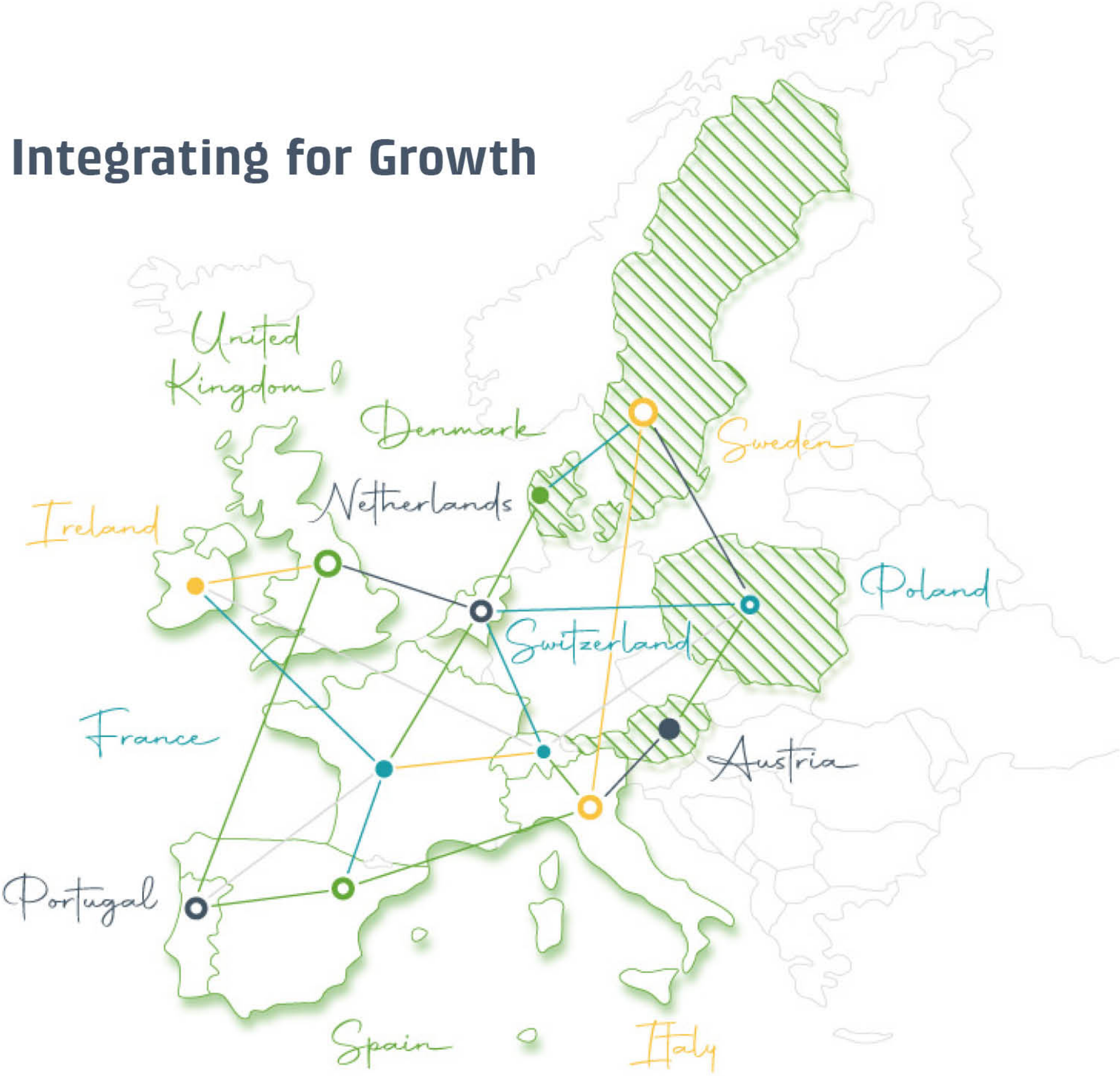
2021

Consolidated Financial Statements

Integrating for Growth



Cellnex Telecom, S.A. and Subsidiaries

Consolidated Financial Statements
for the year ended
31 December 2021 and
Consolidated Directors' Report, together
with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Cellnex Telecom, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cellnex Telecom, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2021, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of the impairment test on goodwill, other intangible assets and property, plant and equipment	
Description	**Procedures applied in the audit**
Notes 7 and 8 to the accompanying consolidated financial statements as at 31 December 2021 contain a description of the goodwill, other intangible assets and property, plant and equipment relating mainly to infrastructure for the provision of services to mobile telecommunications operators, and also of the cash-generating units (CGUs) identified by the Group. In relation to those assets, each year the Group tests each of the aforementioned CGUs for impairment using discounted cash flow-based valuation techniques, for which purpose it employs cash flow projections aligned with projected earnings and investments in non-current assets and current assets, as well as other assumptions obtained from each CGU's business plan, irrespective of whether there are indications of impairment, given the sensitivity of the key assumptions used. Also, a discount rate is determined on the basis of the economic situation in general and of that of each CGU in particular.	Our audit procedures included, among others, obtaining and analysing the impairment tests conducted by the Group, verifying their clerical accuracy and also analysing the consistency of the future cash flow projections considered in those tests with the most recent business plans prepared. Also, we evaluated the reasonableness of the key assumptions considered (such as revenue growth, cost inflation and the discount rate), and performed a sensitivity analysis of those key assumptions and an analysis of their consistency with the actual data relating to the performance of the CGUs. In addition, we involved our internal valuation experts in order to evaluate, mainly, the methodology employed by the Group in the impairment tests conducted, the discount rates considered and the terminal value, expressed in perpetuity growth terms, of the projected future cash flows.

Evaluation of the impairment test on goodwill, other intangible assets and property, plant and equipment	
Description	**Procedures applied in the audit**
The performance of these impairment tests requires the Parent's directors to make significant judgements and estimates. As a result of this circumstance, together with the significance of those assets at the reporting date, this matter was determined to be a key matter in our audit.	Lastly, we checked that the disclosures included in Notes 3-c, 7 and 8 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable regulatory financial reporting framework.

Business combinations	
Description	**Procedures applied in the audit**
The Group performed several business combinations in 2021 and 2020, as described in Notes 2-h and 6 to the accompanying consolidated financial statements as at 31 December 2021. These combinations are complex transactions which include contractual agreements the recognition of which in the consolidated financial statements requires the Parent's directors to make significant judgements and estimates. In addition, in the process of identifying and determining the acquisition-date fair value of the assets acquired, the liabilities and contingent liabilities assumed and the goodwill that arose, significant judgements and estimates also need to be made and, therefore, the Group, where appropriate, was assisted by experts engaged by it for this purpose.	Our audit procedures included, among others, obtaining and analysing the contractual documentation, placing particular emphasis on the transfer of the risks associated with the business in order to determine when the obtainment of control of the aforementioned businesses should be accounted for.

Business combinations	
Description	**Procedures applied in the audit**
The accompanying consolidated financial statements include the provisional accounting for the fair value of the assets acquired and the liabilities assumed as a result of the business combinations effected in 2021, and the completed accounting for the fair value of the assets acquired and the liabilities assumed as a result of the business combinations effected in 2020 (see Note 5), since the applicable legislation allows the allocation of fair value to be re-estimated during a period of one year from the acquisition date. Consequently, the analysis of these transactions was a key audit matter in our audit.	For each business combination in 2021, we obtained the provisional analysis performed by the Group to determine the fair value of the assets acquired and liabilities and contingent liabilities assumed, and we verified the clerical accuracy of the calculations performed and the reasonableness of the main assumptions considered therein. In addition, for the business combinations in 2020, the accounting of which was considered to have been completed in 2021, we obtained the final analysis carried out by the Group to determine the fair value of the assets acquired and the liabilities assumed, and verified the same aspects and that the comparative figures were restated in accordance with the applicable regulations. To this end, we analysed the consistency of the future cash flow forecasts considered in the analysis performed with the assumptions obtained from the business plan relating to the businesses acquired. In addition, we evaluated the reasonableness of the key assumptions considered (such as revenue growth, cost inflation and the discount rate), and performed a sensitivity analysis of those key assumptions. With regard to the external experts engaged by the Group, we evaluated their competence, capability and objectivity, and obtained an understanding of their work as experts and of the adequacy of that work for use as audit evidence.

Business combinations	
Description	**Procedures applied in the audit**
	Also, we involved our internal valuation experts in order to evaluate, mainly, the methodology employed by the Group in the analysis conducted, the discount rates considered and the terminal value, expressed in perpetuity growth terms, of the projected future cash flows. Lastly, we evaluated whether the disclosures included in Notes 2-h, 5 and 6 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable regulatory financial reporting framework.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2021, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Director's Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2021 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and Risk Management Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and risk management committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description, which is on pages 9 and 10 of this document, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Cellnex Telecom, S.A. and subsidiaries for 2021, which comprise the XHTML file including the consolidated financial statements for 2021 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Cellnex Telecom, S.A. are responsible for presenting the annual financial report for 2021 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit and Risk Management Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and risk management committee dated 24 February 2022.

Engagement Period

The Annual General Meeting held on 21 July 2020 appointed us as auditors for a period of three years from the year ended 31 December 2020.

Previously, we were designated by the sole shareholder for the period of three years and have been auditing the financial statements uninterruptedly since the year ended 31 December 2013 and, therefore, since the year ended 31 December 2015, the year in which the Parent became a Public Interest Entity.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Iván Rubio Borrallo
Registered in ROAC under no. 21443

24 February 2022

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit and risk management committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit and risk management committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit and risk management committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Cellnex Telecom, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2021

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Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy the Spanish-language version prevails.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2021

(Thousands of Euros)

	Notes	31 December 2021	31 December 2020 (*)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	Note 7	7,632,307	4,302,574
Intangible assets	Note 8	25,013,724	11,957,986
Right-of-use assets	Note 16	3,282,641	2,147,390
Investments in associates	Note 9	3,265	3,431
Financial investments	Note 10	26,406	28,042
Derivative financial instruments	Note 11	30,116	6,116
Trade and other receivables	Note 12	50,830	35,673
Deferred tax assets	Note 18	673,024	460,817
Total non-current assets		**36,712,313**	**18,942,029**
CURRENT ASSETS			
Inventories		2,765	2,158
Trade and other receivables	Note 12	1,152,079	504,615
Receivables from associates	Note 24	384	832
Financial investments	Note 10	3,151	2,067
Derivative financial instruments	Note 11	77	—
Cash and cash equivalents	Note 13	3,926,578	4,652,027
Total current assets		**5,085,034**	**5,161,699**
TOTAL ASSETS		**41,797,347**	**24,103,728**

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated balance sheet at 31 December 2021.

(*) Restated figures. Certain amounts included in the consolidated balance sheet at 31 December 2020 do not relate to those included in the consolidated financial statements for the year ended 31 December 2020, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2021

(Thousands of Euros)

	Notes	31 December 2021	31 December 2020 (*)
NET EQUITY			
Share capital and attributable reserves			
Share capital	Note 14.a	169,832	121,677
Treasury shares	Note 14.a	(60,802)	(8,078)
Share premium	Note 14.b	14,580,762	7,769,936
Reserves	Note 14.c	(130,330)	267,805
Loss for the period	Note 14.g	(351,365)	(135,425)
		14,208,097	**8,015,915**
Non-controlling interests	Note 14.f	1,633,591	914,504
Total net equity		**15,841,688**	**8,930,419**
NON-CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 15	14,914,060	9,315,830
Lease liabilities	Note 16	2,306,190	1,482,654
Derivative financial instruments	Note 11	11,832	9,743
Provisions and other liabilities	Note 19.c	2,124,609	1,496,635
Employee benefit obligations	Note 19.b	70,453	17,194
Deferred tax liabilities	Note 18	3,805,049	1,782,548
Total non-current liabilities		**23,232,193**	**14,104,604**
CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 15	719,995	76,941
Lease liabilities	Note 16	529,894	273,391
Derivative financial instruments	Note 11	—	165
Employee benefit obligations	Note 19.b	70,634	26,860
Payables to associates	Note 24	69	116
Trade and other payables	Note 17	1,402,874	691,232
Total current liabilities		**2,723,466**	**1,068,705**
TOTAL NET EQUITY AND LIABILITIES		**41,797,347**	**24,103,728**

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated balance sheet at 31 December 2021.

(*) Restated figures. Certain amounts included in the consolidated balance sheet at 31 December 2020 do not relate to those included in the consolidated financial statements for the year ended 31 December 2020, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

(Thousands of Euros)

	Notes	2021	2020 (*)
Services		2,438,400	1,562,262
Other operating income		94,399	42,510
Operating income	**Note 20.a**	**2,532,799**	**1,604,772**
Staff costs	Note 20.b	(300,357)	(165,861)
Other operating expenses	Note 20.c	(485,404)	(301,799)
Change in provisions		(2,854)	(4,552)
Losses on fixed assets	Notes 7 and 8	317	(205)
Depreciation and amortisation	Notes 7, 8 and 16	(1,687,564)	(973,971)
Operating profit		**56,937**	**158,384**
Financial income		4,416	4,969
Financial costs		(375,591)	(220,248)
Interest expense on lease liabilities		(216,644)	(144,935)
Net financial loss		**(587,819)**	**(360,214)**
Profit of companies accounted for using the equity method	Note 9	(3,222)	52
Loss before tax		**(534,104)**	**(201,778)**
Income tax	Note 18	159,031	48,717
Consolidated net loss		**(375,073)**	**(153,061)**
Attributable to non-controlling interests	Note 14.f	(23,708)	(17,636)
Net loss attributable to the Parent Company		**(351,365)**	**(135,425)**
Earnings per share (in euros per share):			
Basic	Note 14.e	(0.58)	(0.35)
Diluted	Note 14.e	(0.44)	(0.23)

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated income statement corresponding to the year ended 31 December 2021.

(*) Restated figures. Certain amounts included in this consolidated statement for the year ended on 31 December 2020 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2020, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

(Thousands of Euros)

	Notes	2021	2020 (*)
LOSS FOR THE PERIOD		**(375,073)**	**(153,061)**
Income and expenses recognised directly in net equity, transferable to the consolidated income statement:			
Changes in cash flow hedges of the Parent Company and fully consolidated companies	Note 11	8,008	(4,337)
Hedges of net investments in foreign operations of the Parent Company and fully consolidated companies	Note 11	14,094	(13,473)
Foreign exchange differences	Note 14	90,042	(10,427)
Tax effect		(2,002)	1,084
Total income and expenses recognised directly in net equity		**110,142**	**(27,153)**
Income transferred to the consolidated income statement:			
Changes in cash flow hedges of the Parent Company and fully consolidated companies	Note 11	(3,585)	(217)
Tax effect		896	54
Total income transferred to the consolidated income statement		**(2,689)**	**(163)**
Total consolidated comprehensive profit / (loss)		**(267,620)**	**(180,377)**
Attributable to:			
- Company shareholders		(252,773)	(162,014)
- Non-controlling interests		(14,847)	(18,363)
Total consolidated comprehensive profit / (loss)		**(267,620)**	**(180,377)**

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2021.

(*) Restated figures. Certain amounts included in this consolidated statement of comprehensive income for the year ended on 31 December 2020 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2020, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(Thousands of Euros)

	Notes	Share capital	Treasury shares	Share premium	Reserves	Profit for the period	Non-controlling interests	Net equity
At 1 January 2020		**96,332**	**(4,222)**	**3,886,193**	**191,859**	**(9,177)**	**889,644**	**5,050,629**
Comprehensive income for the year		—	—	—	(26,589)	(135,425)	(18,363)	**(180,377)**
Distribution of 2019 profit		—	—	—	(9,177)	9,177	—	**—**
Treasury shares	Note 14.a	—	(3,856)	—	—	—	—	**(3,856)**
Changes in the consolidation scope	Note 2.i	—	—	—	—	—	43,223	**43,223**
Final dividend	Note 14.d	—	—	(29,281)	—	—	—	**(29,281)**
Capital increase and other equity contributions	Note 14.a	25,345	—	3,913,024	100,745	—	—	**4,039,114**
Employee remuneration payable in shares	Note 19.b	—	—	—	3,506	—	—	**3,506**
Other		—	—	—	7,461	—	—	**7,461**
At 31 December 2020 (*)		**121,677**	**(8,078)**	**7,769,936**	**267,805**	**(135,425)**	**914,504**	**8,930,419**
At 1 January 2021 (*)		**121,677**	**(8,078)**	**7,769,936**	**267,805**	**(135,425)**	**914,504**	**8,930,419**
Comprehensive income for the year		—	—	—	98,592	(351,365)	(14,847)	**(267,620)**
Distribution of 2020 profit		—	—	—	(135,425)	135,425	—	**—**
Treasury shares	Note 14.a	—	(52,724)	—	—	—	—	**(52,724)**
Changes in the consolidation scope	Note 2.i	—	—	—	(374,526)	—	733,934	**359,408**
Final dividend	Note 14.d	—	—	(32,216)	—	—	—	**(32,216)**
Capital increase and other equity contributions	Note 14.a	48,155	—	6,843,042	3,245	—	—	**6,894,442**
Employee remuneration payable in shares	Note 19.b	—	—	—	9,979	—	—	**9,979**
At 31 December 2021		**169,832**	**(60,802)**	**14,580,762**	**(130,330)**	**(351,365)**	**1,633,591**	**15,841,688**

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the statement of changes in the consolidated equity corresponding to the year ended 31 December 2021.

(*) Restated figures. Certain amounts included in this consolidated statement of changes in net equity for the year ended on 31 December 2020 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2020, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

(Thousands of Euros)

	Notes	2021	2020 (*)
Profit/(loss) for the year before tax		**(534,104)**	**(201,778)**
Adjustments to profit-			
Depreciation	Note 20.e	1,687,564	973,971
Gains/(losses) on derecognition and disposals of non-current assets	Notes 7 and 8	(317)	205
Changes in provisions		2,854	4,552
Interest and other income		(4,416)	(4,969)
Interest and other expenses		592,235	365,183
Share of results of companies accounted for using the equity method	Note 9	3,222	(52)
Other income and expenses		3,269	2,909
Changes in current assets/current liabilities-			
Inventories		(607)	(9)
Trade and other receivables		(253,343)	(63,928)
Other current assets and liabilities		253,882	53,511
Cash flows generated by operations			
Interest paid		(441,974)	(259,977)
Interest received		4,174	1,048
Income tax received/(paid)		(87,170)	(38,577)
Non-recurring Income tax paid	Note 18	(78,400)	—
Current provisions, employee benefit obligations and others		(5,701)	(41,809)
Total net cash flow from operating activities (I)		**1,141,168**	**790,280**

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated statement of cash flows corresponding to the year ended 31 December 2021.

(*) Restated figures. Certain amounts included in this consolidated cash flow statement for the year ended on 31 December 2020 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2020, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

(Thousands of Euros)

	Notes	2021	2020 (*)
Business combinations and changes in the scope of consolidation	Notes 2.i and 6	(12,358,365)	(5,111,783)
Purchases of property, plant and equipment and intangible assets	Notes 7 and 8	(1,521,429)	(759,648)
Payments for financial investments		(23,722)	(53,878)
Proceeds from financial investments		—	30,000
Total net cash flow from investing activities (II)		**(13,903,516)**	**(5,895,309)**
Issue of equity instruments, Acquisition of Treasury Shares and Dividends paid	Note 14	6,765,675	3,982,646
Proceeds from issue of bank borrowings	Note 15	393,529	1,018,087
Bond issue	Note 15	5,869,731	3,982,682
Repayment and redemption of bank borrowings	Note 15	(505,399)	(1,061,142)
Net repayment of other borrowings	Note 15	327	(1,014)
Net payment of lease liabilities	Note 16	(447,594)	(487,078)
Total net cash flow from financing activities (III)		**12,076,269**	**7,434,181**
Foreign exchange differences (IV)		**(39,370)**	**(28,680)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)+(IV)		**(725,449)**	**2,300,472**
Cash and cash equivalents at beginning of year	Note 13	4,652,027	2,351,555
Cash and cash equivalents at end of year	**Note 13**	**3,926,578**	**4,652,027**

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated statement of cash flows corresponding to the year ended 31 December 2021.

(*) Restated figures. Certain amounts included in this consolidated cash flow statement for the year ended on 31 December 2020 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2020, and reflect the adjustments described in Note 5.

Cellnex Telecom, S.A. and Subsidiaries

Notes to the consolidated financial statements for the year ended on 31 December 2021

1. General information

Cellnex Telecom, S.A., (hereinafter, the "Parent Company" or "Cellnex") was incorporated in Barcelona, Spain, on 25 June 2008. Its registered office is at Calle Juan Esplandiú nº 11 in Madrid, Spain. On 1 April 2015, it changed its name to Cellnex Telecom, S.A. The name of the Parent Company has not changed in this financial year or in the previous one.

The Parent Company's corporate purpose, as set out in its bylaws, includes:

- The establishment and operation of all kinds of telecommunication infrastructures and/or networks, as well as the provision, management, marketing and distribution, for its own benefit or for the benefit of third parties, of all types of services based on or through such infrastructures and/or networks.

- The planning, technical assistance, management, organisation, coordination, supervision, maintenance and conservation of such installations and services under any type of contractual arrangement allowed by law, especially administrative concessions.

The Parent Company may undertake these activities directly or indirectly through the ownership of shares or equity investments in companies with a similar corporate purpose or in any other manner allowed by law.

The main location in which the group operates is Europe.

Cellnex Telecom, S.A. is the parent of a group of companies engaged in the management of terrestrial telecommunications infrastructures (hereinafter, the "Group" or "Cellnex Group").

2. Basis of presentation

a) Basis of presentation

The consolidated financial statements of Cellnex Telecom, S.A. and Subsidiaries for the year ended on 31 December 2021, which have been based on the accounting records kept by the Parent Company and by the other companies that make up the Group, were authorised for issue by the Directors of the Parent Company at the meeting of the Board of Directors held on 24 February 2022.

These consolidated financial statements have been prepared in accordance with the regulatory financial reporting framework applicable to the Group which is established by the International Financial Reporting Standards (hereinafter "IFRS") adopted by the European Union (hereinafter, "EU-IFRS") and taking into consideration all of the accounting principles and standards and the valuation criteria that must be applied, as well as the Commercial Code, the Spanish Limited Liability Companies Act and other applicable commercial legislation, so that they show a true image of the equity and financial situation of the Cellnex Group at 31 December 2021 and the results of its operations, the changes in net equity and the consolidated cash flows that have occurred within the Group during the financial year ended on that date.

Given that the accounting principles and valuation criteria applied when preparing the Group's consolidated financial statements at 31 December 2021 may differ from those used by some of the companies within the Group, the adjustments and reclassifications needed to standardise the principles and criteria, and adapt them to the EU-IFRS, have been carried out as part of the consolidation process.

The consolidated financial statements of Cellnex Telecom, S.A., as well as its individual financial statements and the financial statements of the companies forming part of the Group will be submitted for its approval to their respective General Meetings of Shareholders/Partners or Sole Shareholder/Sole Partner within the legally established deadlines. The Directors of the Parent Company consider that these financial statements will be approved without any significant changes.

Moreover, the Group's consolidated financial statements corresponding to the financial year ended on 31 December 2020 were approved by the shareholders of the Parent Company on 29 March 2021.

b) Adoption of IFRSs

The Cellnex Group's consolidated financial statements are presented in accordance with EU-IFRSs, in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002. In Spain, the requirement to prepare consolidated financial statements in accordance with EU-IFRSs is also regulated by Final Provision Eleven of Law 62/2003, of 30 December, on tax, administrative, labour and social security measures.

The principal accounting policies and measurement bases adopted by the Group are presented in Note 3.

(I) Standards and Interpretations effective during the present year

The following new accounting standards, amendments and interpretations came into force in 2021:

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
Approved for use in the European Union		
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Reform of Reference Interest Rates - Phase 2 (published in August 2020)	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the reform of interest rates (second phase).	1 January 2021
Amendment to IFRS 4. Deferral of the application of IFRS 9 (published in June 2020)	Deferral of the application of IFRS 9 until 2023.	1 January 2021
Amendments to IFRS 16. Covid-19-Related Rent Concessions (published in March 2021)	Amendments to extend the time period over which the practical expedient of IFRS 16 is available for use in relation to covid-19-related rent concessions.	1 April 2021 (*)

(*) Early application allowed.

The Group has applied the aforementioned standards and interpretations since their entry into force, which has not given rise to any significant change in its accounting policies, especially, considering that none of the Group's lease renegotiations have not been subject to the amendment to IFRS 16. In relation to the interest rates reform, from 1 January 2022, publication of most LIBOR settings ended, such as LIBOR GBP, LIBOR EUR and LIBOR CHF, among others. Thus, as described in Note 15, the Group have modified the contracts referenced to these index, to reflect the interest rates that replace those previously mentioned, without having a significant impact as a result of the regulations that have come into force both on 1 January 2021, and in previous years.

(II) Standards and interpretations issued but not yet in force

At the date of formal preparation of these consolidated financial statements, the following standards, amendments and interpretations had been published by the International Accounting Standards Board (IASB) but had not come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union.

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
	Approved for use in the European Union	
Amendment to IFRS 3. Reference to the Conceptual Framework (published in May 2020)	IFRS 3 is updated to align the definitions of assets and liabilities in a business combination with those contained in the conceptual framework. In addition, certain clarifications are introduced regarding the recording of contingent assets and liabilities.	1 January 2022
Amendment to IFRS 16. Income obtained before intended use (published in May 2020)	The amendment prohibits deducting from the cost of property, plant and equipment any income obtained from the sale of the items produced while the entity is preparing the asset for its intended use. The income from the sale of such samples, together with the production costs, should be recorded in the income statement.	1 January 2022
Amendment to IAS 37. Onerous contracts - Cost of fulfilling a contract (published in May 2020)	The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that are directly related to the fulfillment of the contract.	1 January 2022
Improvements to IFRS Cycle 2018 - 2020 (published in May 2020)	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022
	Not yet approved for use in the European Union	
Amendment to IAS 1 - Classification of liabilities as current or non-current (published in January 2020)	Clarifications regarding the presentation of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 - Disclosure of Accounting Policies (issued in February 2021)	Amendments that enable entities to appropriately identify the information on material accounting policies that should be disclosed in the financial statements.	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates (issued in February 2021)	Amendments and clarifications of the definition of a change in accounting estimate.	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	Clarifications on how entities should recognise deferred taxes arising in transactions such as leases and obligations in relation to the dismantling assets.	1 January 2023
Amendments to IFRS 17 - Insurance contracts - Initial application of IFRS 17 and IFRS 9. Comparative information (issued in December 2021)	Amendments of the requirements for transition of IFRS 17 for the insurance companies compliant with IFRS 17 and IFRS 9 for the first time at the same time.	1 January 2023
IFRS 17 - Insurance contracts and their modifications (published in May 2017 and June 2020, respectively)	It replaces IFRS 4 and includes the principles of registration, valuation, presentation and breakdown of insurance contracts in order for the entity to provide relevant and reliable information that allows users of financial information to determine the effect that the contracts of insurance they have in the financial statements.	1 January 2023

The application of new standards, amendments and interpretations will be considered by the Group once they have been ratified and adopted, as the case may be, by the European Union. In any case, the Parent Company's Directors have assessed the potential impact of applying these standards in the future and consider that their entry into force will not have a material effect on the Group's consolidated financial statements.

c) Presentation currency of the Group

These consolidated financial statements are presented in euros, as this is the currency of the main economic area in which the Group operates. In relation to financial information of foreign companies whose functional currency is different from the presentation currency of the consolidated financial statements are translated to euros using the method described in Note 2.g VI.

