I have reviewed the quarterly report of Cellcom Israel Ltd. (hereinafter – the "**Company**") for the Second quarter of 2026 (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.

Eli Adadi

CEO

August 11, 2026

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

I, 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 Second quarter of 2026 (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

August 11, 2026