Additionally, in relation to financial information of foreign companies whose functional currency is different from the presentation currency of the consolidated financial statements and its presentation in euros on a date, other than the closing date of these accompanying consolidated financial statements, it is translated to euros using the following exchange rates: i) PLN = 4.6038 to EUR 1 as of the Iliad Poland date of acquisition; ii) SEK = 10.06 to EUR 1 as of the CK Hutchison Holdings Transactions in Sweden date of acquisition (see Notes 2 and 6), and iii) PLN = 4.522 to EUR 1 in relation to the Polkomtel Acquisition (see Note 6).

d) Responsibility for the information provided and accounting estimates and judgements made

The preparation of the consolidated financial statements under IFRS requires certain accounting estimates to be made and certain elements of judgement to be considered by the Management of the Parent Company. These are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events, which are considered reasonable under the circumstances. Although the estimates considered have been made with the best information available as of the date of preparing these consolidated financial statements, in accordance with IAS 8, any future amendment to these estimates would be applied prospectively as of that moment, acknowledging the effect of the change on the estimate made in the consolidated income statement for the financial year in question.

The main estimates and judgements considered in preparing the consolidated financial statements are as follows:

a) Useful lives of property, plant and equipment (see Note 3.a).

   The determination of useful lives of property, plant and equipment requires estimates of the assets' level of use and of expected technological changes. Assumptions regarding the level of use, technological framework and their future development, based on which the useful lives are determined, entail a significant degree of judgment, since the time and nature of future events are difficult to foresee.

b) Useful lives of intangible assets (see Note 3.b).

   The intangible assets associated with the telecom infrastructures are amortised over the shorter of the term of the corresponding ground lease (taking into consideration renewals) or up to 20 years, as the Group considers these intangibles to be directly related to the infrastructure assets.

c) Lease term and useful lives of right-of-use assets (see Note 3.r).

   Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

   In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

d) The measurement of non-financial assets and goodwill in order to determine the existence of impairment losses on these assets (see Notes 3.b and 3.c).

The determination of impairment losses requires the use of estimates on the recoverable amount based on impairment tests. The estimated recoverable amount for non-financial assets and goodwill is based mainly on impairment tests performed using discounted cash flows.

e) Derivatives or other financial instruments (see Notes 3.d, 3.e, 11 and 15)

The fair value of financial instruments traded on official markets is based on the market prices at the consolidated balance sheet date. The quoted market price used for financial assets is the current bid price.

The fair value of the financial instruments not quoted on active markets is determined using valuation techniques. The Group uses various methods and makes assumptions based on the existing market conditions at each consolidated balance sheet date. To determine the fair value of the remaining financial instruments, other techniques, such as estimated discounted cash flows, are used. The fair value of the interest rate swaps is calculated as the present value of the estimated cash flows.

The carrying amount, less the provision for impairment losses on accounts receivable and payable, is similar to their fair value.

The fair value of financial liabilities, for the purposes of presenting financial information, is estimated by discounting future contractual cash flows at the current market interest rate the Group would have access to for similar financial instruments.

When financial assets not measured at fair value through profit or loss are initially recognised, the Group measures them at their fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. In this sense, the Group determines the classification of its financial assets at initial recognition.

f) Business combinations and fair value of the acquired assets and liabilities (see Note 6).

As a first step, Cellnex carries out a review of the acquisitions made to determine if they correspond to a business combination in accordance with IFRS 3 and the ESMA guidelines or if they correspond to a purchase of assets. In the case of a business combinations, the identifiable assets acquired and the identifiable liabilities and contingencies assumed in a business combination are initially measured at their acquisition-date fair value, regardless of the scope of non-controlling interests. The excess of the acquisition cost over the fair value of the Group's share in the identifiable net assets acquired is recognised as goodwill. If the acquisition cost is lower than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the consolidated income statement for the financial year.

g) Provisions for staff obligations (see Notes 3.m and 19.b).

The calculation of pension expenses, other post-retirement expenses or other post-retirement liabilities requires the application of several assumptions. At the end of each financial year, the Group estimates the provision needed to meet the commitments for pensions and similar obligations, in accordance with the advice of independent actuaries. Changes affecting these assumptions may result in different amounts for the expenses and liabilities recorded. The most significant assumptions for measuring pension and post-retirement benefits liabilities are retirement age, inflation and the discount rate used. The assumptions about social security coverage are also essential for determining other post-retirement benefits. Any future changes to these assumptions would have an impact on the future pension expenses and liabilities.

h) Deferred tax assets and income tax (see Notes 3.l and 18).

The calculation of the income tax expense requires the interpretation of tax legislation in the jurisdictions where the Group operates. The determination of expected outcomes with regards to outstanding disputes and litigation requires significant estimates and judgements to be made. The Group assesses the recoverability of deferred tax assets based on the estimates of future taxable income and the ability to generate sufficient income during the periods in which these deferred taxes are deductible.

i) Provisions: the probability of occurrence and the amount of the undetermined contingent liabilities (see Notes 3.o and 19).

The Group makes an estimate of the amounts to be settled in the future, including those corresponding to contractual obligations and outstanding litigation. These estimations are subject to interpretations of the current facts and circumstances, forecasts of future events and estimates of the financial effects of these events.

The consolidated financial statements have been prepared on the historical cost basis, except in the cases specifically mentioned in these Notes, such as the items measured at fair value, as described in Notes 3.d and 3.e.

Coronavirus Pandemic

Global economic conditions have rapidly deteriorated in 2020 and 2021 as a result of the Coronavirus Pandemic which began in China in late 2019 and has subsequently spread globally, significantly affecting the European markets where the Group operates as of the date of these consolidated financial statements. While the Coronavirus Pandemic has not had a significant effect on the Group's business, financial condition or results of operations as of 31 December 2021 and, therefore, has not had a significant effect on the Consolidated Financial Statements for the year ended 31 December 2021, its future evolution will depend on future developments, which are highly uncertain and cannot be predicted, including future economic conditions, and the actions to contain it or treat its impact, among others.

During the crisis brought about by the pandemic, maintaining connectivity was more important than ever before, not only with respect to the many entertainment options offered through streaming services or social media, but also by catering for the curricular needs of millions of students, providing information and maintaining employment, family and interpersonal relationships through instant audiovisual communication. Telecommunications infrastructure plays a vital role in this regard. Cellnex, as an operator of such infrastructure, managed to ensure the continuity of uninterrupted 24/7 service to more than 200 million people throughout Europe. For this reason, Cellnex's operations were not especially affected by the pandemic neither a significant impact has resulted on the leases entered into by the Group, so they have not had to be modified or renegotiated.

Brexit

In general terms, the long term effects of Brexit on the financial statements as a whole are still uncertain. In this regard, the increase in public debt, the fall in growth rates and any monetary policy measure that might be adopted in the future in the credit markets could affect the Group's businesses. One change in any of these factors could affect the Group's ability to access the capital markets and the terms and conditions under which it might access them.

In this context, it should also be noted that the nature of the Group's business means that in each territory it acts, to all extents and purposes, autonomously of other subsidiaries or the parent, in the sense that interterritorial commercial operations are not a key aspect of the business. In this connection, any risk associated with competition restrictions or disadvantages arising from potential transactions between the UK and other geographies is limited.

Notwithstanding, the Group's plans for mitigating the potential risks associated with Brexit focus mainly on the risk relating to Cellnex's exposure to the pound sterling, the most notable tools for which are the designation of cash flow hedging instruments and hedges of net investments in foreign operations. These hedges were implemented through both derivative financial instruments (e.g., currency swaps) and loans in pounds sterling that act as a natural hedge of the investment in the United Kingdom (see Note 11).

Others

The consolidated financial statements have been prepared on the basis of uniformity in recognition and measurement. When a new standard amending existing measurement bases becomes applicable, it is applied in accordance with the transition criterion provided in the standard.

Certain amounts in the consolidated income statement and the consolidated balance sheet were grouped together for the sake of clarity. These items are disclosed in the Notes to the consolidated financial statements.

The distinction presented in the consolidated balance sheet between current and non-current items was made based on whether they fall due within one year or more, respectively.

In addition, the consolidated financial statements include all additional information considered necessary for their correct presentation under the company law in force in Spain.

Finally, the figures contained in all the financial statements forming part of the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes to net equity, consolidated statement of cash flows) and the Notes to the consolidated financial statements are expressed in thousands of euros (or otherwise expressed).

e) Comparative information

As required by the IFRS, the information relating to the financial year ended on 31 December 2020 contained in these consolidated financial statements for 2021 is submitted solely and exclusively for the purpose of comparison.

The consolidated balance sheet (and its respective disclosures), the consolidated income statement (and its respective disclosures), the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2020 (included in these consolidated financial statements) were restated (with regard to the information contained in the Group's consolidated financial statements at 31 December 2020) as a result of the final purchase price allocation for Arqiva Acquisition, Nos Towering Acquisition, and for the CK Hutchison Transactions in respect of Austria, Denmark and Ireland (see Notes 5 and 6).

f) Materiality

In deciding what information to disclose in the Notes on the various items of the consolidated financial statements or other matters, the Group assessed materiality in relation to these consolidated financial statements for 2021.

g) Consolidation principles

(I) Methods of Consolidation

Subsidiaries

Subsidiaries are all companies in which the Group directly or indirectly controls the financial and operational policies, so that it exercises control over the investee company while maintaining the exposure or right to the variable results from the investment and the ability to use this control in order to influence the amount of these returns. This is generally accompanied by an ownership interest of more than the half of the voting rights.

Additionally, to assess if the Group controls another company, the following are considered: the power over the investee; exposure or rights to variable returns of the investment; and the ability to use this power over the investee to affect the amount of the investor’s returns. The subsidiary companies are consolidated as from the date on which control is transferred to the Group and they are excluded from consolidation on the date in which the control ceases.

The Group consolidates subsidiaries using the full consolidation method. In this connection, Cellnex exercises effective control over the consolidated companies On Tower Poland, s.p.z.o.o ("On Tower Poland", formerly Elphin s.p.z.o.o), On Tower France, S.A.S. ("On Tower France"), Nexloop France, S.A.S. ("Nexloop"), Cellnex Netherlands subgroup, Cellnex Switzerland subgroup, Adesal, S.A. and Metrocall, S.A. ("Metrocall") since Cellnex exercises effective control, without considering, when applicable, any potential additional voting rights, over the consolidated companies as: i) Cellnex holds more than 50% ownership interest of the companies, ii) Cellnex, as majority shareholder, has the capacity to appoint a majority of the members of the Board of Directors of the companies, and iii) by virtue of the respective shareholders agreement entered into with respective minority/ies shareholder/s of the companies, giving Cellnex the decision-making capacity over relevant activities of the companies and also the control over the returns of the investments. The rights granted to minority/ies shareholder/s according to the respective agreements are protective rights and, consequently, does not allow the minority/ies shareholder/s to have power over abovementioned companies since the rights granted are related to fundamental changes to the activities or only applicable in exceptional circumstances.

Finally, in accordance with the disclosure requirements set forth in IFRS 12, there are no significant restrictions on the use of assets and settlement of liabilities of the Group companies.

Appendix I to these Notes provides details on all the subsidiaries included in the scope of consolidation at 31 December 2021.

Associates

Associates are companies over which the Group exercises significant influence and with which it has a long-term relationship that fosters and influences its business even though it has a small representation in the management and control bodies. Along with this representation, the Group generally holds between 20% and 50% of the company's voting rights, unless it can be clearly demonstrated that such influence does not exist or unless the Group holds less than 20% of those rights and it can be clearly demonstrated that said influence does exist.

The investments in associates are recorded using the equity method and are initially recognised at cost. The investments of the Parent Company in associates include, as per IAS 28, goodwill (net of any accumulated impairment losses) identified in the acquisition, and are recognised under "Investments in associates" in the consolidated balance sheet.

In the case of associates acquired in stages, IAS 28 does not specifically define how to determine the cost of the acquisition. Therefore, the Group interprets the cost of an investment in an associate acquired in stages to be the sum of the amounts paid at each acquisition plus the share of the profits and other changes in shareholders' equity less any impairment that may have arisen.

Thereafter, the Group's share of the profit (loss) and reserves of associates is recognised in the consolidated income statement and as consolidation reserves (other comprehensive income), respectively, with the value of the shareholding as the balancing entry in both cases. Dividends received and/or accrued after acquisitions are adjusted against the amount of the investment.

If the Group's share of the losses of an associate is equal to or greater than the value of its financial investment, including any other outstanding account receivable not guaranteed, further losses will not be recognised unless obligations have been incurred, guarantees have been furnished or payments have been made on behalf of the associate, which would entail the recognition of a financial liability.

If there are any indications of impairment, the investment will be tested for impairment, pursuant to IAS 36, as if it were an individual asset, by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount. In order to determine the value in use of the net investment, an estimate will be made of: i) its share of the present value, discounted at a rate of the weighted average cost of capital, of the estimated future cash flows expected to be generated by the associate or joint venture, including those from the operations of the associate or joint venture, and the amounts arising from the ultimate disposal of the investment; or ii) the present value, discounted at a rate corresponding to the cost of equity, of the estimated future cash flows expected to arise as dividends to be received from the investment and from its ultimate disposal. The application of either method should produce the same result.

The recoverable amount of an investment in an associate or joint venture will be assessed for each associate or joint venture unless the associate or joint venture does not generate cash inflows as a result of its continuing use that are largely independent of the inflows from the Group's other assets.

Appendix II to these Notes provides details on the associates included in the scope of consolidation using the equity method at 31 December 2021.

(II) Standardisation of accounting reference periods and valuation

The reporting periods for all companies included in the scope of consolidation end on 31 December. For the purposes of the consolidation process, the respective financial statements prepared under IFRS principles were used. In accordance with current legislation, these companies present individual financial statements as set forth in the applicable standards.

The measurement bases applied by the Group companies are largely consistent. However, where necessary, adjustments were made to standardise the measurement bases and ensure that the accounting policies of the companies included in the scope of consolidation were uniform with the policies adopted by the Group.

(III) Business combinations

The subsidiaries acquired by the Group are accounted for using the acquisition method in accordance with the revised IFRS 3, considering that they meet the "business" definition. Acquisition cost is the fair value of the assets acquired and the equity instruments issued, and of the liabilities incurred or assumed at the acquisition date, plus any asset or liability resulting from a contingent consideration arrangement. Costs that are directly attributable to the transaction are recognised directly in the consolidated income statement for the year in which the transaction takes place.

Cellnex only recognises as part of the application of the acquisition method the consideration transferred for the assets acquired and the liabilities assumed at the date on which the business combination becomes effective. The calculation of the consideration to be transferred to the seller and the valuation of the net assets acquired is based on fair values that only envisage the net assets in existence at the date of obtainment of control of the underlying business, and, when applicable, the service agreements entered into with the seller do not affect these values.

The consideration transferred is generally a fixed amount and it is not subject to variability or have any relationship with the service agreements, i.e., the agreements are on an arm's-length basis and, accordingly, Cellnex considers, when applicable, that there is no interaction between the amount of the consideration transferred in the business combinations and the future amounts agreed upon in the service agreements. In this sense, in general terms, the service agreements entered into with the seller are negotiated at terms and conditions that would be agreed upon with a third party with which no purchase and sale agreement for the related business has been entered into. Any possible breach of the obligations assumed in these agreements would not affect the consideration transferred in the business combination. Such agreements envisage, as part of the terms and conditions agreed upon, certain penalties in the event of breach by the parties. These penalties are in line with those that would be negotiated in an agreement in which the party providing the services were not the seller of the related business; i.e., the penalties attempt to compensate, in market terms, the damage that would arise in the event of a breach of the agreement.

The Group measures non-controlling interests at fair value, pursuant to IFRS 3.19. This fair value is calculated based on the proportion represented by the non-controlling interest of the fair value of the business acquired.

The excess over the fair value of the net assets identified in the transaction is recognised as goodwill arising on consolidation, which is allocated to the corresponding Cash-Generating Units (hereinafter, CGUs).

The Group makes a provisional allocation of the purchase price for the business combination at the acquisition date; this initial assessment is reviewed, as appropriate, within 12 months from the date control is obtained.

The resulting goodwill is allocated to the various CGUs expected to benefit from the business combination's synergies, regardless of any other acquired assets and liabilities allocated to these CGUs or groups of CGUs.

However, if the acquisition cost is below the fair value of the acquiree's net assets, such as in a bargain purchase, the difference is recognised as a gain directly in the consolidated income statement.

Goodwill arising on consolidation is not systematically amortised and is subject to an annual impairment test, as indicated in Note 3.b.iv.

In the case of acquisitions of associates in stages, goodwill is calculated for each acquisition based on the cost and the interest in the fair value of the net assets acquired on each acquisition date. Additionally, on gain of control the fair value of the assets and liabilities of the business acquired must be determined including the interest already held. The differences arising from the previously recognised assets and liabilities must be recognised in the consolidated statement of profit or loss.

As indicated in Note 2.g.I)., goodwill relating to acquisitions of associates and multi-group companies is included as an increase in the value of the respective investment and is recognised in accordance with Note 3.b.iv.

(IV) Elimination of inter-company transactions

Inter-company transactions and balances are eliminated, as are unrealised gains vis-a-vis third parties on transactions between or among Group companies. Unrealised losses are also eliminated, unless there is evidence of an impairment loss on the transferred asset.

Gains and losses from transactions between the Group and its associates and multi-group companies are recognised in the Group's financial statements only to the extent that they arise from the interests of other investors in associates and multi-group companies not related to the investor.

(V) Transactions with non-controlling interests

Transactions with non-controlling interests are recognised as transactions with the owners of the Group's equity. Therefore, in purchases of non-controlling interests, the difference between the consideration paid and the corresponding proportion of the carrying amount of the subsidiary's net assets is recognised with an impact on net equity. Likewise, gains or losses through the disposal of non-controlling interests are also recognised in the Group's net equity.

In the event that it ceases to have control or significant influence, the remaining investment is remeasured at its fair value, and any gain or loss relative to the previously recognised investment is recognised with an impact in the year's consolidated income statement. Additionally, any amount previously recognised in other comprehensive income with regards to this company is recorded as if the Group had directly sold all the related assets and liabilities. Should this occur, the amounts previously recognised under other comprehensive income would be reclassified to the consolidated income statement for the year. If the decrease in the investment in an associate does not imply a loss of significant influence, the proportional share previously recognised under other comprehensive income is reclassified to the consolidated income statement.

Finally, in relation with the right to sell granted to some minority shareholders that the Group has recorded a liability as a consequence of the terms set forth in paragraph 23 of IAS 32, the Groups criteria is recording the adjustments to the redemption liability directly in equity. This accounting treatment is supported by the guidance in paragraph 23 of IFRS 10 to recognise any adjustments related to changes in the parent's ownership interest that do not result in the parent losing or gaining control over a subsidiary as ownership transactions. Upon initial recognition of the redemption liability, the risks and rewards not transferred to the parent were recognised as non-controlling interests.

(VI) Translation of financial statements denominated in foreign currencies

The financial statements of the foreign companies, none of which operate in a hyperinflationary economy, presented in a functional currency (that of the main economic area in which the entity operates) other than the presentation currency of the consolidated financial statements (the euro), are translated to euros using the year-end exchange rate method, according to which:

- Equity is translated at the historical exchange rate.
- Items in the income statement are translated using the average exchange rate for the period as an approximation of the exchange rate at the transaction date.
- The other balance sheet items are translated at the year-end exchange rate.

As a result, exchange differences are included under "Reserves – Translation differences" in equity in the consolidated balance sheet.

(VII) Other

Currency translation differences arising from the translation of a net investment in a foreign operation and from loans and other instruments in a currency other than euro designated as hedges of those investments are recognised in equity. When the investment is sold, any exchange differences are recognised in the consolidated income statement as part of the gain or loss on the sale.

Adjustments to goodwill and to fair value arising from the acquisition of a foreign operation are considered assets and liabilities of the foreign operation and are translated using the year-end exchange rate.

h) Changes in the scope of consolidation

Movements in 2021

Acquisitions and incorporations

The most significant changes in the scope of consolidation and in the companies included in it during the 2021 financial year were as follows:

Name of the company	Company with direct shareholding and % acquired/maintained		Consolidation method
Acquisitions/incorporations:			
On Tower Sweden, AB. (formerly HI3G Networks AB) (1)	Cellnex Sweden, AB	100%	Full
Wayworth Limited (2)	Cignal Infrastructure Limited	100%	Full
Swiss Infra Services SA (3)	Swiss Towers AG	10%	Full
On Tower Poland, s.p.z.o.o. (formerly Elphin s.p.z.o.o.) (4)	Cellnex Poland	60%	Full
Digital Infrastructure Vehicle I Scsp (5)	Cellnex Telecom, S.A.	33.33%	See Note 6
Cignal Infrastructure Netherlands, B.V. (formerly T-Mobile Infra B.V.) (6)	Cellnex Netherlands, B.V.	100%	Full
CK Hutchison Networks Italia SPA (7)	Cellnex Italia, SpA	100%	Full
Towerlink Poland (8)	Cellnex Poland	99.99%	Full
Infratower, SA (9)	CLNX Portugal, S.A.	100%	Full
Hivory, SAS (10)	Cellnex France Groupe	100%	Full
Hivory II, SAS (formerly Starlight BidCo, SAS) (10)	Cellnex France Groupe	100%	Full
Sapastre, s.p.z.o.o (11)	Cellnex Poland	100%	Full
Iaso Group Immobiliaire, S.r.L. (12)	Cellnex Italy, S.p.A.	100%	Full
Cignal Infrastructure Portugal (13)	CLNX Portugal, S.A.	100%	Full

(1) 25/01/2021; (2) 10/03/2021; (3) 18/03/2021; (4) 31/03/2021; (5) 26/05/2021; (6) 01/06/2021; (7) 30/06/2021; (8) 08/07/2021; (9) 01/10/2021; (10) 28/10/2021; (11) 06/12/2021; (12) 16/12/2021; (13) 28/12/2021.

I) Acquisitions by virtue of the CK Hutchison Holdings Transaction

On 12 November 2020, Cellnex announced it had reached agreement with Hutchison for the acquisition of Hutchison's European tower business and assets in Austria, Denmark, Ireland, Italy, the United Kingdom and Sweden by way of six separate transactions (i.e. one transaction per country) (the "CK Hutchison Holdings Transactions"). See Notes 2.h, 6 and 21 to the 2020 Consolidated Financial Statements for additional information.

The CK Hutchison Holdings Transactions in respect of Sweden and Italy were completed during the first and second quarters of 2021, respectively, following satisfaction or waiver of all applicable conditions precedents.

Sweden

In the first quarter of 2021, Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Sweden) has acquired 100% of the share capital of HI3G Networks AB, owner of approximately 2,500 sites located in Sweden. Additionally, Cellnex has agreed the deployment of up to 2,677 sites in Sweden by 2025. The total consideration for Cellnex in relation to this transaction (Enterprise Value) has been EUR 0.8 billion (see Note 6). In this regard, during the first quarter of 2021, the subsidiary formerly called HI3G Networks AB changed its name to On Tower Sweden AB. ("On Tower Sweden").

This transaction was completed in the first quarter of 2021, following the settlement of several administrative authorizations. Thus, On Tower Sweden has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021.

Italy

Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Italia) has acquired 100% of the share capital of CK Hutchison Networks Italia SPA ("Networks Co Italy"), owner of approximately 9,140 sites located in Italy. Additionally, Cellnex has agreed the deployment of up to 860 sites in Italy by 2027 (see Note 6). The total consideration for Cellnex in relation to this transaction (Enterprise Value) has been EUR 3.3 billion (see Note 6).

This transaction was completed in the second quarter of 2021, following the settlement of several administrative authorizations. Thus, Networks Co Italy has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021.

II) Acquisition of an additional stake in Swiss Infra Services

In the first quarter of 2021, Cellnex (through Cellnex Switzerland AG, of which Cellnex owns 72.22%, and Swiss Towers AG, of which Cellnex Switzerland AG owns 100%) entered into an agreement with Matterhorn Telecom SA ("Matterhorn") to acquire 10% of the share capital of Swiss Infra Services SA ("Swiss Infra") from Matterhorn, for an amount of CHF 146 million (with a Euro value of EUR 131.5 million as of the date of completion). Pursuant to this acquisition, Swiss Towers AG held 100% of Swiss Infra as of 31 December 2021. As a result of the above, the indirect stake that Cellnex holds in Swiss Infra has increased from 64.99% to 72.22% as at 31 December 2021.

Since the aforementioned transaction did not modify the controlling position in Swiss Infra, it has been treated as an equity transaction carried out with a non-controlling interest (see Note 14). This accounting treatment is supported by the guidance in paragraph 23 of IFRS 10 to recognise any adjustments related to changes in the parent's ownership interest that do not result in the parent losing or gaining control over a subsidiary as ownership transactions.

III) Acquisition of On Tower Poland

In the first quarter of 2021, Cellnex, (through its fully owned subsidiary Cellnex Poland sp z.o.o.) has acquired 60% of On Tower Poland sp z.o.o.'s share capital, a wholly-owned subsidiary of Play, for the subsequent acquisition by On Tower Poland of the telecommunications passive infrastructures business unit of P4, comprising an initial portfolio of approximately 7,428 sites (including the initial 6,911 sites and 517 additional sites constructed and completed before the Iliad Poland Acquisition Date), for an estimated total consideration (Enterprise Value) of approximately EUR 1,458 million. The initial 6,911 sites were funded by Cellnex Poland and Iliad through a capital increase in proportion to their respective shareholder stake in On Tower Poland, thus Cellnex funded approximately EUR 801 million, and the 517 additional sites were funded solely by Cellnex via intercompany debt for an investment of EUR 123 million. This represents a total payment financed by Cellnex of EUR 890 million (after incorporating EUR 34 million of cash from the acquired business unit). Additionally, P4 undertook to propose to On Tower Poland the acquisition of a minimum of 1,871 sites on or before 31 December 2030, although the Group estimates that approximately up to 4,462 new sites will be eventually deployed (see Note 6).

This transaction was completed in the first quarter of 2021, following the settlement of several administrative authorizations. As a result of this transaction, at 31 December 2021, Cellnex, through its wholly owned subsidiary, Cellnex Poland, holds 60% of the share capital and voting and economic rights of On Tower Poland. Cellnex exercises effective control over On Tower Poland, as it holds ownership interests of over 50% and by virtue of the shareholders' agreement entered into with Play, which gives Cellnex decision-making capacity over the investees' relevant activities and also the control over the returns of the investment, whereas Play has certain protective rights. Finally, the signed shareholders' agreement includes certain exit agreements very similar to On Tower France shareholders' agreement as described in Note 6. Thus, On Tower Poland has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021.

IV) Acquisition of Cignal Infrastructure Netherlands (formerly T-Mobile Infra B.V.)

On 21 January 2021, Cellnex and Cellnex Netherlands, B.V. ("Cellnex Netherlands") signed a framework agreement with Deutsche Telekom A.G. ("DTAG"), Deutsche Telecom Europe, B.V. ("DTEU") and Digital Infrastructure Vehicle I SCSp (which on the second quarter of 2021 became an alternative investment fund, as described below, "DIV"), which sets forth among others, the conditions and the steps and arrangements to achieve the contribution in kind, through DIV, of 100% of the share capital of T-Mobile Infra, B.V. ("T-Mobile Infra"), which owned approximately 3,150 sites, and had EUR 253 million of debt upon closing (including arrangements expenses), to Cellnex Netherlands in exchange for a stake of 37.65% in the share capital of Cellnex Netherlands (the "T-Mobile Infra Acquisition", see Note 6). Additionally, pursuant to the T-Mobile Infra MLA, T-Mobile Infra and T-Mobile Netherlands, B.V. ("T-Mobile") agreed to the deployment of a minimum of 180 additional sites in the Netherlands by 2027. During the second quarter of 2021, the subsidiary formerly called T-Mobile Infra, B.V. changed its name to Cignal Infrastructure Netherlands.

As part of the T-Mobile Infra Acquisition, Cellnex, together with DTAG, as the fund's initial limited partners, signed a commitment letter, pursuant to which Cellnex committed to invest EUR 200 million in DIV. On the second quarter of 2021, DIV drew approximately EUR 136 million, which Cellnex paid with available cash. Such funds were used to finance a portion of the amounts payable by DIV under the T-Mobile Infra SPA (see Note 6), and to pay for certain expenses in connection with the T-Mobile Infra Acquisition and DIV's operation and setup. As soon as other investors become limited partners in DIV, DIV will refund to funds' initial limited partners part of the initial investment to adjust it to its resulting stake in DIV. In this regard, as indicated above, DIV's initial investment corresponds to 37.65% in Cellnex Netherlands, consequently, the Group investment in DIV, in accordance to IFRS 10.B94, has been considered increasing the effective percentage of ownership held by the Group in Cellnex Netherlands.

As a result of the above, Cellnex holds an indirect stake in Cignal Infrastructure Netherlands of 74.89% as at 31 December 2021. Finally, subsequent investments made by DIV, as per IFRS 10:B94 "Equity Method as One-line Consolidation" above mentioned, will be evaluated separately from the stake held by the fund in Cellnex Netherlands.

This transaction was completed in the second quarter of 2021, following the settlement of several administrative authorizations. Thus, Cignal Infrastructure Netherlands has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021.

V) Acquisition of Towerlink Poland

On 26 February 2021, Cellnex Poland entered into an agreement with Cyfrowy Polsat s.a. ("Cyfrowy") and Polkomtel sp. z.o.o. ("Polkomtel") to acquire 99.99% of the share capital of Polkomtel Infrastruktura sp. z.o.o. ("Polkomtel Infrastruktura"), for an estimated total consideration (Enterprise Value) of approximately EUR 1,531 million (the "Polkomtel Acquisition"). Polkomtel Infrastruktura manages a portfolio of approximately 7,000 passive infrastructure and active infrastructures in Poland (approximately 37,000 radio carriers covering relevant bands used by 2G, 3G, 4G and 5G technologies in Poland, approximately 11,300 km of fiber backbone and FTTT backhaul and a national network of microwave radiolinks).

The transaction was completed in the third quarter of 2021, following the satisfaction of the relevant conditions precedent. Thus, Polkomtel Infrastruktura has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021.

VI) Acquisition of Infratower

In the last quarter of 2021, Cellnex acquired, (through its fully owned subsidiary CLNX Portugal, S.A.) 100% of the share capital of Infratower S.A. ("Infratower"), owner of approximately 687 sites in Portugal. This agreement broadens the cooperation between Cellnex Portugal and MEO, S.A. The transaction involves an investment of approximately EUR 209 million[13].

The transaction was completed in the second half of 2021 following the receipt of customary regulatory authorizations. Thus, Infratower has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021.

VII) Acquisition of Hivory

On 3 February 2021, the Group (through Cellnex France, S.A.S.) entered into an agreement with Altice France, S.A.S. (“Altice”) and Starlight HoldCo S.à r.l (“Starlight HoldCo”), which gave the right to Altice and Starlight HoldCo to require the Group to purchase, on an exclusive basis, their respective direct and indirect ownerships in the share capital of Hivory, S.A.S. (“Hivory”), which in aggregate amounts to approximately 100% of Hivory’s share capital, for an estimated consideration (Enterprise Value) of approximately EUR 5.2 billion (the “Hivory Acquisition”). Altice and Starlight BidCo, S.A.S. (“Starlight BidCo”), a wholly-owned subsidiary of Starlight HoldCo, own shares representing 50.01% and 49.99%, respectively, of the share capital and voting rights of Hivory. There is also a minority interest holding less than 0.01% of the share capital of Hivory, which is outside the scope of the Hivory Acquisition. Altice and Starlight HoldCo exercised their right on 19 May 2021, and on that same date entered into a sale and purchase agreement with Cellnex France for the sale and purchase of approximately 100% of Hivory’s share capital. Hivory owns and operates approximately 10,535 sites in France (wireless communications passive infrastructures relating to towers and rooftops, towers with access restrictions and micro sites located on the sites).

The transaction was completed in the last quarter of 2021 (the “Hivory Completion Date”) following the satisfaction of the relevant conditions precedent. In this regard, the authorization granted by the French Competition Authority (the “FCA”) is subject to the disposal of approximately 3,200 rooftops being completed within a maximum period of 30 months from the date of signing of the divestment agreement that will need to be entered into to complete the required disposal. The Group has therefore initially consolidated the approximately 10,500 sites owned by Hivory in France and will proceed with the disposal required by the FCA. Moreover, the Group is already working on new opportunities related to the deployment of new core assets to invest the proceeds to be obtained as a result of such disposal, with a view that both capital expenditures and Adjusted EBITDA (both of them as described in section 2.3 of the accompanying Consolidated Management Report) would remain unaffected on a consolidated run rate basis. Thus, Hivory has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021, and in relation to the divestment required by the FCA, it has been considered that the criteria established for the application of IFRS 5 to potential assets subject to divestment in the future are not met as of 31 December 2021.

Transactions between companies in the scope of consolidation

Furthermore, in 2021, the following transactions were performed between companies in the scope of consolidation, which, accordingly, did not have an impact on these consolidated financial statements:

Selling/ Spun-off company	Buying/ Resulting company	Comments	Date
Mergers:			
Areaventi, S.r.L. Towerlease, S.r.L.	Cellnex Italia, S.p.A.	Merger by absorption of Cellnex Italia, S.p.A. (absorbing company), with Areaventi, S.r.L. and Towerlease, S.r.L. (absorbed companies).	01/07/2021

[13] The final equity price corresponds to the 209 million plus working capital adjustments of 6 million (see Note 6).

Furthermore, in 2021, the subsidiary formerly called HI3G Networks, AB changed its name to On Tower Sweden, AB. In Poland, the subsidiaries formerly called Elphin, s.p.z.o.o. and Polkomtel Infrastruktura s.p.z.o.o. changed its names to On Tower Poland, s.p.z.o.o. and Towerlink Poland, s.p.z.o.o. In addition, in the Netherlands, the subsidiary formerly called T-Mobile Infra, B.V. changed its name to Cignal Infrastructure Netherlands, B.V. Finally, in France, the subsidiary formerly called Starlight BidCo, S.A.S. changed its name to Hivory II, S.A.S.

Movements in 2020

Acquisitions and incorporations

The most significant changes in the scope of consolidation and in the companies included in it during the 2020 financial year were as follows:

Name of the company	Company with direct shareholding and % acquired/ maintained		Consolidation method
Acquisitions/incorporations:			
Cellnex Finance Company, S.A.U. [1]	Cellnex Telecom, S.A.	100%	Full
CK Hutchison Networks (Austria) GmbH [2]	Cellnex Austria GmbH (formerly Ea Einhundertsechsundsechzigste WT Holding GmbH)	100%	Full
CK Hutchison Networks (Ireland) Limited [2]	Cellnex Ireland (formerly Aramaka Limited)	100%	Full
CLNX Portugal, S.A. (formerly Belmont Infra Holding, S.A.) [3]	Cellnex Telecom, S.A.	100%	Full
CLNX Portugal, S.A. (formerly BIH-Belmont Infrastructure Holding, S.A.) [3]	CLNX Portugal, S.A. (formerly Belmont Infra Holding)	100%	Full
Edzcom Oy [4]	Ukkoverkot Oy	100%	Full
Metrocall, S.A. [5]	Cellnex Telecom España, S.L.U.	60%	Full
Nexloop France, SAS [6]	Cellnex France Groupe	51%	Full
Omtel, Estruturas de Comunicaçoes, S.A. [3]	CLNX Portugal, S.A. (formerly BIH-Belmont Infrastructure Holding, S.A.)	100%	Full
On Tower Denmark (formerly HI3G Networks Denmark APS) [2]	Cellnex Denmark ApS	100%	Full
On Tower Portugal, S.A. (formerly NOS Towering Gestão de Torres de Telecomunicações, S.A.) [7]	CLNX Portugal, S.A. (formerly Belmont Infra Holding, S.A.)	100%	Full
On Tower UK 1 Ltd (formerly Arqiva No 2 Limited) [8]	On Tower UK Ltd (formerly Arqiva Services Limited)	100%	Full
On Tower UK 2 Ltd (formerly Arqiva No 3 Limited) [8]	On Tower UK 1 Ltd (formerly Arqiva No 2 Limited)	100%	Full
On Tower UK 3 Ltd (formerly Arqiva No 4 Limited) [8]	On Tower UK Ltd (formerly Arqiva Services Limited)	100%	Full
On Tower UK 4 Ltd (formerly Arqiva Aerial Sites Limited) [8]	On Tower UK Ltd (formerly Arqiva Services Limited)	100%	Full
On Tower UK 5 Ltd (formerly Arqiva Telecommunications Asset Development Company Limited) [8]	On Tower UK Ltd (formerly Arqiva Services Limited)	100%	Full
On Tower UK Ltd (formerly Arqiva Services Limited) [8]	Cellnex UK, Ltd	100%	Full
Ukkoverkot Oy [4]	Cellnex Telecom, S.A.	100%	Full

(1) 30/10/2020; (2) 21/12/2020; (3) 02/01/2020; (4) 03/07/2020; (5) 25/09/2020; (6) 13/05/2020; (7) 21/09/2020; (8) 08/07/2020.

I) Acquisition of Cellnex Portugal subgroup (formerly Belmont Infra Holding subgroup)

In the first quarter of 2020, Cellnex acquired (through the Parent Company) 100% of the share capital of Belmont Infra Holding, S.A. from Belmont Infra Investments B.V. and PT Portugal SGPS, S.A. (sellers of 75% and 25%, of the share capital, respectively) and the credit rights under certain capital contributions (prestações acessórias) made by Belmont Infra Investments B.V. and PT Portugal SGPS, S.A. to Belmont Infra Holding, S.A. Belmont Infra Holding, S.A. holds all the shares of BIH-Belmont Infrastructure Holding, S.A. ("BIH") and Omtel, Estruturas de Comunicaçoes, S.A. ("Omtel"), which currently operates a nationwide portfolio of approximately 3,000 sites in Portugal. The consideration for the acquisition was approximately EUR 800 million (equivalent Enterprise Value), estimated as of the date of the transaction, subject to certain price adjustments. On 2 January 2020, Cellnex paid EUR 300 million in cash, assumed EUR 233 million of debt of the acquired subgroup, which Cellnex fully repaid after closing of the acquisition, and incorporated EUR 43 million of cash balances. The remaining balance of the consideration (which, as of the date of signing, was 50% of the total fair market value of Belmont Infra Holding, S.A., amounting to a deferred payment of EUR 570 million) will be paid on the earlier of 31 December 2027 or upon the occurrence of certain events of default. Additionally, Omtel and MEO – Serviços De Comunicações E Multimédia, S.A. ("MEO") are party to the Omtel MSA (see Note 6), which, among other things, provides for the construction or incorporation of up to approximately 500 sites by 15 December 2023. Cellnex expects that this program could be increased by up to 250 additional sites by 2027. The related capital expenditure for this program, including the expected 250 additional sites, is expected to amount to approximately EUR 140 million, which the Group expects to finance with cash generated by the portfolio. In the event the Omtel MSA is terminated by MEO for cause, MEO will have a buy-back right with respect to Omtel's sites.

Thus, following this acquisition, this subgroup was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities was included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

II) Incorporation of Nexloop

In the first half of 2020, Cellnex and Bouygues Telecom reached a strategic agreement through which they became shareholders of Nexloop France, S.A.S. ("Nexloop") a newly incorporated company (49% owned by Bouygues Telecom and 51% owned by Cellnex, although, taking into account both the signed shareholders' agreement and the financing structure agreed for the new company, Cellnex will have in practice an effective right to 100% of the expected cash flows generated after debt service up until 2055, subject to certain limitations, either through shareholder loan remuneration or through preferred dividends). This company will deploy a national fibre optic network in France to provide mobile and fixed fibre based connectivity and especially accelerate the roll-out of 5G in the country. The agreement comprises the roll out of a network of up to 31,500 km., interconnecting the telecommunications rooftops and towers providing service to Bouygues Telecom (approximately 5,000 of which belong to and are operated by Cellnex) with the network of "metropolitan offices" for housing data processing centres (Edge Computing). The agreement covers the deployment of up to 90 new "metropolitan offices". The estimated investment up to 2027, amounts to up to approximately EUR 1.1 billion. As at 31 December 2020, the usual regulatory requirements have already been approved (see Note 7).

Bouygues Telecom is the anchor tenant of the new company, with whom Nexloop signed an MSA, with an initial term of 30 years, to be automatically extended for an additional five year period, on an all or nothing basis, and with a 1% fixed fee escalator.

During 2020, Cellnex France Groupe incorporated Nexloop with an initial share capital of EUR 100 through the creation of 100 shares with a nominal value of EUR 1 per share, and a share premium amounting to EUR 900.

Subsequently, on 29 May 2020, Nexloop carried out a capital increase amounting to EUR 30,499 thousand through the issuance of 3,049,900 new shares at a subscription price of EUR 10 per each new share (corresponding to a nominal value of EUR 1 and a share premium of EUR 9), which has been fully subscribed and paid up. As a result of the above, the share capital of Nexloop increased to EUR 3,050 thousand represented by 3,050,000 shares with a nominal value of EUR 1 per share, each of them fully paid up. The share premium increased to EUR 27,450 thousand. The capital increase was fully subscribed by Cellnex France Groupe and Bouygues Telecom, resulting in Cellnex France Groupe holding 51% of the share capital of Nexloop and Bouygues Telecom holding 49% of the share capital of Nexloop.

As a result of this transaction, at 31 December 2020, Cellnex, through its wholly owned subsidiary, Cellnex France Groupe, holds 51% of the share capital and voting rights and 100% of the effective economic rights over the expected cash flow after debt generated up until 2055, subject to certain limitations, as mentioned above, of Nexloop. Cellnex exercises effective control over Nexloop, as it holds ownership interests of over 50% and by virtue of the shareholders' agreement entered into with Bouygues Telecom, which gives Cellnex decision-making capacity over the investees' relevant activities and also the control over the returns of the investment, whereas Bouygues Telecom has certain protective rights. Finally, the signed shareholders' agreement includes certain exit agreements and provides Bouygues Telecom with a call option over Nexloop's shares held by Cellnex France Group, upon the expiry of a given period of time (for instance, a 20-year period from the execution of the shareholders' agreement) and subject to certain conditions which the Group believes makes challenging its execution.

III) Acquisition of Ukkoverkot subgroup

In the second half of 2020, Cellnex Telecom acquired 100% of the share capital of Ukkoverkot Oy from its shareholders which, in turn, owns all the shares of Edzcom Oy ("Edzcom"), for an amount of approximately EUR 30 million (Enterprise Value). Edzcom provides end-to-end Private LTE Networks for critical markets based on Edge Connectivity solutions. Through this acquisition, the Group believes it is better positioned to provide greater added value to its customers as Edge Connectivity is expected to become a cornerstone for digitalization and to build the smart industries of the future.

Thus, following this acquisition, this subgroup was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities was included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

IV) Acquisition of On Tower UK subgroup

In the second half of 2019, Cellnex and Cellnex UK Limited entered into an agreement with Arqiva Holdings Limited, a company within the Arqiva group (the "Arqiva Group"), for the sale and purchase of 100% of the issued and paid up share capital of Arqiva Services Limited (the "Arqiva Acquisition"), a company to which the Arqiva Group has carved-out the United Kingdom telecoms towers business of the Arqiva Group following a reorganisation of assets, liabilities and activities (see Note 19 of the 2019 consolidated financial statements). On 8 July 2020, the Group completed the Arqiva Acquisition, after all the conditions precedent were satisfied, and acquired full ownership of the share capital of Arqiva Services Limited, which is the owner of approximately 7,400 held sites and the rights to market approximately 900 sites located in United Kingdom. In this regard, Cellnex Telecom (through its subsidiary Cellnex UK Limited) acquired 100% of the share capital of On Tower UK Ltd ("On Tower UK") which, in turn, owns all the shares of On Tower UK 1 Ltd, On Tower UK 2 Ltd, On Tower UK 3 Ltd, On Tower UK 4 Ltd and On Tower UK 5 Ltd (see Note 6 of the accompanying consolidated financial statements).

The total consideration in relation to this acquisition (Enterprise Value) amounted to approximately GBP 2 billion (EUR 2.2 billion). The Group financed the Arqiva Acquisition with available cash (from a combination of the net proceeds from the offering of shares executed on 5 November 2019 and other sources) and the GBP 600,000 thousand term loan facility of the available GBP facilities (EUR 660 million, assuming a GBP/EUR 1.1 exchange rate).

Thus, following this acquisition, this subgroup was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities was included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

V) Acquisition of On Tower Portugal, S.A. (formerly NOS Towering Gestão de Torres de Telecomunicações, S.A.)

In the first half of 2020, Cellnex reached an agreement with the Portuguese mobile operator NOS, SGPS S.A. ("NOS"), for the acquisition, through its subsidiary CLNX Portugal, S.A. (formerly BIH - Belmont Infrastructure Holding, S.A.), from Nos Comunicações, S.A. of 100% of the share capital of NOS Towering Gestão de Torres de Telecomunicações, S.A. ("NOS Towering"), which following a carve out operates a nationwide portfolio of approximately 2,000 sites in Portugal, for a total consideration (Enterprise Value) of approximately EUR 378 million[14] (the "NOS Towering Acquisition"). Additionally, the Group agreed to acquire up to approximately 400 additional new or existing sites from the NOS group by 2026 (the Group treats this commitment as a build-to-suit program), and other agreed initiatives, with an estimated investment of approximately EUR 175 million. The transaction was completed in the second half of 2020 after all the conditions precedent were satisfied (see Note 6 of the accompanying consolidated financial statements). In this regard, during the last quarter of 2020, the subsidiary formerly called NOS Towering Gestão de Torres de Telecomunicações, S.A. changed its name to On Tower Portugal, S.A. ("On Tower Portugal").

The Group financed this acquisition with available cash and expects to finance the deployment of new or existing additional sites using cash flows generated by the portfolio and other internal resources. The NOS Towering Acquisition strengthens the Group's industrial project in Portugal. Under the agreement, Cellnex and NOS as an anchor tenant signed an inflation-linked MLA for an initial period of 15 years, to be automatically extended for additional 15-year periods, on an "all-or-nothing" basis, with undefined maturity, under which NOS will continue to use the sites that Cellnex will operate, locating its voice and data signal transmission equipment there.

Thus, following this acquisition, this subgroup was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities was included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

VI) Acquisition of Metrocall

During the last quarter of 2020, Cellnex reached an agreement with Intertelco, S.A. for the acquisition, through its subsidiary Cellnex Telecom España, S.L.U., of 60% of the share capital of Metrocall, S.A. ("Metrocall") for a total consideration (Enterprise Value) of approximately EUR 43 million. Metro de Madrid holds the remaining 40% of the share capital of this company. Metrocall, set up in 2000, provides service to the main mobile operators, with whom it has long-term service contracts (ten years), for use of their infrastructures to provide coverage and mobile connectivity to users of the Madrid underground system. With this acquisition, Cellnex reinforces the portfolio of telecommunications infrastructures that it currently manages for transport networks and suburban environments.

Thus, following this acquisition, Metrocall was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities was included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

VII) Acquisitions by virtue of the CK Hutchison Holdings Transactions

In the second half of 2020, Cellnex announced it had reached an agreement with CK Hutchison Networks Europe Investments S.à.r.L. ("Hutchison") for the acquisition of Hutchison's European tower business and assets in Austria, Denmark, Ireland, Italy, the United Kingdom and Sweden by way of six separate transactions (i.e. one transaction per country) (the "CK Hutchison Holdings Transactions"). See Note 21 of the consolidated financial statements for the year ended 31 December 2020.

[14] The final equity price corresponds to the 378 million plus working capital adjustments of 20 million (see Note 6).

Austria

Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Austria) acquired 100% of the share capital of CK Hutchison Networks (Austria) GmbH ("Networks Co Austria"), owner of approximately 4,500 sites located in Austria. Additionally, Cellnex agreed to the deployment of up to 450 sites in Austria by 2026. The total consideration for Cellnex in relation to this transaction (Enterprise Value) was EUR 1.2 billion[(1)] (see Note 6).

This transaction was completed in December 2020, following the settlement of several administrative authorizations. Thus, Networks Co Austria was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities was included in the consolidated balance sheet.

Ireland

Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Ireland) acquired 100% of the share capital of CK Hutchison Networks (Ireland) Limited ("Networks Co Ireland"), owner of approximately 1,150 sites located in Ireland. Additionally, Cellnex agreed to the deployment of up to 133 sites in Ireland by 2025. The total consideration for Cellnex in relation to this transaction (Enterprise Value) was EUR 0.6 billion (see Note 6).

This transaction was completed in December 2020, following the settlement of several administrative authorizations. Thus, Networks Co Ireland was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities was included in the consolidated balance sheet.

Denmark

Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully-owned subsidiary Cellnex Denmark), acquired 100% of the share capital of HI3G Networks Denmark ApS ("Networks Co Denmark"), owner of approximately 1,300 sites located in Denmark. Additionally, Cellnex agreed to the deployment of up to 564 sites in Denmark by 2024. In December 2020, the acquired company changed its name to On Tower Denmark ApS ("On Tower Denmark"). The total consideration for Cellnex in relation to this transaction (Enterprise Value) was EUR 0.4 billion (see Note 6).

This transaction was completed in December 2020, following the settlement of several administrative authorizations. Thus, On Tower Denmark was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities was included in the consolidated balance sheet.

VIII) Incorporation of Cellnex Finance Company

In the second half of 2020, Cellnex Telecom incorporated the wholly-owned subsidiary Cellnex Finance Company, S.A.U. ("Cellnex Finance") with an initial share capital of EUR 60.2 thousand through the creation of 60,200 shares all of which are fully subscribed and paid-up, with a nominal value of EUR 1 per share. In addition, on December 2020, Cellnex contributed to Cellnex Finance EUR 1 billion.

The corporate purpose of Cellnex Finance is the carrying out of financing activities or financing-related support activities in favour of the companies in the Cellnex Group by means of, among others, the issuance of bonds or other debt securities, as well as the entering into any banking financing, any other kind of financings, or the entering into any instruments with a financing purpose; the management, optimisation and channelling of monetary resources and assistance to the companies in the Group; and the granting of all kinds of financings, as well as granting of guarantees of any kind and nature to guarantee the obligations assumed by any of the companies in the Group.

[(1)] In addition to the acquisition price paid for the shares of the acquired company (EUR 933 million), at the acquisition date, an additional EUR 224 million were paid to cancel the existing debt that Networks Co. Austria had with companies of the Hutchison Group at that date.

Transactions between companies in the scope of consolidation

Also, in 2020, the following transactions were performed between companies in the scope of consolidation, which, accordingly, did not have an impact on these consolidated financial statements:

Selling/ Spun-off company	Buying/ Resulting company	Comments	Date
Mergers:			
Belmont Infra Holding, S.A. BIH – Belmont Infrastructure Holding, S.A.	BIH - Belmont Infrastructure Holding, S.A.	Inverse merger by absorption of BIH - Belmont Infrastructure Holding, S.A. (absorbing company) with Belmont Infra Holding, S.A. (absorbed company).	30/06/2020
CommsCon Italia, S.r.L FP Infrastrutture, S.r.L. IGS, S.r.L.	Cellnex Italia, S.p.A.	Merger by absorption of Cellnex Italia, S.p.A (absorbing company) with IGS, S.r.L., FP Infrastrutture, S.r.L. and CommsCon Italia, S.r.L. (absorbed companies).	01/11/2020
Cellnex Italia, S.r.L. Cellnex Italia, S.p.A	Cellnex Italia, S.p.A.	Inverse merger by absortion of Cellnex Italia, S.p.A. (absorbing company) and Cellnex Italia, S.r.L. (former holding company of Italy and also absorbed company)	01/11/2020

In addition, during 2020, the subsidiary formerly called Iliad7, SAS changed its name to On Tower France, SAS. In addition, the subsidiary formerly called Galata SpA changed its name to Cellnex Italia SpA. In Portugal, the subsidiaries formerly called NOS Towering Gestão de Torres de Telecomunicações, S.A. and BIH - Belmont Infrastructure Holding, S.A. changed their names to On Tower Portugal, S.A. and CLNX Portugal, S.A., respectively. In the United Kingdom, the subsidiaries formerly called Arqiva No 2 Limited, Arqiva No 3 Limited, Arqiva No 4 Limited, Arqiva Aerial Sites Limited, Arqiva Telecommunications Asset Development Company Limited and Arqiva Services Limited changed their names to On Tower UK 1 Ltd, On Tower UK 2 Ltd, On Tower UK 3 Ltd, On Tower UK 4 Ltd, On Tower UK 5 Ltd and On Tower UK Ltd, respectively.

3. Accounting policies and measurement bases

The main accounting policies used when preparing the consolidated financial statements, in accordance with those established by the International Financial Reporting Standards adopted by the European Union (EU-IFRS), as well as the interpretations in force when drawing up these consolidated financial statements, were as follows:

a) Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and any accumulated impairment losses.

Grants related to assets received reduce the cost of acquisition of property, plant and equipment, and are recognised when the entity complies with conditions attaching to collection. These grants are taken to profit or loss on a straight-line basis over the useful life of the asset financed, with a reduction in the depreciation charge for the year.

Staff costs and other expenses, as well as net borrowing costs directly related to property, plant and equipment, are capitalised as part of the investment until the assets are put to use.

Costs incurred to renovate, enlarge or improve items of property, plant and equipment which increase the capacity or productivity or extend the useful life of the asset are capitalised as part of the cost of the related asset, provided that the carrying amount of the assets replaced and derecognised from inventories is known or can be estimated.

The costs of upkeep and maintenance are charged to the consolidated income statement in the year in which they are incurred.

The depreciation of property, plant and equipment is calculated systematically, using the straight-line method, over the useful life of the assets, based on the actual decline in value caused by their use and by wear and tear.

The depreciation rates used to calculate the depreciation of the various items of property, plant and equipment are as follows:

Asset	Useful life
Buildings and other constructions	7-50 years
Plant and machinery	3-17 years
Tooling	3-14 years
Other facilities	3-14 years
Furniture	5-10 years
Computer equipment	3-5 years
Other property, plant and equipment	4-13 years

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is immediately reduced to its recoverable amount, and the effect is taken to the consolidated income statement for the year, and the related provision is recognised. The Group therefore periodically determines whether there is any indication of impairment.

Gains or losses arising from the sale or disposal of an asset in this item are determined as the difference between carrying amount and sale price, and are recognised in the accompanying consolidated income statement under "Losses on fixed assets".

Provision for asset retirement obligation

This relates to the Group's best estimate of the legal obligation in relation to the retirement of tangible assets with long useful lives, such as, for example, infrastructures for mobile telecommunications operators. It is calculated using estimates of the present value of the cash payments required to dismantle the assets, taking into consideration all the information available at the balance sheet date.

b) Intangible assets

The intangible assets indicated below are stated at acquisition cost less accumulated amortisation and any impairment losses, useful life being evaluated on the basis of prudent estimates. Any grants related to assets reduce the cost of acquisition of the intangible asset and are recognised when the entity complies with the conditions attaching to collection. Grants are credited to profit and loss on a straight-line basis over the useful life of the asset financed, with a reduction in the amortisation charge for the year.

The carrying amount of intangible assets is reviewed for possible impairment when certain events or changes indicate that their carrying amount may not be recoverable.

I) Computer software

Refers mainly to the amounts paid for access to property or for usage rights on computer programmes, only when usage is expected to span several years.

Computer software is stated at acquisition cost and amortised over its useful life (between 3 and 5 years). Computer software maintenance costs are charged to the consolidated income statement in the year in which they are incurred.

II) Intangible assets for telecom infrastructure services

With reference to the acquisition of telecom infrastructures in a business combination, the price agreed upon in the commercial sale and purchase agreement refers to the acquisition of an asset with two components: the physical asset (tower and other equipment and fixtures) and an intangible asset 'customer network service contracts and network location' in order to be able to provide the service to mobile operators. In this context, this heading records the amounts paid in the business combinations that correspond to the fair value of the net assets acquired, mainly consisting of:

- *Concession intangible assets*

  Includes the contracts signed with mobile operators as well as the locations of the telecom infrastructures used, which are subject to administrative concession.

  The amount recognised represents the discounted cash flow that the site where the infrastructure is located will generate from the various operators. This asset is depreciated in the period over which the Group is able to obtain income from the network coverage area. In this case, the only intangible asset recorded by the Group corresponds to the business combination of the company TowerCo S.p.A. and it is amortised on a straight-line basis until 2038.

- *Customer network services contracts and Network location*

  "Customer network services contracts" relates to the customer base existing at the acquisition date due to the Group's infrastructure service contracts with the anchor carrier and to the future returns expected to be generated because of the relationships with customers beyond the periods covered by the contracts.

  Additionally, "Network location", represents the incremental revenues and cashflows from additional infrastructure service agreements with carriers not yet present at the date of acquisition and it is valued independently from the remaining intangible assets.

  Both intangible assets meets the recognition criteria: i) arise from contractual or other legal rights; regardless of whether those rights are transferable or separable from the entity or from other rights and obligations; or ii) be separable, that is, be capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability. Regarding "Network location", the intangible assets met the separability criteria, given that the excess available capacity can be used to offer network access services to third parties and, additionally, under IFRS 3 (B33), an intangible asset that the acquirer would be able to sell, license or otherwise exchange for something else of value meets the separability criterion even if the acquirer does not intend to sell, license or otherwise exchange it.

  Finally, for the valuation of "Customer network services contracts" and "Network location" intangible assets, the Parent Company has used the Multi-Period Earnings methodology, according to the financial projections of the different businesses affected. This method considers the use of other assets in the generation of the projected cashflows of a specific asset in order to isolate the economic benefit generated by the intangible asset. The contribution of the other assets such as fixed assets, working capital, labour and other intangible assets to the total cash flows is estimated through charges for contributing assets. This adjustment is made to separate the value of the specific assets from the portion of the purchase price that has already been allocated to net tangible assets and other intangible assets used. Therefore, the value of intangible assets is the present value of cash flows after potentially attributable taxes, net of the return on the fair value attributable to the tangible and intangible assets.

  Acquired "Customer network services contracts" and "Network location" intangibles are amortised over the shorter of the term of the corresponding ground lease taking into consideration lease renewals or up to 20 years, as the Parent Company considers these intangibles to be directly related to the infrastructure assets.

III) Other intangible assets

This heading includes the concessions for use acquired by the Group, which are measured at acquisition or production cost and amortised on a straight-line basis over the contractual period of between 10 and 40 years.

IV) Goodwill

Goodwill generated in various business combinations represents the excess of the acquisition cost over the fair or market value of all the Group's or the company's identifiable net assets acquired at the acquisition date.

Given that goodwill is considered as an asset of the acquired company/group (except that generated prior to 1 January 2004), in the application of the IFRS 1 they were considered as assets of the acquiree.

In the case of a subsidiary with a functional currency other than the euro, goodwill is stated in the subsidiary's functional currency and is translated to euros using the exchange rate prevailing at the reporting date, as indicated in Note 2.g.VI.

Any impairment of goodwill recognised separately (that of subsidiaries and joint ventures) is reviewed annually through an impairment test (or in intermediate periods if there are signs of impairment), to determine whether its value has declined to a level below the carrying amount, and any impairment loss is recognised in consolidated profit or loss for the year, as applicable (see Notes 3.c). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill included in the carrying amount of the investment in associates is not tested separately. Rather, under IAS 36, whenever there is an indication that the investment may be impaired, the total carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with the carrying amount.

The loss or gain on the sale of an entity includes the carrying amount of its goodwill.

c) Impairment losses on non-financial assets

The Group assesses, at each reporting date, whether there is an indication than an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required (in the case of goodwill), the Group estimates the asset's recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows that the asset is expected to generate are discounted to their present value using an interest rate that reflects the current time value of money and the risks specific to the assets.

In the event that the asset analysed does not generate cash flows that are independent of those from other assets (as is the case for goodwill), the fair value or value in use of the cash-generating unit that includes the asset (smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets) is estimated. In the event of an impairment loss for a cash-generating unit, the loss is first allocated to reduce the carrying amount of any goodwill allocated and then to the other assets pro rata on the basis of the carrying amount of each asset.

In relation with right-of-use, from a purely conceptual perspective, since in general, right-of-use assets do not generate cash inflows that are largely independent of other assets, it is not possible to estimate the recoverable value of the asset at the individual level and therefore, they would be included in the book values of the cash generating units (CGUs) to which they belong in order to analyze their recoverability. Thus, the right-of-use asset would be included in the calculation of the value of the CGU, while the corresponding lease liability would not reduce the previous amount. It should be noted in this connection that the mentioned methodology must be approximately equivalent (in terms of calculating any possible impairment losses) to the methodology applied prior to the effective date of IFRS 16.

Impairment losses (excess of an asset's carrying amount over the recoverable amount) are recognised in the consolidated income statement for the year.

With the exception of goodwill, where impairment losses are irreversible, the Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognised in prior periods is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In such a case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount shall not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years. This reversal would be recognised in the consolidated income statement for the year.

d) Investments and other financial assets (excluding derivative financial instruments)

Financial assets and financial liabilities (see Notes 9, 12 and 15) are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group determines the classification of its financial assets at initial recognition. At 31 December 2021, financial assets were classified into the following categories:

I) Advance payments

Advances to customers

This heading of the consolidated balance sheet includes, with regards to the acquisitions of telecom infrastructures undertaken by the Group, the multi-annual commercial costs assumed by the Group, in order to obtain the service provision services agreements with the mobile telephone operators that will generate future economic profit, through the purchase, from these operators, of the telecom infrastructures, the dismantling of which has been agreed to along with the related cost. It must be noted that the dismantling expenses do not represent a legal obligation to dismantle the telecom infrastructures, but rather a commercial decision made by the Group and these costs will be capitalised as they are incurred.

These amounts are recognised as an advance of the subsequent services agreement with the mobile telephone operator, which is recognised in the accompanying consolidated income statement on a straight-line basis as a reduction to "revenue from services rendered" according to the term of the services agreement entered into with the operator.

Other advance payments

Other Advance Payments includes payments made to the seller in the context of business combinations, which relate to assets included in purchase price which have not yet been transferred at year end. Once these assets are transferred, the corresponding amount will be reclassified to the appropriate balance sheet item in accordance with the related Purchase Price Allocation.

II) Trade and other receivables

This heading mainly corresponds to:

- Loans granted to associates, multi-group or related parties, which are measured at amortised cost using the effective interest method. This value is reduced by the corresponding valuation adjustment for the impairment of the asset, as applicable.
- Deposits and guarantees recognised at their nominal value, which does not differ significantly from their fair value.
- Trade accounts receivable, which are measured at their nominal amount, which is similar to fair value at initial recognition. This value is reduced, if necessary, by the corresponding provision for bad debts (impairment loss)

whenever there is objective evidence that the amount owed will not be partially or fully collected. This amount is charged against the consolidated income statement for the year.

Abovementioned categories of financial assets, are measured subsequently in their entirety at amortised cost applying the effective interest method, since they meet the following conditions: i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. In addition, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The Group derecognises financial assets when they expire or the rights over the cash flows of the corresponding financial asset have been assigned and the risks and benefits inherent to their ownership have been substantially transferred, such as in the case of firm asset sales, non-recourse factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Group does not derecognise financial assets, and it recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, with-recourse factoring, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the transferring group retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

In addition, the Group estimates a provision for impairment in accordance with an expected loss model in financial assets valued at amortized cost, mainly trade receivables. The measurement of the expected credit losses is a function of: the probability of default, the loss given the default (i.e., the magnitude of the loss if there is a predetermined value) and the exposure at the predetermined value.

The Group has made this estimate taking into consideration, among other aspects, the diversity of clients according to their type or segment, grouped by country or geography, as well as differentiating their sector or industry, choosing an appropriate credit spreads curve for each of them. financial assets, as well as an analysis of historical defaults of the Group.

At least at each reporting date, the Group determines whether there is any indication that an asset or group of assets is impaired, so that any impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their fair value.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments measured at amortised cost or, if it has any, on investments in debt instruments measured at fair value through other comprehensive income, and on lease receivables, trade receivables, contract assets and financial guarantee contracts.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument in question.

The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. Expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, when available, adjusted where necessary by factors that are specific to the borrower, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

For all other financial instruments, the Group recognises the expected credit losses that result from all possible default events over the expected life of the financial instrument when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument using the general criterion, i.e., recognition of the expected credit losses that result from default events that are possible within the 12 months after the reporting date.

i. Significant increase in credit risk

When assessing whether there has been a significant increase in credit risk on a financial instrument since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. When making such an assessment, the Group considers reasonable and supportable quantitative and qualitative information, including historical credit loss experience.

ii. Definition of default

The Group considers, among other factors, whether the debtor has defaulted on its financial obligations and whether the available information indicates that it is probable that the latter will not be able to settle its borrowings in full, in order to assess whether there has been a default event for credit risk management purposes.

In any case, the Group considers that a default event has occurred when a financial asset has been a significant period of time past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate on the basis of the asset analysed.

iii. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

iv. Recognition and measurement of expected credit losses

Expected credit losses are measured on the basis of the probability of default, the loss given default and exposure at default. The probability of default and the loss given default are measured on the basis of historical information adjusted by forward-looking information. Exposure to credit losses, for financial assets, is represented by the gross carrying amount of the assets at the reporting date.

For financial assets, an expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the conditions for this lifetime expected credit loss measurement are no longer met, it estimates the expected credit loss at an amount equal to 12-month expected credit losses at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises impairment gains or losses on all financial instruments with the concomitant adjustment to their carrying amount through a loss allowance for expected credit losses account.

v. Impairment policy

The Group derecognises a financial asset when it has information that indicates that the debtor is in a highly adverse financial situation and there is no reasonable prospect of recovering any further cash flows, for example, when the debtor has initiated a liquidation process or, in the case of trade receivables, when they have been past due for a very significant length of time. Financial assets derecognised may still be subject to the Group's recovery operations. Any recovery of a derecognised asset is recognised in profit or loss.

e) Derivative financial instruments

The Group uses derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates and exchange rates (see Note 4). These derivative financial instruments, whether or not classified as hedges, were classified either at fair value (both initially and subsequently), using valuations based on the analysis of discounted cash flows using assumptions that are mainly based on the market conditions at the reporting date and adjusting for the bilateral credit risk in order to reflect both the Group's risk and the counterparty's risk.

All derivative financial instruments are recognised as assets or liabilities on the consolidated balance sheet at their fair value, with changes in fair value recognised in consolidated income statement for the year. However, with hedge accounting, the effective portion of the hedge (fair value hedges, cash flow hedges and hedges of a net investment in a foreign currency) is recognised in equity.

At the inception of the hedge, or at the acquisition date in the case of an instrument incorporated in a business combination, the Group documents the relationship between the hedging instruments and the hedged items, as well as its risk management objective and the strategy for undertaking the hedge. The Group also documents how it will assess, both initially and on an ongoing basis, whether the derivatives used in the hedges are highly effective for offsetting changes in the fair value or cash flows attributable to the hedged risk.

The fair value of the derivative financial instruments used for hedging purposes is set out in Note 11, and the change in the hedging reserve recognised in consolidated equity is set out in Note 14.

Hedge accounting, when considered to be such, is discontinued when the hedging instrument expires or is sold, terminated or exercised or when it no longer qualifies for hedge accounting. Any accumulated gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net accumulated gain or loss recognised in equity is transferred to net profit or loss for the year.

Classification on the balance sheet as current or non-current will depend on whether the maturity of the hedge at year-end is less or more than one year.

The criteria used to account for these instruments are as follows:

I) Cash-flow hedge

The positive or negative variations in the valuation of the derivatives qualifying as cash flow hedges are charged, in their effective portion, net of the tax effect, to consolidated equity under "Reserves – Hedging reserves", until the hedged item affects the income (or when the underlying part is sold or if it is no longer probable that the transaction will take place), which is when the accumulated gains or losses in net equity are released to the consolidated income statement for the year.

Any positive or negative differences in the valuation of the derivatives corresponding to the ineffective portion are recognised directly in the consolidated income statement for the year under "Change in fair value of financial instruments".

This types of hedge corresponds primarily to i) those derivatives entered into by the Group companies that convert floating rate debt to fixed rate debt, ii) those derivatives in which payments and principal in one currency are exchanged for principal and interest payments in a different currency, used to lock in exchange rates for set periods of time, and iii) the designated cash maintained in a different currency used to hedge the disbursement envisaged in relation to the investment commitment of a considered highly probable transaction.

II) Hedges of a net investment in a foreign operation

In certain cases, Cellnex finances its activities in the same functional currency in which its foreign investments are held so as to reduce the currency risk. This is carried out by obtaining financing in the corresponding currency or by entering into cross currency and interest rate swaps.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognised in equity, while the ineffective portion of the gain or loss is recognised immediately in the consolidated income statement for the year.

Cumulative gains or losses in equity are included in the income statement on disposal of the foreign operation.

III) Derivatives not recognised as hedges

In the case of derivatives that do not qualify as hedging instruments, the positive or negative difference resulting from the fair value adjustments are taken directly to the income statement for the year.

The Group does not use any derivative instruments, which do not qualify as hedging instruments.

IV) Fair value and valuation techniques

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, irrespective of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are classified into level 1, 2 or 3 depending on the extent to which inputs used are observable and the importance of those inputs for measuring fair value in its entirety, as described below:

- Level 1 - Inputs are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs are based on quoted prices for similar assets or liabilities in active markets (not included in level 1), prices quoted for identical or similar assets or liabilities in markets that are not active, techniques based on valuation models for which all relevant inputs are observable in the market or can be corroborated by observable market data.
- Level 3 - In general, inputs are unobservable and reflect estimates based on market assumptions to determine the price of the asset or liability. Unobservable data used in the valuation models are significant in the fair values of the assets and liabilities.

In order to adopt IFRS 13, the Group must adjust the valuation techniques it uses for obtaining the fair value of its derivatives. The Group includes an adjustment for bilateral credit risk in order to reflect both its own risk, as well as counterparty risk in the fair value of its derivatives.

To determine the fair value of its derivatives, the Group uses valuation techniques based on expected total exposure (which includes both current exposure as well as potential exposure) adjusted for the probability of default and loss given default of each counterparty.

The expected total exposure of the derivatives is obtained using observable market inputs such as interest rate, exchange rate and volatility curves in accordance with the market conditions at the measurement date. The inputs used for the probability of default by the Group and by the counterparties are estimated on the basis of the credit default swap (CDS) prices observed in the market, when these exists.

In addition, in order to reflect the credit risk in the fair value the market standard of 40% is applied as a recovery rate, which relates to the CDS in relation to senior corporate debt.

As at 31 December 2021 and 2020 the Group had derivative financial instruments (see Note 11).

f) Inventories

Inventories comprise mainly technical equipment which, after installation, will be sold. Inventories are measured at acquisition price, less any necessary valuation adjustments and the corresponding impairment.

g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits in banks and highly liquid, current investments with a maturity of three months or less or current investment that the Group can withdraw cash without giving any notice and without suffering any significant penalty.

The Group is not subject to any limits regarding drawing down funds beyond those established in certain contracts for bank borrowings (see Note 15).

h) Net equity

The share capital is represented by ordinary shares. The costs of issuing new shares or options, net of tax, are recognised directly against equity, as a reduction to reserves. Dividends on ordinary shares are recognised as a reduction to equity when approved. Acquisitions of treasury shares are recognised at their acquisition cost and are deducted from equity until disposal.

The gains and losses obtained on the disposal of treasury shares are recognised under "Reserves" in the consolidated balance sheet.

i) Earnings per share

Basic earnings per share are calculated by dividing consolidated profit or loss for the year attributable to the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent Company held by the Group.

Diluted earnings per share are calculated by dividing the consolidated profit or loss for the year attributable to ordinary shareholders adjusted for the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Parent Company.

For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

j) Treasury Shares

If any Group company or the Parent Company acquires treasury shares of Cellnex, these are recognised in the consolidated balance sheet under "Treasury shares" and deducted from consolidated equity and measured at their acquisition cost without recognising any valuation adjustment.

When these shares are sold, any amount received, net of any additional directly attributable transaction costs and the corresponding effect of the tax on the gain generated, is included in equity attributable to shareholders of the Parent Company.

k) Financial liabilities and Equity

I) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

II) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs (see Note 4-h).

Repurchase of the Parents Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments (see Note 4-h).

III) Compound instruments

The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option by the issuer that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Parent Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to "Other equity". Where the conversion option remains unexercised at the maturity date of the convertible loan or bond, the balance recognised in equity will be transferred to "Other equity". No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan or bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

IV) Financial liabilities

Borrowings, debentures and similar liabilities are initially recognised at fair value, including the costs incurred in raising the debt. In subsequent periods, they are measured at amortised cost. Any difference between the funds obtained (net of the costs required to obtain them) and the repayment value, if any and if significant, is recognised in the consolidated income statement over the term of the debt at the effective interest rate.

Borrowings with floating interest rates hedged with derivatives that change the interest rate from floating to fixed are measured at fair value of the hedged item. Changes in the borrowings are taken to income, thus offsetting the impact on profit and loss of the change in the derivative instrument's fair value. The borrowings with floating interest rates hedged with derivatives are not significant.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Financial liabilities are derecognised when the obligations giving rise to them cease to exist. In the case of an exchange of debt instruments between the Group and a third party with substantially different terms, the Group derecognises the original financial liability and recognises the new financial liability. The difference between the carrying amount of the original liability and the consideration paid, including attributable transactions costs, is recognised in the consolidated income statement for the year.

l) Income tax

The income tax expense (credit) is the total amount accrued in this connection during the year, representing both current and deferred tax.

Both the current and the deferred tax expense (credit) are recognised in the consolidated income statement. However, the tax effect from items that are recognised directly in other comprehensive income or in equity is recognised in other comprehensive income or in equity.

The deferred taxes are calculated using the balance sheet liability method based on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts in the consolidated financial statements, according to the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and which are expected to apply when the corresponding deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities that arise from temporary differences with subsidiaries, jointly controlled entities and/or associates are always recognised, unless the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which to offset the deductible temporary differences or the unused tax losses or unused tax credits can be utilised. Any deferred tax assets that arise due to temporary differences with subsidiaries, jointly controlled entities and/or associates are recognised if, in addition, it is probable that they will be reversed in the foreseeable future.

The recoverability of deferred tax assets is assessed when they are generated, and at the end of each reporting period, depending on the earnings forecasts for the companies included in their respective business plans.

Lastly, the tax effect that may arise as a result of including the results and reserves of the subsidiaries in the Parent Company is included in the accompanying consolidated financial statements, especially those linked to the tax regulations of the tax group of which the Cellnex is the parent company.

m) Employee benefits

Under the respective collective bargaining agreements, different Group companies have the following obligations with their employees:

I) Post-employment obligations:

Defined contribution obligations

In relation to defined contribution employee welfare instruments (which basically include employee pension plans and group insurance policies), the Group makes fixed contributions to a separate entity and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. Consequently, the obligations under this type of plan are limited to the payment of contributions, the annual expense of which is recognised in the consolidated income statement for the year as the obligations arise.

Defined benefit obligations

Defined benefit obligations relate mainly to bonuses or payments for retirement from the company and temporary and/or life-time annuities.

With regard to these obligations, where the company assumes certain actuarial and investment risks, the liability recognised on the balance sheet is the present value of the obligations at the reporting date less the fair value of any plan assets at that date not arranged with related parties.

The actuarial valuation of the defined benefits is made annually by independent actuaries using the projected unit credit method to determine both the present value of the obligations and the related current and past service costs. The actuarial gains and losses arising from changes in the actuarial assumptions are recognised in the year in which they occur. They are not included in the consolidated income statement, but presented in the consolidated statement of comprehensive income.

II) Other long-term benefits

Regarding other long-term employee benefits, relating mainly to length of service at the company, the liability recognised on the balance sheet coincides with the present value of the obligations at the reporting date as they do not include any plan assets.

The projected unit credit method is used to determine both the current value of the liabilities at the balance sheet date and the cost of the services provided in the current and prior years. The actuarial gains and losses that arise from changes in the actuarial assumptions are recognised, unlike the post-employment liabilities, in the year in which they occur on the consolidated income statement for the year.

III) Severance pay

Severance pay is given to employees as a result of the decision to terminate their work contract before the normal retirement age or when the employee voluntarily accepts to resign in exchange for such compensations. The Group recognises these benefits when it is demonstrably committed to terminate the employment of the employees in accordance with a formal detailed plan without the possibility of withdrawal or to provide severance pay. If a mutual agreement is required, a provision is only recorded in situations in which the Group has decided to give its consent to the resignation of the employees when this has been requested by them.

IV) Obligations arising from plans for termination of employment

Provisions for obligations relating to plans for termination of employment of certain employees (such as early retirement or other forms of employment termination) are calculated individually based on the terms agreed with the employees. In some cases, this may require actuarial valuations based on both demographic and financial assumptions.

V) Long Term Incentive Plan

Liabilities recognised in respect of Long Term Incentive Plan are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 19. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight- line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

The amounts considered by the Group in relation to the Long-term Incentive Plans ("LTIP") which were formalised in 2018, 2019, 2020 and 2021 with the objective to retain key personnel and incentivise the sustainable creation of value for the shareholders, is based on the variables described below:

Rolling Long-term Incentive Plan (2018-2020)

On 27 September 2018 Cellnex's Board of Directors approved the LTIP (2018-2020). The beneficiaries of this Plan are the CEO, the Deputy CEO, the Senior Management and key employees (approximately 55 employees). This plan accrued from 1 January 2018 until 31 December 2020 and the amounts due were paid following the approval of the Group's financial statements corresponding to the 2020 financial year.

The amount to be received by the beneficiaries was determined by the degree of fulfilment of two objectives, each with a weight of 50%:

a. 50%; the attainment of a certain Recurring Leverage Free Cash Flow ("RLFCF" as described in section 2.3 of the accompanying Consolidated Management Report) per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment was: 50% if the figure was 5% below the target, 100% if figure matched the target, and 150% if the target was above by 5% or more; and

b. 50%; the share price increase calculated using the initial starting price of the period and the average price in the last quarter of 2020, weighted by the volume ("vwap"). The scale of attainment was from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

The cost of the LTIP (2018-2020) was EUR 10.6 million, which has been paid during the first half of 2021.

For the 2018–2020 LTIP, the CEO and Deputy CEO must receive the minimum amount of 50% of their LTIP remuneration in shares. The rest of the Senior Management and certain employees must receive the minimum amount of 40% of their LTIP remuneration in shares. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The decision to receive shares or cash rests in an agreement between the Group and the employee. The share based compensation of this LTIP was grossed up to partially offset the tax impact on the beneficiaries.

Rolling Long-term Incentive Plan (2019-2021)

In November 2018 the Board of Directors approved the 2019-2021 LTIP. The beneficiaries include the CEO, the Deputy CEO, the Senior Management and other key employees (approximately 57 employees).

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of the share price increase, calculated using the initial starting price of the period and the average price in the three months prior to November 2021, weighted by the volume ("vwap").

The achievement of the objectives established in the 2019-2021 LTIP will be assessed by the Nominations, Remuneration and Sustainability Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Group as of and for the year ended 31 December 2021 by the General Shareholders' Meeting.

For the LTIP 2019 – 2021 all Senior Management and Deputy CEO must receive a minimum of 50% of their LTIP remuneration in Cellnex shares and for the CEO the minimum amount is 30% of their LTIP remuneration in shares. The outstanding 50% or 70%, as applicable, may be paid in options. The decision to receive the options parti in additional shares or in cash rests in an agreement between the Group and the employee. The share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

As at 31 December 2021, the estimated cost of the 2019-2021 LTIP is approximately EUR 11.0 million, which will be paid once the Group's financial statements corresponding to the 2021 financial year are approved.

Rolling Long-term Incentive Plan (2020-2022)

In December 2019, the Board of Directors approved the 2020-2022 LTIP. The beneficiaries include the CEO, the Deputy CEO, the Senior Management and other key employees (approximately 105 employees).

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of the share price increase, calculated using the average price in the three months prior to 31 December 2019 (initial starting price of the period) and the average price in the three months prior to 31 December 2022 (final target price of the period), both weighted by the volume ("vwap").

The achievement of the objectives established in the 2020-2022 LTIP will be assessed by the Nominations and Remuneration Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Group as of and for the year ended 31 December 2022 by the General Shareholders' Meeting.

For the 2020–2022 LTIP, the CEO must receive a minimum amount of 30% of his LTIP remuneration in shares and the outstanding 70% may be paid in options. The rest of the Senior Management must receive a minimum amount of 40% of their LTIP remuneration in shares and the outstanding 60% may be paid in options. Other beneficiaries must receive 70% of their LTIP remuneration in shares and the outstanding 30% may be paid in options. The decision to receive the options part in additional shares or in cash rests in an agreement between the Group and the employee.

As of 31 December 2021, the estimated cost of the 2020-2022 LTIP is approximately EUR 11.6 million. The cost of the 2020-2022 LTIP assuming full achievement of the Group's objectives is estimated at approximately EUR 14.4 million.

Rolling Long-term Incentive Plan (2021-2023)

In December 2020, the Board of Directors approved the 2021-2023 LTIP. The beneficiaries include the CEO, the Deputy CEO, the Senior Management and other key employees (approximately 180 employees).

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of the share price increase, calculated using the average price in the three months prior to 31 December 2020 (initial starting price of the period) and the average price in the three months prior to 31 December 2023 (final target price of the period), both weighted by the volume ("vwap").

The achievement of the objectives established in the 2021-2023 LTIP will be assessed by the Nominations and Remuneration Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Group as of and for the year ended 31 December 2023 by the General Shareholders' Meeting.

For the 2021–2023 LTIP, the CEO must receive a 30% of his LTIP remuneration in shares and the outstanding 70% may be paid in options. The rest of the Senior Management must receive a 40% of their LTIP remuneration in shares and the outstanding 60% may be paid in options. The rest of Management must receive 70% of their LTIP remuneration in shares and the outstanding 30% may be paid in options. The decision to receive the options part in additional shares or in cash rests in an agreement between the Group and the employee.

As of 31 December 2021, the estimated cost of the 2021-2023 LTIP amounts to approximately EUR 14.8 million.

Rolling Long-term Incentive Plan (2022-2024)

In December 2021, the Board of Directors approved the 2022-2024 LTIP. The beneficiaries include the CEO (subject to the approval of the General Shareholders meeting), the Deputy CEO, the Senior Management and other key employees (approximately 225 employees). The amount to be received by the beneficiaries will be determined by the degree of fulfilment of four metrics:

- With a weighting of 20%, achieving certain RLFCF per share (considering the perimeter signed as of the end of 2021, and in 2024 the perimeter will have to be adjusted in order to estimate the like-for-like RLFCF per share provided that the Company targets to execute further inorganic growth). Cellnex´s RLFCF per Share is calculated by dividing RLFCF of the period / Cellnex´s number of outstanding shares, with approximately 708 million shares considered (assuming approximately 27 million new shares to be issued and paid to CK Hutchison Holdings Limited).

- With a weighting of 30%, relative position among a peers group based on Total Shareholder Return. Peers group is form by: American Tower, SBA Communications, Crown Castle, Helios Towers, Vantage Towers, Inwit, Rai Way, MSCI World Index.

- With a weighting of 30%, absolute Total Shareholder Return. The degree of achievement of the share price increase will be calculated on the basis of the average price of the three months prior to the date of grant, volume weighted ("vwap").

- With a weighting of 20%, ESG metrics: i) 8% reaching an specific percentage of sourcing of renewable electricity of the Group, and ii) 12% is based on three parameters: a) the employee engagement at FY21 constant perimeter (based on the pulse survey), b) the reduction of the gender pay gap by 5% at FY21 constant perimeter, and c) achieving an specific percentage of foreign Directors at the Headquarters.

Additionally, under very exceptional performance of absolute Total Shareholder Return and relative position between top 2 companies of the peer group, a booster will be applied to the pay-out capped at a maximum of 5.0x (ranking first with respect the companies of the peer group, and being the share price approximately 115€/share). The achievement of the objectives established in the 2022-2024 LTIP will be assessed by the Nominations, Remunerations and Sustainability Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Group as of and for the year ending 31 December 2024 by the General Shareholders' Meeting.

For the CEO 2022—2024 LTIP, 40% of the remuneration will initially be paid through granted shares and the remaining 60% through options, with an obligation to permanently hold shares equivalent to two years' fixed remuneration. The decision to receive the options part in additional shares or in cash rests in an agreement between the Group and the employee.

The estimated cost of the 2022-2024 LTIP amounts to approximately EUR 18 million.

n) Government grants

Government grants related to property, plant and equipment are deducted from the carrying value of the non-current assets in question and are taken to income over the expected useful lives of the assets concerned. In addition, the Group accounts for grants, donations or gifts and inheritances received as follows:

a) Non-refundable capital subsidies, donations and legacies: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognised directly in non-current liabilities and do not give rise to the recognition of any income.

b) Refundable grants: when refundable, they are recognised as non-current liabilities.

c) Operating subsidies: They are posted to the results at the time they are granted, except if they are used to finance the operating losses of future financial years, in which case they are recorded in said financial years. If they are granted to finance specific expenses, they are recorded as the financial expenses are accrued.

o) Provisions and contingencies

On the date of drawing up these consolidated financial statements, the Group differentiates between:

a) Provisions, understood as credit balances covering present obligations at the reporting date as a result of past events which could give rise to a loss for the Group, which is certain as to its nature but uncertain as to its amount and/or timing.

b) Contingent liabilities, understood as possible obligations arising as a result of past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the consolidated entities.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of the provision is the present value of the future cash flows estimated to settle the present obligation.

Provisions recognised relate to the estimated amounts required to meet probable or certain liabilities stemming from ongoing litigation, compensation or other items resulting from the Group's activity that entail future payments that have been measured on the basis of currently available information. They are recognised as soon as the liability or obligation requiring compensation or payment to a third party arises, and bearing in mind the other conditions set forth in IFRSs.

Provision for asset retirement obligation

This relates to the Group's best estimate of the legal obligation in relation to the retirement of tangible assets with long useful lives, such as, for example, infrastructures for mobile telecommunications operators. It is calculated using estimates of the present value of the cash payments required to dismantle the assets, taking into consideration all the information available at the balance sheet date.

Due to the uncertainties inherent to the estimations necessary for determining the amount of the provision, the actual expenses may differ from the amounts originally recognised on the basis of the estimates made.

p) Revenue recognition

The various activities that contribute to the Group's revenue from the rendering of services are organised and administered separately based on the nature of the services provided:

– Telecom Infrastructure Services: this is the Group's main segment by turnover. It provides a wide range of integrated network infrastructure services to enable access to the Group's wireless infrastructure by Mobile Network Operators ("MNOs"), other wireless telecommunications, broadband network operators, among others, allowing such operators to offer their own services to their customers. Telecom Infrastructure Services are generated from a number of sources: i) annual base fee from telecommunications customers (both anchor and secondary tenants), ii) escalators or inflation as the annual update of the base fee and, iii) New colocations and Associated revenues (which include new third party colocations as well as further initiatives carried out in the period such as special connectivity projects, indoor connectivity solutions based on DAS, mobile edge computing, fiber backhauling, site configuration changes as a result of 5G rollout and other Engineering Services). The perimeter, therefore the number of tenants, may also be increased as a result of both acquisitions and BTS programs executions.

  The services that the Group provides to its customers include infrastructure support services, which in turn include the access of infrastructure networks to telecommunications operators that use wireless technologies. The Group acts as a neutral carrier for mobile network operators and other telecommunications operators that normally require complete access to the infrastructure network to provide services to the end customers.

Additionally the consolidated income statement for the year includes income from re-charging costs, for example energy, related to infrastructure services activities for mobile telecommunications operators to third parties.

- Broadcasting infrastructure: this is the Group's second main segment by turnover. Corresponding to broadcasting services in Spain, where Cellnex is the only operator offering nationwide coverage of the digital terrestial television ("DTT") service (source: CNMC). Its services consist of the distribution and transmission of television and radio signals, the operation and maintenance of broadcasting networks, the provision of connectivity for media content and over-the-top ("OTT") broadcasting and other services. Through the provision of broadcasting services in Spain, The Group has developed unique know-how that has helped to develop other services within its portfolio.

- Other Network Services: the Group provides the infrastructure required to develop a connected society by providing network services such as data transport, security and control, Smart communication networks including Internet of Things ("IoT"), Smart Services, managed services and consulting, as well as optic fiber services. As a telecom infrastructure operator, the Group can facilitate, streamline and accelerate the deployment of these services through the efficient connectivity of objects and people, in both rural and urban environments, helping to build territories enabled by genuine Smart Infrastructure services. This constitutes a specialized business that generates relatively stable cash flows with potential for further growth.

  The Group classifies Other Network Services into five groups: (i) connectivity services; (ii) PPDR services; (iii) operation and maintenance; (iv) Smart Cities/IoT ("Internet of Things"); and (v) other services.

  In relation to this business segment, during 2018, Cellnex incorporated the XOC, a concessionary company dedicated to the management, maintenance and construction of the fiber optic network of the Generalitat de Catalunya.

When the Group enters into an agreement with a customer, service deliverables under the contract are identified as separate performance obligations ("obligations") to the extent that the customer can benefit from the goods or services on their own and that the separate services are considered distinct from other services in the agreement. Where individual services do not meet the criteria to be identified as separate obligations they are aggregated with other services in the agreement until a separate obligation is identified. The obligations identified will depend on the nature of individual customer contracts but might typically be separately identified for all above mentioned services. When in the signed agreements there is no individual price for each obligation, unusual in the Group, the transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations, when applicable.

The revenue is recognised when the respective obligations in the contract are delivered to the customer and cash collection is probable, according to the following: i) the various services are provided through services agreements ("MSA") or lease agreements ("MLA"), for the infrastructure, in order to distribute the broadcasting or mobile signals, for a certain amount and for a certain length of time. The Group recognises revenue on a straight-line basis over the period in which the services are provided, and consequently, the obligation is satisfied, as established in the respective contracts. In this regard, inflation clauses tied to consumer price index ("CPI"), or other inflation-based indices, and other incentives included in the agreements with the Groups' tenants are excluded from the straight-line calculation. ii) when the Group carries out certain Engineering Services, that corresponds to works and studies such as adaptation, engineering and design services on request of its customers, which represent a separate income stream and performance obligation, under IFRS 15, the costs incurred in relation to these services, that will be classified as capital expenditures, can be an internal expense or otherwise outsourced and the revenue in relation to these services is generally recognized as the capital expense is incurred. iii) in relation with re-charged costs to the customers, when the Group is the principal, receipts from customers and payments to suppliers are reported on a gross basis in revenue and operating costs.

Finally, according to the agreements with customers there are no significant differences between the time the performance obligations are satisfied and the usual time of payment and, consequently, there are no significant contractual liabilities at the reporting date.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends income from investments is recognised when the shareholders' right to receive payment has been established, e.g., when the shareholders' meetings of the investees approve the dividend payment.

q) Expense recognition

Expenses are recognised in the consolidated income statement when there is a decrease in the future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets. The register of an expense should occur based on the actual flow of goods and services, irrespective of when the corresponding payments are made. Any payment that may be made for all of a service received during a given period of time will be considered a prepaid expense recognised on the asset side of the consolidated balance sheet under "Trade and other receivables" and will be taken to the consolidated income statement when the service is received by the Group.

Expenses are recorded immediately when a payment generates no future economic benefits or when it does not comply with the requirements to be registered as an asset.

An expense is also recorded when a liability is recorded and no corresponding asset is simultaneously recorded as would be the case for liabilities for guarantees.

r) Leases

a) The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease, determined with the support of an independent expert. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.c.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statement of profit or loss (see Note 20.c).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

b) The Group as Lessor

The Group enters into lease agreements as a lessor with respect to its telecom infrastructures via Master Lease Agreements (“MLA”) where required, however the Group also offers Master Service Agreements (“MSA”) where appropriate. Cellnex provides to its customers in the Telecom Infrastructure Services access to the Group’s telecom infrastructures for MNOs to co-locate their equipment on the Group’s infrastructures.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 16 to allocate the consideration under the contract to each component.

s) Activities affecting the environment

Each year, costs arising from legal environmental requirements are either recognised as an expense or capitalised, depending on their nature. The amounts capitalised are depreciated over their useful life.

The potential impact on the consolidated financial statements of the risks arising from climate change described in Note 22 have been properly considered in the estimates and critical judgements made (see Note 2.d), with no significant impacts. Thus, it was not considered necessary to make any provision for environmental risks and expenses or any other liability, given that there are no contingencies in relation to climate change nor environmental protection (see Note 22) neither an impairment of Group's assets (see Notes 7 and 8).

t) Related Party Transactions

The Group carries out all its transactions with related parties on an arm's length basis. Also, given that transfer prices are adequately documented, the Group's Directors consider that there are no significant risks that could give rise to material liabilities in the future.

u) Consolidated statement of cash flows

The following terms are used in the consolidated statement of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and equivalent financial assets, which are short-term, highly liquid investments that are subject to a low risk of changes in value.
- Operating activities: the principal revenue-producing activities and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that produce changes to the size and composition of the net assets and of the liabilities which do not form part of the operating activities.

In the preparation of the consolidated statement of cash flows, “Cash and cash equivalents” were considered to include cash on hand, demand deposits at banks and other short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

v) Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency of the Group (the euro) using the exchange rates prevailing at the date of the transaction. Exchange gains and losses arising on settlement of these transactions and translation of monetary assets and liabilities held in foreign currency at the closing rates are recognised in the consolidated income statement, unless they are deferred to equity, as in the case of cash flow hedges and hedges of net investments in foreign operations, as noted in section e) of this Note.

4. Financial and capital risk management

a) Financial risk factors

The Group's activities are exposed to various financial risks, the most significant of which are foreign currency risk, interest rate risk, credit risk, liquidity risk, inflation risk and risks related to Group Indebtedness. The Group can use derivatives and other protection mechanisms to hedge certain interest rate and foreign currency risks.

Financial risk management is controlled by the Corporate Finance and Treasury Department following authorisation by the most senior executive officer of Cellnex, as part of the respective policies adopted by the Board of Directors.

I) Foreign currency risk

As the Group reporting currency is the euro, fluctuations in the value of other currencies in which borrowings are instrumented and transactions are carried out with respect to the euro may have an effect in future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

Furthermore, the Group also operates and holds assets in the United Kingdom, Switzerland, Denmark, Sweden and Poland. The Group is therefore exposed to foreign currency risks and in particular to the risk of currency fluctuation in connection with exchange rate between the euro, the pound sterling, the Swiss franc, the Danish krone, the Swedish krone and the Polish Zloty. The Group strategy for hedging foreign currency risk in investments in non-euro currencies tends towards a balanced hedge of this risk, and must be implemented over a reasonable period of time depending on the market and the prior assessment of the effect of the hedge. This hedge can be instrumented via derivatives or borrowings in local currency, which act as a natural hedge.

Although the majority of the Group transactions are denominated in euros, the volatility in converting into euro agreements denominated in pound sterling, Swiss francs, Danish krone, Swedish krone and Polish Zloty may have negative consequences to the Group, affecting its overall business, prospects, financial condition, results of operations and/or cash flow generation.

In relation to foreign currency risk, the contributions to the main aggregates of the consolidated income statement of the Group by companies operating in a functional currency other than the euro were as follows:

31 December 2021

Company			Thousands of Euros
	Functional currency	Income	%
Cellnex UK subgroup	GBP	311,814	12%
Cellnex Switzerland subgroup	CHF	146,141	6%
Cellnex Sweden subgroup	SEK	47,265	2%
Cellnex Denmark subgroup	DKK	28,574	1%
Cellnex Poland subgroup	PLN	212,754	8%
Contribution in foreign currency		**746,548**	**29%**
Total Cellnex Group		**2,532,799**	

31 December 2020

Company	Functional currency	Income	%
		Thousands of Euros	
Cellnex UK subgroup	GBP	144,339	9%
Cellnex Switzerland subgroup	CHF	137,467	9%
Contribution in foreign currency		**281,806**	**18%**
Total Cellnex Group		**1,604,772**	

The contribution to the main aggregates of the consolidated balance sheet of the Group by companies operating in a functional currency other than the euro was as follows:

31 December 2021

Company	Functional currency	Total assets	%	Equity	%
				Thousands of Euros	
Cellnex UK subgroup	GBP	3,935,463	9%	(371)	—
Cellnex Switzerland subgroup	CHF	1,946,295	5%	105,192	1%
Cellnex Denmark subgroup	DKK	598,094	1%	(10,488)	—
Cellnex Sweden subgroup	SEK	940,025	2%	(16,404)	—
Cellnex Poland subgroup	PLN	3,777,536	9%	489,395	3%
Contribution in foreign currency		**11,197,413**	**27%**	**567,324**	**4%**
Total Cellnex Group		**41,797,347**		**15,841,688**	

31 December 2020 restated

Company	Functional currency	Total assets	%	Equity	%
				Thousands of Euros	
Cellnex UK subgroup	GBP	3,643,532	15 %	(19,004)	—
Cellnex Switzerland subgroup	CHF	1,931,964	8 %	215,744	2 %
Cellnex Denmark subgroup	DKK	604,931	3 %	(1,453)	—
Contribution in foreign currency		**6,180,427**	**26 %**	**195,287**	**2 %**
Total Cellnex Group		**24,103,728**		**8,930,419**	

The estimated sensitivity of the consolidated income statement and of the consolidated equity to a 10% change in the exchange rate of the main currencies in which the Group operates with regard to the rate in effect at year-end is as follows:

		Thousands of Euros
		2021
Functional currency	Income	Equity [1]
10% change:		
GBP	(28,347)	(167,710)
CHF	(13,286)	(58,411)
DKK	(2,598)	(30,865)
SEK	(4,297)	(56,054)
PLN	(19,341)	(263,958)

[1] Impact on equity from translation differences arising in the consolidation process.

		Thousands of Euros
		2020 restated
Functional currency	Income	Equity [1]
10% change:		
GBP	(13,122)	(165,929)
CHF	(12,497)	(69,846)
DKK	—	(31,687)

[1] Impact on equity from translation differences arising in the consolidation process.

The effects on the Group's equity would be partially offset by the impact on equity from the net investment hedges for an amount of 36,225 thousand euros in 2021 (63,265 thousand euros in 2020), which were entered into for the initial investment amount.

II) Interest rate risk

The Group is exposed to interest rate risk through its current and non-current borrowings.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed-rate borrowings expose the Group to fair value interest rate risk. Additionally any increase in interest rates would increase Group finance costs relating to variable-rate indebtedness and increase the costs of refinancing existing indebtedness and issuing new debt.

The aim of interest rate risk management is to strike a balance in the debt structure which makes it possible to minimise the volatility in the consolidated income statement in a multi-annual setting.

The Group can use derivative financial instruments to manage its financial risk, arising mainly from changes in interest rates. These derivative financial instruments are classified as cash flow hedges and recognised at fair value (both initially and subsequently). The required valuations were determined by analysing discounted cash flows using assumptions mainly based on the market conditions at the reporting date for unlisted derivative instruments (see Note 11 of the accompanying consolidated financial statements).

As at 31 December 2021 and 2020 there are financing granted from third parties covered by interest rate hedging mechanisms (see Note 11 of the accompanying consolidated financial statements).

III) Credit risk

Each of the Group's main business activities (Telecom Infrastructure Services, Broadcasting Infrastructure and Other Network Services) obtain a significant portion of revenues from a limited number of customers, many of which are long-term customers and have high-value contracts with the Group.

The MNOs are the Group's main customers in the Telecom Infrastructure Services; television and radio broadcasting operators are the main clients in the broadcasting infrastructure; and certain central, regional and local government authorities, emergency and security forces, the public service sector and telecommunications operators are the main customers in its activities relating to Other Network Services.

The Group is sensitive to changes in the creditworthiness and financial strength of its main customers due to the importance of these key customers to the overall revenues. The long-term nature of certain Group contracts with customers and the historically high renewal ratio of these contracts helps to mitigate this risk.

The Group depends on the continued financial strength of its customers, some of which operate with substantial leverage and are not investment grade or do not have a credit rating.

Given the nature of the Group's business, it has significant concentrations of credit risk, since there are significant accounts receivable as a result of having a limited number of customers. To mitigate this credit risk, the Group has place contractual arrangements to transfer this risk to third parties via non-recourse factoring of trade receivables in which case the Group would not retain any credit risk.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, and other debt, including unsettled receivables and committed transactions.

To mitigate this credit risk, the Group carries out derivative transactions and spot transactions mainly with banks with strong credit ratings as qualified by international rating agencies. The solvency of these institutions, as indicated in each institution's credit ratings, is reviewed periodically in order to perform active counterparty risk management.

The loss of significant customers, or the loss of all or a portion of the Group's expected services agreements revenues from certain customers and an increase in the Group's level of exposure to credit risk, or its failure to actively manage it, could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

IV) Liquidity risk

The Group carries out a prudent management of liquidity risk, which involves maintaining cash and having access to a sufficient amount of financing through established credit facilities as well as the ability to settle market positions. Given the dynamic nature of the Group's businesses, the policy of the Group is to maintain flexibility in funding sources through the availability of committed credit facilities. Due to this policy the Group has available liquidity c. EUR 8,661 million, considering cash and available credit lines, as at 31 December 2021, and has no significant immediate debt maturities (the maturities of the Group's financial obligations are detailed in Note 15).

As a consequence of the aforementioned the Group considers that it has liquidity and access to medium and long-term financing that allows the Group to ensure the necessary resources to meet the potential commitments for future investments.

However, the Group may not be able to draw down or access liquid funds in a sufficient amount and at a reasonable cost to meet its payment obligations at all times. Failure to maintain adequate liquidity levels may materially and adversely affect the Group business, prospects, results of operations, financial conditions and/or cash flows, and, in extreme cases, threaten the Group future as a going concern and lead to insolvency.

V) Inflation risk

Despite a long period of historically low inflation, during the second half of 2021, inflation in the eurozone has increased considerably. A significant portion of the Group's operating costs could rise as a result of higher inflation and monetary policies of the European Central Bank. Further, most of the Group's infrastructure services contracts are indexed to inflation.

As a consequence, its results of operations could be affected by inflation and/or deflation, specially if Cellnex is not successful in passing through the inflation to the customers.

VI) Risks Related to Group Indebtedness

The Group's indebtedness may increase, from time to time, due to potential new acquisitions, fundamental changes to corporate structure or joint ventures and issuances made in connection with any of the foregoing. The Group present or future leverage could have significant negative consequences, including:

- Placing the Group at a possible competitive disadvantage to less leveraged competitors and competitors that may have better access to capital resources, including with respect to acquisitions and forcing the Group to forego certain business opportunities.

- Requiring the dedication of a substantial portion of cash flow from operations to service the debt, thereby reducing the amount of cash flow available for other purposes, including, among others, capital expenditures and dividends.

- Requiring the Group to issue debt or equity securities or to sell some of its core assets, possibly not on the best terms, to meet payment obligations.

- Accepting financial covenants in the financing contracts such as: debt limitation, minimum cash restriction, or pledge of assets.

- A potential downgrade from a rating agency, which can make obtaining new financing more difficult and expensive.

- Requiring the Group to early repay the outstanding debt in the event that the relevant change of control clause is triggered.

- The Group is exposed to interest rate risk through its current and non-current borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed-rate borrowings expose the Group to fair value interest rate risk.

Any increase in interest rates would increase the Group's finance costs relating to its variable-rate indebtedness and increase the costs of refinancing its existing indebtedness and issuing new debt, which could adversely affect the Group's business, prospects, results of operations, financial condition and cash flows. To mitigate this risk, the Group maintains the 87% of its debt at fixed rate. Thus, at 31 December 2021 and 2020 a change on the interest rates would not have a significant impact on the consolidated financial statements. See estimated sensitivity analysis of the financial expenses in Note 15.

b) Fair value measurement

The measurement of the assets and liabilities at their fair value must be broken down by levels based on the hierarchy described in Note 3-e.iv. The breakdown at 31 December 2021 and 2020 of the Group's assets and liabilities measured at fair value based on the aforementioned levels being as follows:

31 December 2021

Thousands of Euros

	Level 1	Level 2	Level 3	2021
Assets				
Derivative financial instruments:				
Cash flow hedges	—	30,116	—	30,116
Derivatives not designated as hedges	—	77	—	77
Total derivative financial instruments	**—**	**30,193**	**—**	**30,193**
Total assets	**—**	**30,193**	**—**	**30,193**
Liabilities				
Derivative financial instruments:				
Cash flow hedges	—	2,622	—	2,622
Hedges of a net investment in a foreign operation	—	9,210	—	9,210
Total derivative financial instruments	**—**	**11,832**	**—**	**11,832**
Total liabilities	**—**	**11,832**	**—**	**11,832**

31 December 2020

Thousands of Euros

	Level 1	Level 2	Level 3	2020
Assets				
Derivative financial instruments:				
Hedges of a net investment in a foreign operation	—	6,116	—	6,116
Total derivative financial instruments	**—**	**6,116**	**—**	**6,116**
Total assets	**—**	**6,116**	**—**	**6,116**
Liabilities				
Derivative financial instruments:				
Cash flow hedges	—	9,908	—	9,908
Total derivative financial instruments	**—**	**9,908**	**—**	**9,908**
Total liabilities	**—**	**9,908**	**—**	**9,908**

In 2021 and 2020 there were no transfers between Levels 1 and 2.

As indicated in Notes 3-d and 3-e, the fair value of the financial instruments traded in active markets is based on the market prices at the reporting date. The quoted price used for financial assets is the current bid price.

The fair value of financial instruments not listed on an active market is determined using valuation techniques. The Group employs a variety of methods and uses assumptions based on the market conditions at each reporting date, including the concept of "transfer", as a result of which credit risk is taken into account.

For non-current borrowings observable market prices are used; the fair value of interest rate swaps is calculated as the present value of estimated future cash flows and the fair value of foreign currency forward contracts is determined using the forward exchange rates quoted in the market at the closing date. In this regard, the fair value based on the aforementioned hierarchies of the bond issues and other loans, and loans and credit facilities at 31 December 2021 and 2020 is detailed in Note 15.

c) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern to deliver returns to its shareholders and to maintain an optimal capital structure and lower costs. In this regard, Group's management is continuously assessing different alternatives to maintain a flexible approach regarding the capital structure, these alternatives being issuing straight bonds, convertible bonds, reaching agreements with minority shareholders at the business unit level such as Cellnex Switzerland, Cellnex Netherlands, Nexloop, On Tower France, Metrocall and On Tower Poland, or even executing a potential capital increase. In order to do so, the management of the Parent Company takes into consideration both market conditions, the M&A pipeline and the feasibility to sign or to have signed M&A deals in the previous/future weeks. Cellnex has the ambition to execute such pipeline (in part or entirely) in accordance with its strict financial M&A criteria and expand its existing portfolio of telecom infrastructures consistently with the Business Strategy of the Group.

The Group monitors capital using a leverage ratio along with other financial ratios (e.g. net debt as a multiple of EBITDA and RLFCF), in line with standard industry practice.

One leverage ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings, as given in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as given in the consolidated balance sheet, plus net debt.

As stated in the previous section 4.a.VI, the Group's borrowings may increase and its impact on the leverage ratio can affect the current corporate rating. A potential downgrade from a rating agency could make it more difficult and costly to obtain new financing.

The leverage ratios at 31 December 2021 and 2020 were as follows:

		Thousands of Euros
	31 December 2021	**31 December 2020 restated**
Bank borrowings (Note 15)	2,064,351	1,854,488
Bonds issues (Note 15)	13,565,690	7,534,957
Lease liabilities (Note 16)	2,836,084	1,756,045
Cash and cash equivalents (Note 13)	(3,926,578)	(4,652,027)
Net Borrowings (1)	**14,539,547**	**6,493,463**
Net equity (Note 14)	15,841,688	8,930,419
Total capital (2)	**30,381,235**	**15,423,882**
Leverage ratio (1)/(2)	**48 %**	**42 %**

5. Matters arising from the completion of the business combinations of the 2020 year end

The comparative financial information for 2020 has been restated, in accordance with IFRS 3, as a result of the completion of the purchase price allocation for Arqiva Acquisition, Nos Towering Acquisition, and for the CK Hutchison Transactions in respect of Austria, Denmark and Ireland (see Note 6).

The reconciliation of the key figures of the Group's consolidated balance sheet, consolidated statement of changes in net equity, consolidated income statement and consolidated statement of cash flows for the year ended 31 December 2020, obtained before and after the completion of the purchase price allocation for the acquisitions mentioned above, is shown below:

Consolidated balance sheet at 31 December 2020

Thousands of Euros

	31 December 2020 Approved	Impact of IFRS 3 (See Note 6)	31 December 2020 restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4,197,827	104,747	4,302,574
Goodwill	2,675,887	57,918	2,733,805
Other intangible assets	9,365,408	(141,227)	9,224,181
Right-of-use assets	2,133,560	13,830	2,147,390
Investments in associates	3,431	—	3,431
Financial investments	28,042	—	28,042
Derivative financial instruments	6,116	—	6,116
Trade and other receivables	35,671	2	35,673
Deferred tax assets	464,531	(3,714)	460,817
Total non-current assets	**18,910,473**	**31,556**	**18,942,029**
CURRENT ASSETS			
Inventories	2,158	—	2,158
Trade and other receivables	502,070	2,545	504,615
Receivables from associates	832	—	832
Financial investments	2,067	—	2,067
Cash and cash equivalents	4,652,027	—	4,652,027
Total current assets	**5,159,154**	**2,545**	**5,161,699**
TOTAL ASSETS	**24,069,627**	**34,101**	**24,103,728**

Thousands of Euros

	31 December 2020 Approved	Impact of IFRS 3 (See Note 6)	31 December 2020 restated
NET EQUITY			
Share capital and attributable reserves			
Share capital	121,677	—	121,677
Treasury shares	(8,078)	—	(8,078)
Share premium	7,769,936	—	7,769,936
Reserves	267,802	3	267,805
Profit for the year	(133,100)	(2,325)	(135,425)
	8,018,237	**(2,322)**	**8,015,915**
Non-controlling interests	914,504	—	914,504
Total net equity	**8,932,741**	**(2,322)**	**8,930,419**
NON-CURRENT LIABILITIES			
Bank borrowings and bond issues	9,315,830	—	9,315,830
Lease liabilities	1,478,759	3,895	1,482,654
Derivative financial instruments	9,743	—	9,743
Provisions and other liabilities	1,453,278	43,357	1,496,635
Employee benefit obligations	17,194	—	17,194
Deferred tax liabilities	1,790,830	(8,282)	1,782,548
Total non-current liabilities	**14,065,634**	**38,970**	**14,104,604**
CURRENT LIABILITIES			
Bank borrowings and bond issues	76,941	—	76,941
Lease liabilities	284,060	(10,669)	273,391
Derivative financial instruments	165	—	165
Employee benefit obligations	26,860	—	26,860
Payables to associates	116	—	116
Trade and other payables	683,110	8,122	691,232
Total current liabilities	**1,071,252**	**(2,547)**	**1,068,705**
TOTAL NET EQUITY AND LIABILITIES	**24,069,627**	**34,101**	**24,103,728**

Consolidated income statement for the year ended 31 December 2020

Thousands of Euros

	31 December 2020 Approved	Impact of IFRS 3 (See Note 6)	31 December 2020 restated
Services	1,562,262	—	1,562,262
Other operating income	42,510	—	42,510
Operating income	**1,604,772**	**—**	**1,604,772**
Staff costs	(165,861)	—	(165,861)
Other operating expenses	(301,799)	—	(301,799)
Change in provisions	(4,553)	1	(4,552)
Losses on fixed assets	(205)	—	(205)
Depreciation and amortisation	(974,064)	93	(973,971)
Operating profit	**158,290**	**94**	**158,384**
Financial income	4,969	—	4,969
Financial costs	(220,248)	—	(220,248)
Interest expense on lease liabilities	(142,523)	(2,412)	(144,935)
Net financial profit/(loss)	**(357,802)**	**(2,412)**	**(360,214)**
Profit of companies accounted for using the equity method	52	—	52
Profit/(loss) before tax	**(199,460)**	**(2,318)**	**(201,778)**
Income tax	48,724	(7)	48,717
Consolidated net profit/(loss)	**(150,736)**	**(2,325)**	**(153,061)**
Attributable to non-controlling interests	(17,636)	—	(17,636)
Net profit attributable to the Parent Company	**(133,100)**	**(2,325)**	**(135,425)**
Earnings per share (in euros per share):			
Basic	(0.35)		(0.35)
Diluted	(0.23)		(0.23)

Consolidated statement of changes in net equity for the year ended 31 December 2020

Thousands of Euros

Total Net Equity at 31/12/2020	Share capital	Treasury shares	Share premium	Reserves	Profit for the year	Non-controlling interests	Net equity
Net Equity before IFRS 3 impact	**121,677**	**(8,078)**	**7,769,936**	**267,802**	**(133,100)**	**914,504**	**8,932,741**
Impact of IFRS 3	—	—	—	3	(2,325)	—	**(2,322)**
Net Equity after IFRS 3 impact	**121,677**	**(8,078)**	**7,769,936**	**267,805**	**(135,425)**	**914,504**	**8,930,419**

Note: The amounts for the adjustments to equity are shown net of the related tax effects, if any, including the amounts both for fully consolidated companies as well as for those accounted for using the equity method, as applicable.

Consolidated statement of cash flows for the year ended 31 December 2020

Thousands of Euros

	31 December 2020 Approved	Impact of IFRS 3 (See Note 6)	31 December 2020 restated
Profit/(loss) for the year before tax	**(199,460)**	**(2,318)**	**(201,778)**
Adjustments to profit-			
Depreciation	974,064	(93)	973,971
Gains/(losses) on derecognition and disposals of non-current assets	205	—	205
Changes in provisions	4,553	(1)	4,552
Interest and other income	(4,969)	—	(4,969)
Interest and other expenses	362,771	2,412	365,183
Share of results of companies accounted for using the equity method	(52)	—	(52)
Other income and expenses	2,909	—	2,909
Changes in current assets/current liabilities-			
Inventories	(9)	—	(9)
Trade and other receivables	(63,928)	—	(63,928)
Other current assets and liabilities	53,511	—	53,511
Cash flows generated by operations			
Interest paid	(259,977)	—	(259,977)
Interest received	1,048	—	1,048
Income tax received/(paid)	(38,577)	—	(38,577)
Current provisions and Employee benefit obligations	(40,440)	(1,369)	(41,809)
Total net cash flow from operating activities (I)	**791,649**	**(1,369)**	**790,280**

Thousands of Euros

	31 December 2020 Approved	Impact of IFRS 3 (See Note 6)	31 December 2020 restated
Business combinations and changes in the scope of consolidation	(5,113,152)	1,369	(5,111,783)
Purchases of property, plant and equipment and intangible assets	(759,648)	—	(759,648)
Payments for financial investments	(53,878)	—	(53,878)
Proceeds from financial investments	30,000	—	30,000
Total net cash flow from investing activities (II)	**(5,896,678)**	**1,369**	**(5,895,309)**
Acquisition of treasury shares	(6,509)	—	(6,509)
Issue of equity instruments	4,018,436	—	4,018,436
Proceeds from issue of bank borrowings	1,018,087	—	1,018,087
Bond issue	3,982,682	—	3,982,682
Repayment and redemption of bank borrowings	(1,061,142)	—	(1,061,142)
Repayment of bond issues and other loans	—	—	—
Net repayment of other borrowings	(1,014)	—	(1,014)
Net payment of lease liabilities	(487,078)	—	(487,078)
Dividends paid	(29,281)	—	(29,281)
Total net cash flow from financing activities (III)	**7,434,181**	**—**	**7,434,181**
Foreign exchange differences	**(28,680)**	**—**	**(28,680)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)	**2,300,472**	**—**	**2,300,472**
Cash and cash equivalents at beginning of year	2,351,555	—	2,351,555
Cash and cash equivalents at end of year	**4,652,027**	**—**	**4,652,027**

6. Business combinations

The Group typically acquires telecommunications infrastructures from telecommunications carriers or other infrastructure operators and subsequently integrates those infrastructures into its existing network. The financial results of the Group's acquisitions have been included in the accompanying consolidated financial statements for the year ended 31 December 2021 from the date of respective acquisition. The date of acquisition, and by extension the point at which the Group begins to recognise the results of an acquisition, may be dependent upon, among other things, the receipt of contractual consents, the commencement and extent of contractual arrangements, the timing of the transfer of title or rights to the assets as well as the customary regulatory approvals, which may be accomplished in phases.

As a first step, Cellnex carries out a review of the acquisitions made to determine if they constitute to a business combination in accordance with IFRS 3 and the ESMA guidelines or if they correspond to a purchase of assets, irrespective whether the acquisition takes place in the form of the purchase of a group of elements that constitutes a business, or through the purchase of the share capital of an entity.

In the case of a business combination, the identifiable assets acquired and the identifiable liabilities and contingencies assumed in a business combination are initially measured at their acquisition-date fair value, regardless of the scope of non-controlling interests. The excess of the acquisition cost over the fair value of the Group's share in the identifiable net assets acquired is recognised as goodwill. If the acquisition cost is lower than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the consolidated income statement for the financial year.

Given the complexity of purchase price allocation process, the Group generally performs it with the participation of an independent third-party expert, and, in some cases, there is a reassessment of the allocation process during the period of one year since the business combination is completed, as permitted by IFRS 3. As in previous business combinations completed by the Group, the potential value of the sites is mainly derived from the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their "customer ratio". This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets) and consists of "Customer Network Services Contracts" and "Network Location" as defined in Note 3. b) ii), and provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. Additionally, as required by IFRS 3, IAS 12 and the other applicable standards, the deferred tax liabilities arising from the business combination were recognised as the differences between the carrying amount and the tax base calculated pursuant to the tax legislation in each jurisdiction of the respective operations. Finally, the goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases.

The main measurement assumptions and valuation techniques used in the purchase price allocation process in the context of a business combinations are as follows:

a. Property, plant and equipment are measured using the cost approach. This approach recognises that a prudent investor would not ordinarily pay more for an asset than the cost to reproduce or replace it new. Utilization of the cost approach results in a concept referred to as Depreciated Replacement Cost New ("DRCN"), which is an indicator of fair value provided that all elements of depreciation and obsolescence are addressed. Property, plant and equipment was measured taking into account the technical data of each site and the estimate of the standard facilities and infrastructure associated with them, as applicable. The elements necessary for calculating fair value include, inter alia, the type of site, height, dismantling date and whether the item is indoors or outdoors.

b. Intangible assets, which are mostly Customer Network Services Contracts and Network Location intangibles, were measured using the Multi-Period Excess Earnings method. This is a technique used as part of the "Income Approach" and is similar to the discounted cash flow method, except that it also takes into account the use of other assets in the generation of the projected cash flows of a specific asset in order to isolate the economic benefit generated by the intangible asset in question. The contribution to the overall cash flows of other assets such as non-current assets, working capital, labour and other intangible assets is estimated by means of the capital expenditure relating to contributory assets. The assumptions taken into account for the measurement of the aforementioned intangible assets included, inter alia, the prior years' profit or loss of the acquired businesses with no loss of customers, the contractual terms and conditions agreed upon with the anchor customer of the acquired assets, comparative estimates with benchmark entities in the industry, future revenue projections based on business plans, costs based on the customer's contribution to revenue and discount rates in line with the estimates of the weighted average cost of capital assuming a risk margin. In this regard, the projected time spans used for the business combinations are longer than 20 years, but no terminal values representing perpetual cashflows are taken into account at the end of the projected period.

c. In the case of liabilities, the payables associated with working capital are generally measured at their nominal amount, which is generally considered to be a good approximation of fair value due to their nature and because the payables are settled at short term. For transactions that involve the assumption of provisions for contingencies or other obligations, the payables are measured taking into account the amount estimated to be necessary to settle the obligation and the associated probability of the event that generates the obligation occurring. The business combinations that include the assumption of financial liabilities were recognised at fair value, which was calculated taking into consideration a market participant yield at the measurement date.

The most noteworthy assumptions included in the aforementioned valuations are the weighted average cost of capital (WACC) and the compound annual growth rate (CAGR). The WACC rates calculated for the business combinations in 2021 and 2020 are as follows: CK Hutchison Sweden 5.25%; Iliad Poland 6.00%; T-Mobile Infra 4.80%; CK Hutchison Italy 6.00%; Polkomtel 6.25%, Hivory 5.50%, Omtel 5.00%; Arqiva Services Limited 6.50%; NOS Towering 7.50%; CK Hutchison Austria 5.25%; CK Hutchison Denmark 5.25% and CK Hutchison Ireland 5.75%. The CAGRs fluctuate in range from 1.30% to 5.00%. T-Mobile Infra, Iliad Poland and Arqiva Services Limited at the low end of the range and the other business combinations are at the medium-high end of the range.

As a result of the business combinations performed during 2021 and 2020, and following a prudent approach, the vast majority of the difference between the book value of the assets acquired and the purchase price paid has been assigned to assets subject to depreciation or amortisation. Thus, the resulting goodwill corresponds in the vast majority to the net deferred tax recognised resulting from the higher fair value attributed to the net assets acquired in comparison with their tax bases. Furthermore, provision for other responsibilities captures mainly provisions for contingent liabilities (where the risk of cash outflow is not probable) made during the Purchase Price Allocation process which are a result of present obligations arising from past events, where the fair value can be reliably measured.

Business combinations for 2021

The main relevant business combinations for the 2021 year end are detailed below:

CK Hutchison Holdings Transactions

In the second half of 2020, Cellnex announced it had reached an agreement with CK Hutchison Networks Europe Investments S.à.r.L. ("Hutchison") for the acquisition of Hutchison's European tower business and assets in Austria, Denmark, Ireland, Italy, the United Kingdom and Sweden by way of six separate transactions (i.e. one transaction per country) (the "CK Hutchison Holdings Transactions"). See Note 21 to the 2020 Consolidated Financial Statements for more information.

Pursuant to the CK Hutchison Holdings Transactions, the Group agreed to acquire shares representing 100% of the share capital of six companies (Networks Co Austria, On Tower Denmark, Networks Co Ireland, Networks Co Italy, Networks Co UK and On Tower Sweden) which operate a portfolio of approximately 24,560 telecommunications sites in aggregate of which approximately 4,500 are located in Austria, approximately 1,300 in Denmark, approximately 1,120 in Ireland, approximately 9,140 in Italy, approximately 6,000 in the United Kingdom and approximately 2,500 in Sweden.

The CK Hutchison Holdings Transactions in respect of Austria, Denmark and Ireland were completed at the end of December 2020 following satisfaction or waiver of all applicable conditions precedent (the "CK Hutchison Holdings 2020 Completed Transactions") and, consequently, as of the end of December 2020, the Group fully owned On Tower Austria, On Tower Denmark and On Tower Ireland. In addition, the CK Hutchison Holdings Transactions in respect of Sweden and Italy were completed in the first and second quarters of 2021, respectively, following satisfaction or waiver of all applicable conditions precedent (the "Hutchison Sweden Acquisition" and the "Hutchison Italy Acquisition", respectively). Consequently, as of the end of December 2021, the Group fully owns On Tower Sweden and Networks Co Italy. Completion of the CK Hutchison Holdings Transaction in respect of the United Kingdom remains subject to satisfaction or waiver of certain remaining conditions precedent, including in connection with customary anti-trust and foreign investment clearances, which are expected to be satisfied or waived in 2022 (the "Hutchison United Kingdom Acquisition").

In accordance with IFRS 3, given that the Hutchison United Kingdom Acquisition had not been completed as of 31 December 2021, it was not accounted for in the consolidated financial statements for the year ended 31 December 2021.

Agreements in respect of Austria, Denmark, Ireland, Italy and Sweden

Although the CK Hutchison Holdings Transactions comprise six separate transactions (i.e. one transaction per country), the Group and Hutchison entered into one sale and purchase agreement in relation to the acquisition of the companies outside of the United Kingdom and a separate sale and purchase agreement in relation to the acquisition of the United Kingdom entity, as defined herein and in Note 21 of the accompanying consolidated financial statements.

Pursuant to a sale and purchase agreement dated 12 November 2020, companies within the Hutchison group agreed to sell 100% of the share capital of CK Hutchison Networks (Austria) GmbH ("On Tower Austria"), On Tower Denmark ApS ("On Tower Denmark"), CK Hutchison Networks (Ireland) Limited ("On Tower Ireland"), CK Hutchison Networks Italia S.p.A. ("Networks Co Italy") and HI3G Networks AB, which changed its name to On Tower Sweden AB ("On Tower Sweden"), to Cellnex Austria GmbH ("Cellnex Austria"), Cellnex Denmark ApS ("Cellnex Denmark"), Cellnex Ireland Limited ("Cellnex Ireland"), Cellnex Italy and Cellnex Sweden AB ("Cellnex Sweden"), respectively (fully-owned subsidiaries of Cellnex, which acts as guarantor) (the "CK Hutchison Europe SPA"), in consideration for the payment of an aggregate price of approximately EUR 6.3 billion (subject to certain adjustments).

Pursuant to the CK Hutchison Europe SPA, a company within the Hutchison group and each of On Tower Austria, On Tower Denmark, On Tower Ireland, Networks Co Italy and On Tower Sweden agreed to enter into a master services agreement upon completion of each corresponding transaction, whereby the relevant Group company will provide co-location and related services to a company within the Hutchison group at the sites managed by the Group (the "CK Hutchison Europe MSAs"). The CK Hutchison Europe MSAs in respect of Austria, Denmark and Ireland were entered into by the end of December 2020 upon completion of each of the relevant CK Hutchison Holdings 2020 Completed Transactions and the CK Hutchison Europe MSA in respect of Sweden and Italy were entered into in the first and second quarter of 2021, respectively. The price to be paid by the relevant company within the Hutchison group in exchange for the above services in accordance with the CK Hutchison Europe MSAs is subject to certain annual increases in connection with the local CPI, taking into consideration that the increase shall not exceed 2.25% per year and the decrease cannot be less than 0%. The initial term of each CK Hutchison Europe MSA is 15 years, with possible extensions for a further 15-year period and subsequent 5-year periods, on an "all-or-nothing" basis (except for the CK Hutchison Europe MSA in respect of Austria, where the agreement provides for an indefinite term, subject to termination rights as agreed by the parties).

Additionally, the CK Hutchison Europe MSAs set forth, among others, (i) certain restrictive covenants by which each of Cellnex Austria, Cellnex Denmark, Cellnex Ireland, Cellnex Sweden and Cellnex Italy agreed that none of them, nor their respective affiliates, shall carry on the business of, or own more than a certain level of interest in any mobile network operator or MVNO that offers mobile telecommunications in the relevant countries for a limited period and (ii) the terms on which the Group expects to be requested to build up to approximately 4,684 sites in aggregate at each due date, as appropriate, representing, together with further initiatives, an estimated total consideration of up to approximately EUR 811 million (which the Group expects to finance with cash generated by the acquired portfolio).

Finally, a company within the Hutchison group and each of On Tower Austria, On Tower Denmark, On Tower Ireland, Networks Co Italy and On Tower Sweden, agreed to enter into a separate transitional services agreement pursuant to which Hutchison, or a company within its group, will provide certain transitional services to each of these companies upon completion of each respective transaction. It was also agreed that a reverse transitional services agreement would be entered into between a company within the Hutchison group and On Tower Denmark pursuant to which On Tower Denmark will provide certain transitional services to Hutchison, or a company within its group of companies, upon completion of the transaction in Denmark. The transitional services agreements in respect of Austria, Denmark and Ireland, and the reverse transitional services agreement in respect of Denmark, were entered into upon completion of each of the relevant CK Hutchison Holdings 2020 Completed Transactions in respect of each of such countries. The transitional services agreements in respect of Sweden and Italy were entered into in the first and second quarters of 2021, respectively.

Hutchison Sweden Acquisition

In the first quarter of 2021, Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Sweden) has acquired 100% of the share capital of HI3G Networks AB, owner of approximately 2,500 sites located in Sweden, (the "Hutchison Sweden Acquisition"). Additionally, Cellnex has agreed to the deployment of up to 2,677 new sites in Sweden by 2025. During the first quarter of 2021, the acquired company changed its name to On Tower Sweden AB ("On Tower Sweden"). The total consideration for Cellnex in relation to this transaction (Enterprise Value) has been EUR 0.8 billion. The transaction has been completed in the first quarter of 2021, following the settlement of several administrative authorizations. Thus, the Hutchison Sweden Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021. The operating income and net profit contribution since acquisition amounted to EUR 47 million and EUR 3 million, respectively, corresponding to the impact of 100% of the financial results of the Hutchison Sweden Acquisition in the accompanying consolidated income statement. If Hutchison Sweden Acquisition, had been completed on 1 January 2021 and it had been fully consolidated for the year ended on 31 December 2021, it would have contributed an operating income and net profit for an amount of approximately EUR 50 million and EUR 3 million, respectively.

The breakdown of the net assets acquired and goodwill generated by the Hutchison Sweden Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price	804,679
Fair value of the net assets acquired	505,826
Resulting goodwill	**298,853**

The initial accounting for the business combination involving the Hutchison Sweden Acquisition described in Note 4 of the condensed consolidated interim financial statements for the period six-month period ended on 30 June 2021, has been restated and now is considered to have been completed as of the date of signing these consolidated financial statements, since one year has elapsed since the date of acquisition (in accordance with IFRS 3). The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, according to the measurement assumptions and valuation techniques aforementioned. With regards to the Hutchison Sweden Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, S.L.U., whose final PPA report was issued on 13 January 2022 and the report did not contain any limitations. The assets and liabilities arising from the Hutchison Sweden Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	**Carrying value**	**Revaluation**
Other intangible assets	471,960	—	471,960
Right-of-use-assets	36,157	27,153	9,004
Property, plant and equipment	138,115	120,217	17,898
Trade and other receivables short term	2,098	2,098	—
Cash and cash equivalents	4,004	4,004	—
Lease liabilities long term	(23,517)	(15,699)	(7,818)
Provisions and other liabilities long term	(8,628)	(8,628)	—
Lease liabilities short term	(7,942)	(6,757)	(1,185)
Provisions and other liabilities short term	(5,640)	(5,640)	—
Net deferred tax assets /(liabilities)	(100,781)	130	(100,911)
Net assets acquired	**505,826**	**116,878**	**388,948**
Total acquisition price	804,679	804,679	
Cash and cash equivalents	(4,004)	(4,004)	
Cash outflow in the acquisition	**800,675**	**800,675**	

Hutchison Italy Acquisition

In the second quarter of 2021, Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Italia) acquired 100% of the share capital of CK Hutchison Networks Italia SpA ("Networks Co Italy"), owner of approximately 9,140 sites located in Italy, (the "Hutchison Italy Acquisition"). Additionally, Cellnex has agreed to the deployment of up to 860 sites in Italy by 2027. The total consideration for Cellnex in relation to this transaction (Enterprise Value) was EUR 3.3 billion. The transaction was completed in the second quarter of 2021, following the settlement of several administrative authorizations. Thus, the Hutchison Italy Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021. The operating income and net loss contribution since acquisition amounted to EUR 161 million and EUR 24 million, respectively, corresponding to the impact of 100% of the financial results of the Hutchison Italy Acquisition in the accompanying consolidated income statement. If Hutchison Italy Acquisition, had been completed on 1 January 2021 and it had been fully consolidated for the year ended on 31 December 2021, it would have contributed an operating income and net loss for an amount of approximately EUR 300 million and EUR 41 million, respectively.

The breakdown of the net assets acquired and goodwill generated by the Hutchison Italy Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price	3,400,070
Fair value of the net assets acquired	2,890,014
Resulting goodwill	**510,056**

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Hutchison Italy Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, S.L.U., whose preliminary PPA report was issued on 22 December 2021 and the report did not contain any limitations. The assets and liabilities arising from the Hutchison Italy Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	**Carrying value**	**Revaluation**
Other intangible assets	2,859,135	715,441	2,143,694
Right-of-use-assets	342,892	342,892	—
Property, plant and equipment	651,646	651,646	—
Trade and other receivables short term	19,511	19,511	—
Cash and cash equivalents	76,976	76,976	—
Lease liabilities long term	(212,967)	(212,967)	—
Provisions and other liabilities long term	(91,382)	(65,881)	(25,501)
Lease liabilities short term	(96,574)	(93,475)	(3,100)
Provisions and other liabilities short term	(905)	(905)	—
Trade and other payables	(50,051)	(50,051)	—
Net deferred tax assets /(liabilities)	(608,266)	543	(608,809)
Net assets acquired	**2,890,014**	**1,383,730**	**1,506,284**
Total acquisition price	3,400,070	3,400,070	
Cash and cash equivalents	(76,976)	(76,976)	
Cash outflow in the acquisition	**3,323,094**	**3,323,094**	

Given the date on which the Hutchison Italy Acquisition has been completed, at the date of signing these consolidated financial statements for the year ended on 31 December 2021, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified and, therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the transaction to complete the measurement process.

Iliad Poland Acquisition

On 22 October 2020, Cellnex Poland sp. z.o.o. ("Cellnex Poland") reached an agreement with Iliad Purple SAS ("Iliad Purple"), a wholly-owned subsidiary of Iliad S.A. (jointly, "Iliad") to acquire 60% of the share capital of a new Polish telecommunications tower company (Elphin Sp. z o.o., renamed as On Tower Poland sp. z.o.o. ("On Tower Poland")) which subsequently owned the tower portfolio in Poland of P4 sp. z.o.o. ("P4"), a wholly owned subsidiary of Play Communications S.A. ("Play") (the "Iliad Poland Acquisition"). The transaction was signed in the context of the takeover bid launched by Iliad over Play on 21

September 2020 and completed on 25 November 2020. On 23 February 2021, Play and Cellnex Poland agreed to modify the structure of the Iliad Poland Acquisition and agreed that Play would sell to Cellnex Poland 60% of the share capital of On Tower Poland, with an initial portfolio of approximately 7,428 sites (including both telecommunications rooftops and towers), while the remaining 40% would be sold to Iliad Purple. Consequently, Cellnex's stake is owned through its subsidiary Cellnex Poland and the remaining share capital continues to be indirectly owned by Iliad, in line with the structure agreed between Cellnex and Iliad for the sites formerly operated indirectly by Iliad in France. The transaction was completed in the first quarter of 2021 (the "Iliad Poland Completion Date") following the receipt of customary regulatory authorizations.

On the Iliad Poland Completion Date, P4 sold the assets (and related liabilities) comprising its telecommunications passive infrastructures business unit to On Tower Poland, with an initial portfolio of approximately 7,428 sites (including the legacy 6,911 sites and 517 additional sites constructed and completed before the Iliad Poland Completion Date), for an estimated total consideration (Enterprise Value) of approximately EUR 1,458 million. The legacy 6,911 sites were funded by Cellnex Poland and Iliad in proportion to their respective shareholder stake in On Tower Poland, thus Cellnex funded approximately EUR 801 million, and the 517 additional sites were funded solely by Cellnex via intercompany debt for an investment of EUR 123 million. This represents a total payment financed by Cellnex of EUR 890 million (after incorporating EUR 34 million of cash from the acquired business unit).

Pursuant to the Iliad Poland SPA (as defined below), P4 and On Tower Poland agreed to enter into a master services agreement for the provision of hosting and certain power supply services, together with other ancillary services, by On Tower Poland to P4 for an initial term of 20 years (the "Iliad Poland MSA"). Pursuant to the Iliad Poland MSA, P4 has undertaken to propose to On Tower Poland the acquisition of a minimum of 1,871 sites on or before 31 December 2030, although the deployment of up to approximately 4,462 new sites is expected by the Group (the Group believes there is a strong economic incentive in place for the customer, so that the likelihood of completing the program in an amount greater than the minimum Build-to-suit contractual commitment is high in the opinion of the Group). The Iliad Poland MSA also envisages the construction by P4 and acquisition by On Tower Poland of additional sites.

Thus, the Iliad Poland Acquisition has been fully consolidated within the Cellnex Group as of Iliad Poland Completion Date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for year ended on 31 December 2021. The operating income and net profit contribution since acquisition amounted to EUR 103 million and EUR 0 million, respectively, corresponding to the impact of 100% of the financial results of the Iliad Poland Acquisition in the accompanying consolidated income statement. If the Iliad Poland Acquisition, had been completed on 1 January 2021 and it had been fully consolidated for the year ended on 31 December 2021, it would have contributed an operating income and net profit for an amount of approximately EUR 131 million and EUR 1 million, respectively.

Iliad Poland agreements

In connection with the Iliad Poland Acquisition, the Group entered into the agreements explained below.

Iliad Poland SPA

On 22 October 2020, a sale and purchase agreement was originally entered into whereby Iliad Purple (subsequently replaced by Play) agreed to sell 60% of the share capital of On Tower Poland to Cellnex Poland. Following the execution of the takeover bid launched by Iliad over Play, on 26 November 2020, Iliad Purple assigned its rights and obligations under the Iliad Poland SPA to Play.

On 23 February 2021, Play and Cellnex Poland entered into an amended and restated sale and purchase agreement (the "Iliad Poland SPA") which regulated the sale by Play to Cellnex Poland of 60% of the share capital of On Tower Poland. The Iliad Poland SPA contains certain representations and warranties made by Play and certain indemnification obligations in case of a breach of such representations and warranties. Additionally, it also includes certain covenants with regards to the operation of the passive infrastructure.

Iliad Poland SHA

On the Iliad Poland Completion Date, Cellnex Poland and Iliad Purple entered into a shareholders' agreement, as amended on 22 December 2021, which sets forth, among other matters, certain rights and obligations of both parties as shareholders of On

Tower Poland, the procedures for the conduct of the affairs and the management of On Tower Poland and the regime applicable to the transfers of shares of On Tower Poland, including certain tag-along rights and rights of first offer (the "Iliad Poland SHA"). In accordance with the disclosure requirements set forth in IFRS 12, there are no significant restrictions on the use of assets and settlement of liabilities. Additionally, pursuant to the terms of the Iliad Poland SHA, the parties thereto shall not transfer the stake they respectively hold in On Tower Poland for a five-year period following the Iliad Poland Completion Date except for certain permitted transfers and other transfers subject to certain conditions.

Moreover, the Iliad Poland SHA sets forth the conditions for Iliad Purple's right to sell (i) a 10% (and not less than 10%) of the share capital and voting rights of On Tower Poland to Cellnex Poland during a 30-day period starting on 28 February 2022; and (ii) all (and not less than all) of the share capital and voting rights of On Tower Poland to Cellnex Poland during a period starting on the first business day following the second anniversary of the Iliad Poland Completion Date and ending on the fourth anniversary of the Iliad Poland Completion Date (excluded) subject to certain conditions; in both cases at a price to be calculated pursuant to said agreement (the price of this acquisition will undoubtedly expected to be inflationary, given the performance of such assets). According to the shareholders agreement terms, as of 31 December 2021, Cellnex Poland has the right, but not the obligation, to purchase these interests and therefore, no liability has been recorded in the accompanying consolidated balance sheet as of 31 December 2021. This situation will be revaluated in subsequent reporting periods, especially considering the facts described in Note 26.

Likewise, the Iliad Poland SHA provides Cellnex Poland with a right to buy from Iliad Purple (i) a 10% (and not less than 10%) interest held by Iliad Purple in On Tower Poland during a 30-day period after the lapse of the 30-day period during which Iliad Purple could exercise its first right as described in the paragraph above; and (ii) all of (and not less than all) Iliad Purple's interest in On Tower Poland during a three-year period starting on the fourth anniversary of the Iliad Poland Completion Date; in both cases subject to certain conditions and at a price to be calculated pursuant to said agreement, in similar terms and conditions to the referred right to sell (the price of this acquisition is uncertain and will undoubtedly expected to be inflationary given the favorable performance of such assets).

Iliad Poland MSA

On the Iliad Poland Completion Date, P4 and On Tower Poland entered into a master services agreement whereby On Tower Poland agreed to provide hosting and certain power supply services, together with other ancillary services, to P4. The initial term of the Iliad Poland MSA is 20 years from the Iliad Poland Completion Date, subject to automatic extensions for successive 10-year periods, on an "all-or-nothing" basis, with undefined maturity. The fees agreed in the Iliad Poland MSA are annually adjusted in accordance with the Polish CPI (Communications section) provided that the increase shall not exceed 4% per year, without having a minimum in case it is 0%.

Additionally, pursuant to the Iliad Poland MSA, P4 has undertaken to propose to On Tower Poland the acquisition of a minimum of 1,871 sites on or before 31 December 2030, although the deployment of up to approximately 4,462 new sites is expected by the Group (the Group believes there is a strong economic incentive in place for the customer, so that the likelihood of completing the program in an amount greater than the minimum Build-to-suit contractual commitment is high in the opinion of the Group). The MSA also sets forth the commitment from On Tower Poland to purchase such newly deployed sites, for an estimated total consideration of up to approximately EUR 1,222 million, if 4,462 new sites are built, which the Group expects to finance with cash flows generated by the portfolio.

The breakdown of the net assets acquired and goodwill generated by the Iliad Poland Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [(1)]	1,458,014
Fair value of the net assets acquired	1,227,492
Resulting goodwill	**230,522**

[(1)] Corresponds to the total amount paid by On Tower Poland for the 100% of the telecommunications passive infrastructures business unit of P4. Additionally, the total acquisition price considers the cash paid by On Tower Poland (PLN 6,712,476 thousand) plus the impact of a natural hedge (as disclosed in Note 11), which has been treated as a cash flow hedge of a highly probable transaction in accordance with the provisions of IAS 39, which converts to EUR 1,458,014 thousand.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Iliad Poland Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, S.L.U., whose preliminary PPA report was issued on 13 January 2022 and the report did not contain any limitations. The assets and liabilities arising from the Iliad Poland Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	**Carrying value** [(1)]	**Revaluation**
Other intangible assets	1,017,954	—	1,017,954
Right-of-use-assets	112,048	—	112,048
Property, plant and equipment	226,090	—	226,090
Trade and other receivables short term	21	—	21
Cash and cash equivalents	33,787	—	33,787
Lease liabilities long term	(83,157)	—	(83,157)
Provisions and other liabilities long term	(18,647)	—	(18,647)
Lease liabilities short term	(28,716)	—	(28,716)
Trade and other payables	(31,888)	—	(31,888)
Net assets acquired	**1,227,492**	**—**	**1,227,492**

Total acquisition price	1,458,014
Cash in from other shareholders	(533,993)
Cash and cash equivalents	(33,787)
Cash outflow in the acquisition	**890,234**

(1) It is general practice to include in the notes to the consolidated financial statements relating to business combinations disclosures on the fair value of the assets and liabilities acquired prior to any valuation adjustments arising from the application of IFRS 3, although this disclosure is not required by IFRS 3. Since in this particular case no legal entity with accounting records was acquired (the acquisition took place in the form of the purchase of a group of elements that constituted a line of business), the aforementioned information was not available and, accordingly, it has not been presented. However, as required by IFRS 3, IAS 12 and the other applicable standards, the deferred tax liabilities arising from the business combination were recognised as the differences between the carrying amount and the tax base calculated pursuant to the tax legislation in each jurisdiction of the respective operations.

Given the date on which the Iliad Poland Acquisition has been completed, at the date of signing these consolidated financial statements for the year ended on 31 December 2021, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified and, therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the transaction to complete the measurement process.

T-Mobile Infra Acquisition

As detailed in Note 2.h. IV, on 21 January 2021, Cellnex and Cellnex Netherlands, B.V. (“Cellnex Netherlands”) signed a framework agreement with Deutsche Telekom A.G. (“DTAG”), Deutsche Telecom Europe, B.V. (“DTEU”) and Digital Infrastructure Vehicle II SCSp (which on the second quarter of 2021 became an alternative investment fund, as described below, “DIV”), which sets forth among others, the conditions to and the steps and arrangements to achieve the contribution in kind, through DIV, of 100% of the share capital of T-Mobile Infra, B.V. (“T-Mobile Infra”), who changed its name to Cignal Infrastructure Netherlands, which owned approximately 3,150 sites, and had EUR 253 million of debt upon closing, to Cellnex Netherlands in exchange for a stake of 37.65% in the share capital of Cellnex Netherlands (the “T-Mobile Infra Acquisition”). Additionally, pursuant to the T-Mobile Infra MLA (as defined below), T-Mobile Infra and T-Mobile Netherlands B.V. (“T-Mobile”) agreed to the deployment of a minimum of 180 additional sites in the Netherlands by 2027. The transaction has been completed in the second quarter of 2021, following receipt of, among others, customary regulatory authorizations.

Thus, the T-Mobile Infra Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021. The operating income and net loss contribution since acquisition amounted to EUR 35 million and EUR 6 million, respectively, corresponding to the impact of 100% of the financial results of the T-Mobile Infra Acquisition in the accompanying consolidated income statement. If the T-Mobile Infra Acquisition, had been completed on 1 January 2021 and it had been fully consolidated for the year ended 31 December 2021, it would have contributed an operating income and net loss for an amount of approximately EUR 60 million and EUR 13 million, respectively.

T-Mobile Infra agreements

In connection with the T-Mobile Infra Acquisition, the Group has entered or will enter into several agreements, including those explained below.

T-Mobile Infra Framework Agreement

The framework agreement entered into on 21 January 2021 between Cellnex, Cellnex Netherlands, DTAG, DTEU and DIV, *(inter alia)* sets out the terms and conditions with regard to (i) DTEU selling and transferring, and DIV purchasing 100% of the shares in T-Mobile Infra (the "T-Infra Shares") and designating Cellnex Netherlands as the transferee of the T-Infra Shares and (ii) Cellnex Netherlands issuing shares in its capital to DIV and a Dutch foundation and DIV paying for the T-Infra Shares (representing 37.650% in Cellnex Netherlands' share capital) by contributing the right of transfer of all of the T-Infra Shares to Cellnex Netherlands. T-Mobile Infra owned approximately 3,150 sites with an initial tenancy ratio of c.1.2 per site (the "T-Mobile Infra Framework Agreement").

DIV is an investment fund managed by Digital Transformation Capital Partners Luxembourg GP S.à.r.l. and anchored by DTAG and Cellnex (through an investment vehicle) as initial limited partners (holding 67% and 33%, approximately, of DIV's share capital, respectively), among others, with a mandate to invest mainly into European digital infrastructure assets such as towers, fiber and data centers. In the second quarter of 2021, DIV became an alternative investment fund. As part of the T-Mobile Infra Acquisition, Cellnex signed a commitment letter, pursuant to which it committed to invest EUR 200 million in DIV. On the second quarter of 2021, DIV drew approximately EUR 136 million, which Cellnex paid with available cash. Such funds were used to finance a portion of the amounts payable by DIV under the T-Mobile Infra SPA (as defined herein), and to pay for certain expenses in connection with the T-Mobile Infra Acquisition and DIV's operation and setup. As soon as other investors become limited partners in DIV, DIV will refund part of Cellnex's and DTAG's, as initial limited partners, initial investment to adjust it to its resulting stake in DIV. Cellnex Netherlands, Towerlink Netherlands, B.V., Shere Masten, B.V., and Alticom (as guarantors), T-Mobile Infra (as initial borrower), and Banco Santander, S.A. (as initial lender) also signed on 12 February 2021 a facility agreement, amended on 12 March 2021, pursuant to which Banco Santander, S.A. made available to T-Mobile Infra, subject to certain conditions of utilization, a 5-year term-loan facility amounting to EUR 253 million (including arrangement fees), which T-Mobile Infra drew down and used to pay an extraordinary dividend prior to completion of the T-Mobile Infra Acquisition.

Upon closing of the T-Mobile Infra Acquisition, Cellnex and DIV signed a deal flow agreement which set forth Cellnex's right to co-invest with a stake of 51%, subject to certain conditions, in opportunities originated by DIV in relation to towers, rooftops, masts, small cells or Build-to-suit programs.

T-Mobile Infra SPA

As part of the T-Mobile Infra Acquisition, DIV signed on 21 January 2021 a sale and purchase agreement with DTEU (and DTAG as guarantor) for 100% of the shares of T-Mobile Infra, for a consideration amounting to approximately EUR 397 million, financed by DIV with available cash obtained from its limited partners (the "T-Mobile Infra SPA").

T-Mobile Infra SCA

In addition, on 21 January 2021 Cellnex, Cellnex Netherlands and DIV entered into a subscription and contribution agreement, pursuant to which Cellnex Netherlands agreed to issue new shares amounting to 37.65% of its share capital, to be fully subscribed by DIV and the mentioned Dutch fundation, which were paid in full by DIV through the contribution of the right to acquire the 100% of the shares of T-Mobile Infra to Cellnex Netherlands (the "T-Mobile Infra SCA"). Pursuant to the T-Mobile

Infra Framework Agreement, DIV agreed to assign its legal position under the T-Mobile Infra SPA to Cellnex Netherlands, which assignment was made effective pursuant to an assignment and transfer agreement signed in the second quarter of 2021. The T-Mobile infra SCA contained certain warranties made by Cellnex.

T-Mobile Infra SHA

Also as part of the T-Mobile Infra Acquisition, Cellnex, Cellnex Netherlands, DIV and a Dutch foundation entered into a shareholders' agreement upon closing of the T-Mobile Infra Acquisition which set forth, among other matters, certain rights and obligations of the parties as direct shareholders of Cellnex Netherlands and indirect shareholders of Cellnex Netherlands' subsidiaries, including T-Mobile Infra, as appropriate, and the procedures for the conduct of the affairs and the governance of Cellnex Netherlands and its subsidiaries (including T-Mobile Infra) (which include certain financial and business restrictions and policies) and which *(inter alia)* governs transfers of the shares of Cellnex Netherlands, including certain rights of first offer and tag-along and drag-along provisions, as well as the terms described below (the "T-Mobile Infra SHA").

As a result of this transaction, at 31 December 2021, Cellnex, through its wholly owned subsidiary Cellnex Netherlands and DIV, holds 74.90% of the share capital and voting and economic rights of T-Mobile Infra. Cellnex exercises effective control over T-Mobile Infra, as it holds ownership interests of over 50% and by virtue of the shareholders' agreement entered into with DIV, which gives Cellnex decision-making capacity over the investees' relevant activities and also the control over the returns of the investment, whereas DIV has certain protective rights. In accordance with the disclosure requirements set forth in IFRS 12, there are no significant restrictions on the use of assets and settlement of liabilities.

Cellnex, DIV and a Dutch foundation entered into an agreement upon closing, which set forth the right of DIV to sell its 37.65% non-controlling interest to Cellnex, at a price to be calculated pursuant to said agreement. Thus, Cellnex, as a consequence of the terms set forth in paragraph 23 of IAS 32, recorded a liability of EUR 261 million as initial recognition in June 2021 closing, and an additional update of EUR 35 million during the second half of the year (see Note 19.b.VI.) corresponding to the contingent commitment to purchase the 25.10% of the Cellnex Netherlands' shares from third-party shareholders, whose interests in this consolidated company are reflected as of 31 December 2021 under "Non-controlling interests".

T-Mobile Infra MLA

Additionally, upon closing T-Mobile Infra entered into an amended and restated MLA with T-Mobile as anchor tenant setting forth, among other things, the terms and conditions of certain co-location services to be provided by T-Mobile Infra and the deployment of up to approximately 180 sites over a seven-year term, for an estimated total consideration of up to approximately EUR 10 million to be financed with cash generated by the portfolio (the "T-Mobile Infra MLA"). Pursuant to the T-Mobile Infra MLA, if T-Mobile Infra would cease to be an affiliate of T-Mobile, T-Mobile Infra will undertake not to (and shall procure that its affiliates shall not) carry on, or own interests in, any business that operates or provides electronic communications network or services during a 5-year period in any country in which T-Mobile or its affiliates provide fixed or mobile telecommunications and/or electronic communications services. In the event the T-Mobile Infra MLA is terminated by T-Mobile for cause or upon the occurrence of certain events, T-Mobile will have a buy-back right with respect to T-Mobile Infra's sites. The fees under the T-Mobile Infra MLA will be CPI-linked, taking into consideration that the increase shall not exceed 3.5% per year and the decrease cannot be less than 0%. The T-Mobile Infra MLA will have an initial duration of 15 years, to be automatically extended for additional 10-year periods, on an "all-or-nothing" basis, with undefined maturity.

The breakdown of the net assets acquired and goodwill generated by the T-Mobile Infra Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [1]	396,500
Fair value of the net assets acquired	215,152
Resulting goodwill	**181,348**

[1] Corresponds to the fair value of 25.10% of Cellnex Netherlands shares plus the initial contribution in DIV.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the T-Mobile Infra Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, S.L.U., whose preliminary PPA report was issued on 14 January 2022 and the report did not contain any limitations. The assets and liabilities arising from the T-Mobile Infra Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	584,100	154,646	429,454
Right-of-use-assets	68,108	89,927	(21,819)
Property, plant and equipment	90,626	52,018	38,608
Trade and other receivables short term	9,104	9,104	—
Cash and cash equivalents	5,053	5,053	—
Bank borrowings and derivative financial instruments long term	(250,000)	(250,000)	—
Lease liabilities long term	(55,601)	(77,420)	21,819
Provisions and other liabilities long term	(77,313)	(35,488)	(41,825)
Provisions and other liabilities short term	(2,112)	(2,112)	—
Trade and other payables	(1,656)	(1,656)	—
Net deferred tax assets /(liabilities)	(155,157)	520	(155,677)
Net assets acquired	**215,152**	**(55,408)**	**270,560**

Total acquisition price	396,500	396,500
Payment through issuance of new Cellnex Netherlands shares (37%)	(396,500)	(396,500)
Initial investment in DIV	135,640	135,640
Cash and cash equivalents	(5,053)	(5,053)
Cash outflow in the acquisition	**130,587**	**130,587**

Given the date on which the T-Mobile Infra Acquisition has been completed, at the date of signing these consolidated financial statements for the period ended on 31 December 2021, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified and, therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the transaction to complete the measurement process.

Polkomtel Acquisition

As detailed in Note 2.h. V, on 26 February 2021, Cellnex Poland entered into an agreement with Cyfrowy Polsat s.a. ("Cyfrowy") and Polkomtel sp. z.o.o. ("Polkomtel") to acquire 99.99% of the share capital of Polkomtel Infrastruktura sp. z.o.o., renamed Towerlink Poland sp. z.o.o. ("Towerlink Poland"), for an estimated total consideration (Enterprise Value) of approximately EUR 1,531 million (the "Polkomtel Acquisition"). Towerlink Poland manages a portfolio of approximately 7,000 passive infrastructure and active infrastructures in Poland (approximately 37,000 radio carriers covering relevant bands used by 2G, 3G, 4G and 5G technologies in Poland, approximately 11,300 km of fiber backbone and FTTT backhaul and a national network of microwave radiolinks). The transaction was completed in the third quarter of 2021 (the "Polkomtel Completion Date") following the satisfaction of the relevant conditions precedent. The Group has financed this acquisition with available cash.

Thus, the Polkomtel Acquisition has been fully consolidated within the Cellnex Group as of the Polkomtel Completion Date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021. The operating income and net loss contribution since acquisition amounted to EUR 110 million and EUR 19 million, respectively, corresponding to the impact of 100% of the financial results of the Polkomtel Acquisition in the accompanying consolidated income statement. If the Polkomtel Acquisition, had been completed on 1 January 2021 and it had been fully consolidated for the year ended 31 December 2021, it would have contributed an operating income and net loss for an amount of approximately EUR 252 million and EUR 8 million, respectively.

Polkomtel agreements

Polkomtel SPA

On 26 February 2021, Cellnex Poland entered into an agreement with Cyfrowy and Polkomtel to acquire 99.99% of the share capital of Towerlink Poland (the "Polkomtel SPA"), for an estimated total consideration (Enterprise Value) of approximately EUR 1,531 million. In order to secure the performance by Towerlink Poland and Cellnex Poland of their respective obligations towards Cyfrowy and Polkomtel after completion of the transaction, Polkomtel retains ownership of 0.01% of Towerlink Poland's share capital and Towerlink Poland adopted new bylaws to give Polkomtel the benefit of certain personal rights. The Polkomtel SPA contains certain representations and warranties of Cyfrowy and Polkomtel and certain indemnification obligations in case of breach thereof.

Polkomtel Buyback Agreement

Upon completion of the Polkomtel Acquisition, Polkomtel, Cellnex Poland and the Group entered into a buyback agreement ("Polkomtel Buyback Agreement") by virtue of which Polkomtel (or its nominee) is granted the right to require Cellnex Poland or the Group to sell and transfer back the shares of Towerlink Poland (sold pursuant to the Polkomtel SPA) to Polkomtel (or its nominee), in the event (i) shares in Towerlink Poland are issued or sold to a Restricted Entity (as such term is defined in the Polkomtel Buyback Agreement), (ii) there is a change of control, without the prior written consent of Polkomtel, by means of which a Restricted Entity gains majority ownership or control over Cellnex Poland, Towerlink Poland or any of its holding companies which is, from time to time, the controlling company of Towerlink Poland (other than Cellnex), (iii) there is a change of control, without the prior written consent of Polkomtel, by means of which a Restricted Entity gains ownership of more than 30% of Cellnex Parent (that includes Cellnex and any legal successor to Cellnex, inclusive of any person with which it is merged or amalgamated; and such other person as is from time to time the ultimate holding company of the Cellnex Group) or gains control over Cellnex Parent, or (iv) in certain circumstances, if a critical failure under the Polkomtel MSA occurs. In the event any of the triggering events (i) to (ii) occurs, Polkomtel may opt to exercise its right pursuant to the Polkomtel Buyback Agreement within three months or, alternatively, to have the fees of the Polkomtel MSA reduced by 50%. The Polkomtel Buyback Agreement shall terminate if (a) there is a change of control of Polkomtel or Cyfrowy or (b) the Polkomtel MSA is terminated by Polkomtel upon execution of a master services agreement with another provider with substantially the same scope as the Polkomtel MSA.

Polkomtel MSA

Upon completion of the Polkomtel Acquisition, Towerlink Poland, Polkomtel and Aero 2 sp. z.o.o., a MNO within the Polkomtel Group ("Aero", and together with Polkomtel, the "Polkomtel Customers"), entered into a master services agreement whereby Towerlink Poland provides access to its passive infrastructures, renders the services necessary to maintain the technical conditions that are necessary to provide the transmission of radio signals of a cellular telecommunication network and provide transmission "backhaul", among other ancillary services, to the Polkomtel Customers (the "Polkomtel MSA"). In the event any of the triggering events (i) to (ii) described in the above paragraph occurs, or Towerlink Poland sells or leases (or similar) its business or an organized part of its business without the prior written consent of Polkomtel, the fees of the Polkomtel MSA shall be reduced by 50% (unless Polkomtel exercises its rights pursuant to the Polkomtel Buyback Agreement). The initial term of the Polkomtel MSA is 25 years, subject to automatic extensions for successive 15-year periods on an "all-or-nothing" basis.

Additionaly, pursuant to the Polkomtel MSA, Polkomtel has undertaken to submit pre-orders requesting Towerlink Poland to construct a minimum of 1,000 sites before the tenth anniversary of the date of the Polkomtel MSA, although the deployment of up to approximately 1,500 sites is expected by the Group. Additionally, pursuant to the Polkomtel MSA, each of Polkomtel and Aero have undertaken to submit pre-orders requesting Towerlink Poland to provide them with an aggregate of 15,000 additional emission services during that same period. The estimated total consideration for all the above services amounts to approximately EUR 600 million.

The required level of services to be provided pursuant to the Polkomtel MSA are regulated in the services level agreements that form part of the Polkomtel MSA.

The breakdown of the net assets acquired and goodwill generated by the Polkomtel Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [(1)]	1,552,364
Fair value of the net assets acquired	1,224,911
Resulting goodwill	**327,453**

[(1)] Corresponds to the amount that Cellnex Poland would have paid for 100% of Towerlink Poland. The Group has a 99.99% in Towerlink Poland (see Note 2.h). Additionally, the total acquisition price considers the cash paid by Cellnex Poland (PLN 7,027,582 thousand) plus the impact of a natural hedge (as disclosed in Note 11), which has been treated as a cash flow hedge of a highly probable transaction in accordance with the provisions of IAS 39, which converts to EUR 1,552,364 thousand.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Polkomtel Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, S.L.U., whose preliminary PPA report was issued on 5 January 2022 and the report did not contain any limitations. The assets and liabilities arising from the Polkomtel Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	**Carrying value**	**Revaluation**
Other intangible assets	1,002,560	6,938	995,622
Right-of-use-assets	169,713	169,713	—
Property, plant and equipment	538,770	538,770	—
Trade and other receivables long term	78	78	—
Trade and other receivables short term	37,017	37,017	—
Cash and cash equivalents	21,401	21,401	—
Lease liabilities long term	(125,511)	(125,511)	—
Provisions and other liabilities long term	(100,745)	(23,052)	(77,693)
Trade and other long term payables	(39,902)	(39,902)	—
Lease liabilities short term	(53,935)	(53,935)	—
Provisions and other liabilities short term	(11,701)	(11,701)	—
Trade and other short term payables	(39,439)	(39,439)	—
Net deferred tax assets /(liabilities)	(173,395)	15,773	(189,168)
Net assets acquired	**1,224,911**	**496,150**	**728,761**

Total acquisition price	1,552,364
Cash in from other shareholders	(155)
Cash and cash equivalents	(21,401)
Cash outflow in the acquisition	**1,530,808**

Given the date on which the Polkomtel Acquisition has been completed, at the date of signing these consolidated financial statements for the period ended on 31 December 2021, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified and, therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the transaction to complete the measurement process.

Infratower Acquisition

In the last quarter of 2021, Cellnex has acquired, (through its fully owned subsidiary CLNX Portugal) 100% of the share capital of Infratower S.A. ("Infratower"), owner of approximately 687 sites in Portugal. This agreement broadens the cooperation between Cellnex Portugal and MEO. The transaction involves an estimated total consideration (Enterprise Value) of approximately EUR 209 million[16].

Thus, the Infratower Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2021. The operating income and net loss contribution since acquisition amounted to EUR 0 million and EUR 3 million, respectively, corresponding to the impact of 100% of the financial results of the Infratower Acquisition in the accompanying consolidated income statement. If the Infratower Acquisition, had been completed on 1 January 2021 and it had been fully consolidated for the year ended 31 December 2021, it would have contributed an operating income and net profit for an amount of approximately EUR 18 million and EUR 3 million, respectively.

The breakdown of the net assets acquired and goodwill generated by the Infratower Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price	215,246
Fair value of the net assets acquired	206,013
Resulting goodwill	**9,233**

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Infratower Acquisition, the Group has carried out an internal preliminary purchase price allocation, but given the complexity in identifying the intangible assets acquired, an independent third party expert will be employed in the coming months. The assets and liabilities arising from the Infratower Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	**Carrying value**	**Revaluation**
Other intangible assets	205,925	23,283	182,642
Property, plant and equipment	3,174	185,817	(182,642)
Trade and other receivables short term	5,558	5,558	—
Provisions and other liabilities long term	(8,973)	(2,086)	(6,888)
Trade and other payables	(109)	(109)	—
Net deferred tax assets /(liabilities)	438	438	—
Net assets acquired	**206,013**	**212,901**	**(6,888)**
Total acquisition price	215,246	215,246	
Cash outflow in the acquisition	**215,246**	**215,246**	

Given the date on which the Infratower Acquisition has been completed, at the date of signing these consolidated financial statements for the period ended on 31 December 2021, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified and, therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the transaction to complete the measurement process.

[16] The final equity price corresponds to the 209 million plus working capital adjustments of 6 million.

Hivory Acquisition

As detailed in Note 2.h. VII, on 3 February 2021, the Group (through Cellnex France Groupe) entered into an agreement with Altice France, S.A.S. ("Altice") and Starlight HoldCo S.à r.l ("Starlight HoldCo"), which gave the right to Altice and Starlight HoldCo to require Cellnex France Groupe to purchase, on an exclusive basis, their respective direct and indirect ownerships in the share capital of Hivory, S.A.S. ("Hivory"), which in aggregate amounts to approximately 100% of Hivory's share capital, for an estimated consideration (Enterprise Value) of approximately EUR 5.2 billion (the "Hivory Acquisition"). The Group financed this acquisition with available cash. Altice and Starlight BidCo, S.A.S. ("Starlight BidCo"), a wholly-owned subsidiary of Starlight HoldCo, owned shares representing 50.01% and 49.99%, respectively, of the share capital and voting rights of Hivory. There is also a minority interest holding less than 0.01% of the share capital of Hivory, which is outside the scope of the Hivory Acquisition. Altice and Starlight HoldCo exercised their right on 19 May 2021, and on that same date entered into a sale and purchase agreement with Cellnex France Groupe for the sale and purchase, directly or indirectly of approximately 100% of Hivory's share capital.

Hivory owns and operates approximately 10,500 sites in France. In particular, Hivory is a party to a master services agreement with Société Française du Radiotéléphone ("SFR"), entered into on 30 November 2018, for the provision of certain services by Hivory to SFR (the "Hivory MSA"). Pursuant to an amendment letter to the Hivory MSA between Altice and the Group entered into on 3 February 2021 (the "Hivory MSA Amendment"), the parties have a commitment to execute an amendment to the Hivory MSA providing for, among other things, a revised build-to-suit program, including the commitment of SFR to require Hivory to construct up to 2,500 new sites in France until 31 December 2028 with a minimum of 1,000 sites, for an estimated investment of approximately EUR 0.9 billion. The search and construction of sites is outsourced by Hivory to SFR. Hivory, within a framework of obtaining synergies, has agreed that it will front load partially these investments to facilitate the construction of up to 2,500 sites at the earliest possible date. Thus, the Group has agreed to deliver a prepayment in 2022 in respect of the investment relating to the construction of these sites.

The Hivory Acquisition was completed in the last quarter of 2021 following the satisfaction of the relevant conditions precedent. In this regard, the authorization granted by the French Competition Authority (the "FCA") is subject to the disposal of approximately 3,200 rooftops and other sites in urban areas being completed within a maximum period of 30 months from the date of signing of the divestment agreement that will need to be entered into to complete the required disposal. The Group has therefore initially consolidated financially the approximately 10,500 sites owned by Hivory in France and will proceed with the disposal required by the FCA. Moreover, the Group is already working on new opportunities related to the deployment of new core assets to invest the proceeds to be obtained as a result of such disposal, with a view that both capital expenditures and Adjusted EBITDA would remain unaffected on a consolidated run rate basis. As of 31 December 2021, the sites to be disposed have not yet been identified. Thus, no accounting impact under IFRS 5 has been registered.

The Hivory Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for year ended on 31 December 2021. The operating income and net loss contribution since acquisition amounted to EUR 53 million and EUR 19 million, respectively, corresponding to the impact of 100% of the financial results of the Hivory Acquisition in the accompanying consolidated income statement. If the Hivory Acquisition, had been completed on 1 January 2021 and it had been fully consolidated for the year ended on 31 December 2021, it would have contributed an operating income and net loss for an amount of approximately EUR 312 million and EUR 54 million, respectively.

Cellnex France Groupe, Altice and Starlight HoldCo entered into the following agreements in the context of the Hivory Acquisition:

Hivory SPA

In accordance with the above, pursuant to the Hivory SPA, Altice and Starlight HoldCo sold to Cellnex France Groupe respectively 50.01% ownership of Altice in Hivory and 100% ownership of Starlight BidCo, itself owning 49.99% of the share capital of Hivory, as well as all rights of Starlight HoldCo towards Starlight BidCo under a shareholder's loan agreement entered into between Starlight HoldCo and Starlight Bidco. As consideration thereof, the Group paid approximately EUR 5.2 billion, after certain price adjustments to account for the financial debt, cash, working capital position, a warranty liability insurance and certain balance sheet items of Hivory and Starlight BidCo.

The Hivory SPA contained certain representations and warranties by Altice and Starlight HoldCo and certain indemnification obligations in case of breach thereof. It also included certain covenants regarding the management of Hivory and Starlight BidCo until closing of the Hivory Acquisition, as well as certain specific indemnities provided by Altice.

Hivory MSA

Hivory is a party to a master services agreement with SFR, entered into on 30 November 2018, for the provision of certain services by Hivory to SFR, (the “Hivory MSA”). Pursuant to an amendment letter to the Hivory MSA between Altice and the Group entered into on 3 February 2021 (the “Hivory MSA Amendment”), the parties have a commitment to execute an amendment to the Hivory MSA providing for, among other things, a revised build-to-suit program, including the commitment of SFR to require Hivory to construct up to 2,500 new sites in France until 31 December 2028 with a minimum commitment of 1,000 new sites, for an estimated investment of approximately EUR 0.9 billion. The search and construction of sites is outsourced by Hivory to SFR. Hivory, within a framework of obtaining synergies, has agreed that it will front load partially these capital expenditures to facilitate the construction of up to 2,500 sites at the earliest possible date. Thus, the Group has agreed to deliver a prepayment in 2022 in respect of the capital expenditure relating to the construction of these sites. Hivory also has the possibility to propose, and SFR to elect at its sole discretion, an existing site of Hivory’s portfolio in France instead of having to build a new site. The Hivory MSA Amendment further provides for an annual increase of 2% of the hosting fees to be paid by SFR as from 1st January 2022. This amendment to the Hivory MSA was executed on the last quarter of 2021.

The breakdown of the net assets acquired and goodwill generated by the Hivory Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price	5,282,011
Fair value of the net assets acquired	3,661,379
Resulting goodwill	**1,620,632**

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Hivory Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, S.L.U., whose preliminary PPA report was issued on 3 January 2022 and the report did not contain any limitations. The assets and liabilities arising from the Hivory Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	**Carrying value**	**Revaluation**
Other intangible assets	4,137,963	46,463	4,091,500
Right-of-use-assets	240,356	240,356	—
Property, plant and equipment	458,641	458,641	—
Trade and other receivables long term	492	492	—
Trade and other receivables short term	203,915	203,915	—
Cash and cash equivalents	69,679	69,679	—
Lease liabilities long term	(148,374)	(148,374)	—
Provisions and other liabilities long term	(60,236)	(31,185)	(29,051)
Lease liabilities short term	(75,325)	(75,325)	—
Provisions and other liabilities short term	(62,616)	(62,616)	—
Trade and other payables	(79,213)	(79,213)	—
Net deferred tax assets /(liabilities)	(1,023,903)	(1,028)	(1,022,875)
Net assets acquired	**3,661,379**	**621,806**	**3,039,574**
Total acquisition price	5,282,011	5,282,011	
Cash and cash equivalents	(69,679)	(69,679)	
Cash outflow in the acquisition	**5,212,332**	**5,212,332**	

Given the date on which the Hivory Acquisition has been completed, at the date of signing these consolidated financial statements for the period ended on 31 December 2021, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified and, therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the transaction to complete the measurement process.

Business combinations for 2020

The initial accounting for the business combination involving Arqiva Acquisition, NOS Towering Acquisition, Hutchison Austria Acquisition, Hutchison Ireland Acquisition and Hutchison Denmark Acquisition described in Note 6 of the consolidated financial statements for the 2020 financial year has been restated and now are considered to have been completed, since one year has elapsed since its date of acquisition (in accordance with IFRS 3). Therefore, the Group modified the values used in the 2020 consolidated financial statements, as further information became available, allowing it to carry out a more accurate evaluation of the purchase price allocation process (see Note 5).

As regards the business combination of Omtel Acquisition described in Note 6 of the consolidated financial statements for the 2020 financial year, this business combination was considered to have been completed as of the date of signing of the 2020 consolidated financial statements, since one year was elapsed since the date of acquisition (in accordance with IFRS 3).

Omtel Acquisition

The breakdown of the net assets acquired and goodwill generated by the Omtel Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [1]	762,384
Fair value of the net assets acquired	733,930
Resulting goodwill	**28,454**

[1] Relating to the payment of EUR 300,000 thousand made on the acquisition date plus EUR 462,384 thousand corresponding to the present value (at a market discount rate of 2.65%) at the acquisition date of the deferred purchase price of all the shares Belmont Infra Holding and its subsidiaries, amounting to EUR 570,000 thousand, payable in 2027 (see Note 19.b.).

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Omtel Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, .L.U., whose final PPA report was issued on 19 January 2021 and the report did not contain any limitations. The assets and liabilities arising from the Omtel are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	**Carrying value**	**Revaluation**
Other intangible assets	1,006,075	12,008	994,067
Right-of-use-assets	44,232	47,994	(3,762)
Property, plant and equipment	98,258	608,758	(510,500)
Financial investments long term	6	6	—
Trade and other receivables short term	12,261	12,261	—
Cash and cash equivalents	42,588	42,588	—
Bank borrowings and derivative financial instruments long term	(243,259)	(233,017)	(10,242)
Lease liabilities long term	(23,178)	(35,055)	11,877
Provisions and other liabilities long term	(56,724)	(15,724)	(41,000)
Lease liabilities short term	(16,975)	(10,265)	(6,710)
Trade and other payables	(8,303)	(8,303)	—
Net deferred tax assets /(liabilities)	(121,051)	—	(121,051)
Net assets acquired	**733,930**	**421,251**	**312,679**
Total acquisition price	762,384	762,384	
Deferred payment (see Note 19.b.)	(462,384)	(462,384)	
Cash and cash equivalents	(42,588)	(42,588)	
Cash outflow in the acquisition	**257,412**	**257,412**	

Arqiva Acquisition

The breakdown of the net assets acquired and goodwill generated by the Arqiva Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [(1)]	2,210,544
Fair value of the net assets acquired	1,577,024
Resulting goodwill	**633,520**

[(1)] Corresponds to the cash paid (GBP 1,987,675 thousand) with the impacts of natural hedge accounting as disclosed in Note 11, which has been treated as the hedge of a "transaction highly probable in accordance with the provisions of IAS 39, totalling an amount equivalent to EUR 2,210,544 thousand.

The review of the purchase price allocation of the Arqiva Acquisition gave rise to a EUR 14,304 thousand increase in goodwill following the recognition of a lower revaluation of other intangible assets ("Customer Network Services Contracts" and "Network Location") which ultimately amounted to EUR 2,023,910 thousand (EUR 2,059,624 thousand in the 2020 consolidated financial statements), and a step up in property plant, and equipment resulting from an accurate appraisal of fixed assets, which ultimately amounted to EUR 205,464 thousand (EUR 167,087 thousand in the 2020 consolidated financial statements). Finally, the acquisition price has increased slightly by EUR 704 thousand, as a result of the completion of this business combination.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Arqiva Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Ernst & Young Servicios Corporativos, S.L., whose final PPA report was issued on 27 July 2021 and the report did not contain any limitations. The assets and liabilities arising from the Arqiva Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	2,023,910	—	2,023,910
Right-of-use-assets	290,672	307,515	(16,843)
Property, plant and equipment	205,464	167,087	38,377
Trade and other receivables short term	37,113	37,113	—
Cash and cash equivalents	113	113	—
Lease liabilities long term	(188,213)	(200,337)	12,124
Provisions and other liabilities long term	(321,135)	(89,310)	(231,825)
Lease liabilities short term	(29,189)	(33,909)	4,720
Provisions and other liabilities short term	(80,548)	(80,548)	—
Trade and other payables	(28,706)	(28,706)	—
Net deferred tax assets /(liabilities)	(332,457)	59,377	(391,834)
Net assets acquired	**1,577,024**	**138,395**	**1,438,629**
Total acquisition price	2,210,544	2,210,544	
Cash and cash equivalents	(113)	(113)	
Cash outflow in the acquisition	**2,210,431**	**2,210,431**	

NOS Towering Acquisition

The breakdown of the net assets acquired and goodwill generated by the NOS Towering Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [(1)]	398,452
Fair value of the net assets acquired	308,707
Resulting goodwill	**89,745**

[(1)] Corresponds to the final consideration, in accordance with the NOS Towering SPA.

The review of the purchase price allocation of the NOS Towering Acquisition gave rise to a EUR 4,952 thousand increase in goodwill following the recognition of a lower revaluation of other intangible assets (“Customer Network Services Contracts” and “Network Location”) which ultimately amounted to EUR 279,600 thousand (EUR 280,400 thousand in the 2020 consolidated financial statements), and a step up in property plant, and equipment resulting from an accurate appraisal of fixed assets, which ultimately amounted to EUR 97,733 thousand (EUR 96,942 thousand in the 2020 consolidated financial statements). Finally, the acquisition price has decreased slightly by EUR 103 thousand, as a result of the completion of this business combination.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Nos Towering Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, S.L.U., whose final PPA report was issued on 17 December 2021 and the report did not contain any limitations. The assets and liabilities arising from the Nos Towering Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	**Carrying value**	**Revaluation**
Other intangible assets	279,600	—	279,600
Right-of-use-assets	27,229	36,242	(9,013)
Property, plant and equipment	97,733	102,333	(4,600)
Trade and other receivables short term	3,432	4,077	(645)
Cash and cash equivalents	45,030	45,030	—
Lease liabilities long term	(22,007)	(29,482)	7,475
Provisions and other liabilities long term	(21,121)	(21,121)	—
Lease liabilities short term	(4,577)	(6,761)	2,183
Trade and other payables	(24,411)	(24,411)	—
Net deferred tax assets /(liabilities)	(72,201)	4,799	(77,000)
Net assets acquired	**308,707**	**110,706**	**198,000**
Total acquisition price	398,452	398,452	
Cash and cash equivalents	(45,030)	(45,030)	
Cash outflow in the acquisition	**353,422**	**353,422**	

CK Hutchison Holdings Transaction

Hutchison Austria Acquisition

The breakdown of the net assets acquired and goodwill generated by the Hutchison Austria Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [(1)]	932,883
Fair value of the net assets acquired	621,585
Resulting goodwill	**311,299**

[(1)] In addition to the acquisition price paid for the shares of the acquired company (EUR 933 million), at the acquisition date, an additional EUR 224 million were paid to cancel the existing debt that Networks Co. Austria had with companies of the Hutchison Group at that date.

The review of the purchase price allocation of the Hutchison Austria Acquisition gave rise to a EUR 36,245 thousand increase in goodwill following the recognition of a lower revaluation of other intangible assets ("Customer Network Services Contracts" and "Network Location") which ultimately amounted to EUR 757,247 thousand (EUR 883,962 thousand in the 2020 consolidated financial statements), and a step up in property plant, and equipment resulting from an accurate appraisal of fixed assets, which ultimately amounted to EUR 201,091 thousand (EUR 118,629 thousand in the 2020 consolidated financial statements). Finally, the acquisition price has decreased slightly by EUR 1,624 thousand, as a result of the completion of this business combination.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Hutchison Austria Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, S.L.U., whose final PPA report was issued on 19 January 2022 and the report did not contain any limitations. The assets and liabilities arising from the Hutchison Austria Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	757,247	547	756,700
Right-of-use-assets	118,754	96,268	22,486
Property, plant and equipment	201,091	139,091	62,000
Trade and other receivables short term	2,160	3,079	(919)
Cash and cash equivalents	20,549	20,549	—
Loans from group companies long term	(223,642)	(223,642)	—
Lease liabilities long term	(103,049)	(73,216)	(29,833)
Provisions and other liabilities long term	(74,662)	(20,462)	(54,200)
Lease liabilities short term	(14,786)	(23,052)	8,266
Provisions and other liabilities short term	(143)	(143)	—
Trade and other payables	(1,830)	(1,830)	—
Net deferred tax assets /(liabilities)	(60,104)	144,571	(204,675)
Net assets acquired	**621,585**	**61,760**	**559,825**
Total acquisition price	932,883	932,883	
Cash and cash equivalents	(20,549)	(20,549)	
Cash outflow in the acquisition	**912,334**	**912,334**	

Hutchison Ireland Acquisition

The breakdown of the net assets acquired and goodwill generated by the Hutchison Ireland Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [(1)]	612,667
Fair value of the net assets acquired	371,969
Resulting goodwill	**240,698**

[(1)] Corresponds to the final consideration, in accordance with the Hutchison Ireland SPA.

The review of the purchase price allocation of the Hutchison Ireland Acquisition gave rise to a EUR 11,690 thousand increase in goodwill following the recognition of a higher revaluation of other intangible assets ("Customer Network Services Contracts" and "Network Location") which ultimately amounted to EUR 490,500 thousand (EUR 481,109 thousand in the 2020 consolidated financial statements), and a step down in property plant, and equipment resulting from an accurate appraisal of fixed assets, which ultimately amounted to EUR 60,248 thousand (EUR 68,918 thousand in the 2020 consolidated financial statements). Finally, the acquisition price has increased slightly by EUR 471 thousand, as a result of the completion of this business combination.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Hutchison Ireland Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, S.L.U., whose final PPA report was issued on 19 January 2022 and the report did not contain any limitations. The assets and liabilities arising from the Hutchison Ireland Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	490,500	64,194	426,306
Right-of-use-assets	52,305	96,760	(44,455)
Property, plant and equipment	60,248	78,448	(18,200)
Trade and other receivables short term	989	989	—
Cash and cash equivalents	14	14	—
Lease liabilities long term	(38,861)	(82,931)	44,070
Provisions and other liabilities long term	(122,230)	(9,530)	(112,700)
Lease liabilities short term	(11,003)	(11,387)	384
Trade and other payables	(864)	(864)	—
Net deferred tax assets /(liabilities)	(59,129)	(91)	(59,038)
Net assets acquired	**371,969**	**135,602**	**236,367**
Total acquisition price	612,667	612,667	
Cash and cash equivalents	(14)	(14)	
Cash outflow in the acquisition	**612,653**	**612,653**	

Hutchison Denmark Acquisition

The breakdown of the net assets acquired and goodwill generated by the Hutchison Denmark Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price [(1)]	436,959
Fair value of the net assets acquired	328,847
Resulting goodwill	**108,112**

[(1)] Corresponds to the final consideration, in accordance with the Hutchison Denmark SPA.

The review of the purchase price allocation of the Hutchison Denmark Acquisition gave rise to a EUR 9,295 thousand decrease in goodwill following the recognition of a higher revaluation of other intangible assets (“Customer Network Services Contracts” and “Network Location”) which ultimately amounted to EUR 338,615 thousand (EUR 326,847 thousand in the 2020 consolidated financial statements), and a step down in property plant, and equipment resulting from an accurate appraisal of fixed assets, which ultimately amounted to EUR 57,793 thousand (EUR 59,898 thousand in the 2020 consolidated financial statements). Finally, the acquisition price has decreased slightly by EUR 818 thousand, as a result of the completion of this business combination.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined according to the measurement assumptions and valuation techniques aforementioned. With regards to the Hutchison Denmark Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Duff & Phelps, S.L.U., whose final PPA report was issued on 19 January 2022 and the report did not contain any limitations. The assets and liabilities arising from the Hutchison Denmark Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	338,615	—	338,615
Right-of-use-assets	41,032	26,828	14,204
Property, plant and equipment	57,793	60,593	(2,800)
Trade and other receivables long term	1,446	1,446	—
Trade and other receivables short term	803	803	—
Cash and cash equivalents	718	718	—
Lease liabilities long term	(33,289)	(17,753)	(15,536)
Provisions and other liabilities long term	(46,195)	(695)	(45,500)
Lease liabilities short term	(6,701)	(8,033)	1,332
Trade and other payables	(3,954)	(3,954)	—
Net deferred tax assets /(liabilities)	(21,421)	52,458	(73,879)
Net assets acquired	**328,847**	**112,411**	**216,436**
Total acquisition price	436,959	436,959	
Cash and cash equivalents	(718)	(718)	
Cash outflow in the acquisition	**436,241**	**436,241**	

7. Property, plant and equipment

The changes in this heading in the consolidated balance sheet during 2021 and 2020 were as follows:

				Thousands of Euros
	Land and buildings	Plant and machinery and other fixed assets	Property, plant and equipment under construction	Total
At 1 January 2021 restated				
Cost	4,269,398	907,306	347,918	**5,524,622**
Accumulated depreciation	(788,621)	(433,427)	—	**(1,222,048)**
Carrying amount	**3,480,777**	**473,879**	**347,918**	**4,302,574**
Carrying amount at beginning of period	3,480,777	473,879	347,918	**4,302,574**
Changes in the consolidation scope (Note 6)	1,990,291	83,420	36,610	**2,110,321**
Additions	1,013,296	159,969	500,349	**1,673,614**
Disposals (net)	(3,474)	(953)	(3,619)	**(8,046)**
Transfers	204,409	(45,744)	(158,665)	**—**
Foreign exchange differences	17,124	1,006	2,275	**20,405**
Depreciation charge	(407,233)	(59,328)	—	**(466,561)**
Carrying amount at close	**6,295,190**	**612,249**	**724,868**	**7,632,307**
At 31 December 2021				
Cost	7,491,044	1,105,004	724,868	**9,320,916**
Accumulated depreciation	(1,195,854)	(492,755)	—	**(1,688,609)**
Carrying amount	**6,295,190**	**612,249**	**724,868**	**7,632,307**

Thousands of Euros

	Land and buildings	Plant and machinery and other fixed assets	Property, plant and equipment under construction	Total
At 1 January 2020				
Cost	2,967,951	697,550	153,243	**3,818,744**
Accumulated depreciation	(540,661)	(378,544)	—	**(919,205)**
Carrying amount	**2,427,290**	**319,006**	**153,243**	**2,899,539**
Carrying amount at beginning of period	2,427,290	319,006	153,243	**2,899,539**
Changes in the consolidation scope (Note 6)	608,829	109,071	21,039	**738,939**
Additions	627,694	104,679	249,415	**981,788**
Disposals (net)	(1,689)	(1,379)	(3,516)	**(6,584)**
Transfers	70,489	1,341	(71,830)	**—**
Foreign exchange differences	(3,876)	(3,956)	(433)	**(8,265)**
Depreciation charge	(247,960)	(54,883)	—	**(302,843)**
Carrying amount at close	**3,480,777**	**473,879**	**347,918**	**4,302,574**
At 31 December 2020 restated				
Cost	4,269,398	907,306	347,918	**5,524,622**
Accumulated depreciation	(788,621)	(433,427)	—	**(1,222,048)**
Carrying amount	**3,480,777**	**473,879**	**347,918**	**4,302,574**

The carrying amount recognised under "Land and buildings" includes infrastructures acquired at the centres in which the Group has installed its telecommunications equipment (land, towers and buildings – prefabricated and civil works).

"Plant and machinery and other fixed assets" include mainly the telecommunications infrastructure network for broadcasting and others network services. It also includes all equipment necessary to ensure the operation of the technical equipment installed in any infrastructure (electrical and air conditioning).

"Property, plant and equipment under construction" includes the carrying amount of those items of property, plant and equipment acquired in the last days of the year that have still not been put into operation.

Changes in the scope of consolidation and business combinations

The movements in 2021 and 2020 due to changes in the scope of consolidation and business combinations mainly correspond to the impact of:

<u>2021</u>

- the On Tower Sweden Acquisition (EUR 138,115 thousand, see Notes 2.h and 6).
- the On Tower Poland Acquisition (EUR 226,090 thousand, see Notes 2.h and 6).
- the Cignal Infrastructure Netherlands Acquisition (EUR 90,626 thousand, see Notes 2.h and 6).
- Network Co Italy Acquisition (EUR 651,646 thousand, see Notes 2.h and 6).
- Towerlink Poland Acquisition (EUR 538,770 thousand, see Notes 2.h and 6).
- Infratower Acquisition (EUR 3,174 thousand, see Notes 2.h and 6).
- Hivory Acquisition (EUR 458,641 thousand, see Notes 2.h and 6).

2020 Restated

- the Omtel Acquisition (EUR 98,258 thousand, see Notes 2.h and 6).
- the Arqiva Acquisition (EUR 205,464 thousand, see Notes 2.h and 6).
- the NOS Towering Acquisition (EUR 97,733 thousand, see Notes 2.h and 6).
- the Hutchison Austria Acquisition (EUR 201,091 thousand, see Notes 2.h and 6).
- the Hutchison Ireland Acquisition (EUR 60,248 thousand, see Notes 2.h and 6).
- the Hutchison Denmark Acquisition (EUR 57,793 thousand, see Notes 2.h and 6).

Signed acquisitions and commitments

France

As of 31 December 2021, in accordance with the agreements reached with Bouygues Telecom during the period 2016 - 2020, Cellnex, through its subsidiaries Cellnex France, Towerlink France and Nexloop, has committed to acquire or for Bouygues Telecom to build, as applicable, up to 5,400 sites that will be gradually transferred to Cellnex until 2027, of which 4,535 have been transferred to Cellnex as of 31 December 2021 (4,078 as of 31 December 2020), as well as to the roll-out of a network of up to 31,500 km., interconnecting the telecommunications rooftops and towers providing service to Bouygues Telecom (approximately 5,800 of which belong to and are operated by Cellnex) with the network of “metropolitan offices”, “center offices” and “Mobile switching centers” for housing data processing centres (Edge Computing). During 2021, 457 sites were acquired (572 sites in 2020), optic fibre network was deployed and 27 data processing centers were created in relation to the aforementioned agreements, for an amount of approximately EUR 447 million (EUR 160 million during 2020). In addition, the investment in fixed assets in progress corresponding to those sites, fibre network and data processing centres, which were under construction during 2021, amounted to EUR 175 million (EUR 147 million during 2020). Therefore, the total investment during 2021 and 2020, in relation to the agreements described above, amounted to approximately EUR 622 million and EUR 307 million, respectively.

Moreover, in accordance with the agreement reached with Free Mobile in 2019 (see Note 6 of the consolidated financial statements ended as of 31 December 2020), Cellnex, through its subsidiary On Tower France, has committed to acquire or for Free Mobile to build, as applicable, a minimum of 2,500 sites that will be gradually transferred to Cellnex until 2026, of which 1,303 and 548 have been transferred to Cellnex as of 31 December 2021 and 2020 for an amount of approximately EUR 243 million and EUR 103 million, respectively.

Additionally, in accordance with the agreement reached with Altice France, S.A.S and Starlight HoldCo S.à r.l for Hivory, S.A.S (see agreements described in Note 6), Cellnex, through its subsidiary Hivory, S.A.S, has committed to acquire or for SFR Telecom to build, as applicable, up to 2,500 sites that will be gradually transferred to Cellnex until 2028, of which 155 sites have been transferred as of 31 December 2021 for an amount of approximately EUR 36 million.

Therefore, the total investment in France during 2021 and 2020, in relation to the agreements described above, amounted to approximately EUR 893 million and EUR 409 million, respectively.

Poland

During 2021 Cellnex reached an agreement in Poland with Illiad Poland and Polkomtel (see agreements described in Note 6). Cellnex, though its subsidiaries On Tower Poland and Towerlink Poland, has committed to acquire or for Illiad and Polkomtel to build, as applicable, up to 4,462 and 1,500 sites that will be gradually transferred to Cellnex until 2030, of which 188 and 35 have been transferred as of 31 December 2021, as well as other updates in active equipment in Towerlink Poland, for a total amount of approximately EUR 44 million and EUR 61 million, respectively.

Spain

On 3 December 2019, Cellnex (through its fully owned subsidiary On tower Telecom Infraestructuras, S.A.U.) reached an agreement with Orange Espagne, S.A.U. (“Orange Spain”) for the acquisition of 1,500 telecom sites in Spain for a total amount of EUR 260 million. As of 31 December 2019, 1,067 sites were transferred to Cellnex for an amount of EUR 185 million, while the remaining 433 sites were transferred during January 2020 for the remaining amount.

Orange Spain will be the main customer of this portfolio of telecom sites, with whom Cellnex signed an inflation-linked Master Lease Agreement for an initial period of 10 years that can be extended by one subsequent period of 10 years and subsequent undefined periods of 1 year on an all-or-nothing basis, and which presents an initial tenancy ratio of c.1.8x.

This project is fully aligned with Cellnex's growth strategy and is also fully compliant with the Group's strict value creation criteria.

Italy

During 2021 and 2020, in the context of the Iliad Italy Acquisition, 413 sites have been transferred for an amount of approximately EUR 85 million and EUR 0 million, respectively.

In addition to the movements described above, during 2021 and 2020 investments have also been carried out by the Group in relation to "built-to-suit" agreements reached with several anchor tenants in the Netherlands, Switzerland, Portugal, Ireland, Austria, Denmark and Sweden, and other additions related to the business expansion and maintenance of the Group's operations, for a total amount of approximately EUR 411 million and EUR 263 million, respectively.

Furthermore, during 2021 and 2020 investments have also been carried out by the Group in relation to engineering services that have been agreed with different customers, including ad-hoc capex eventually required (such as adaptation, engineering and design services), for a total amount of approximately EUR 154 million and EUR 76 million, respectively.

At 31 December 2021 and 2020 the Group had not entered into additional relevant framework agreements with other customers.

Property, plant and equipment abroad

At 31 December 2021 and 2020 the Group had the following investments in property, plant and equipment located abroad:

Thousands of Euros

	31 December 2021	31 December 2020 restated
Italy	1,280,899	507,655
France	3,153,484	1,815,502
UK	324,705	235,587
Switzerland	209,462	193,190
Portugal	247,382	218,038
Austria	207,763	201,282
Poland	826,194	—
Others	531,705	266,002
TOTAL	**6,781,594**	**3,437,256**

Fully depreciated assets

At 31 December 2021, fully depreciated property, plant and equipment amounted to EUR 916 million (EUR 630 million at 31 December 2020).

Change of control clauses

With regards to the Group's acquisitions of infrastructures from mobile telecommunications operators, certain material contracts entered into by the Group, including most of the Group's agreements with anchor customers, could be modified or terminated if a change of control clause is triggered. With regards to the material contracts entered into by the Group with anchor customers, a change of control clause may be triggered (and is generally limited to) in the event where a competitor of the anchor customer, either alone or in conjunction with others, obtains "significant influence" and/or "control" (which is generally defined as having (i) more than 50% of shares with voting rights (except in a few exceptional cases where this threshold is defined as having 29% or more of shares with voting rights), or (ii) the right to appoint or dismiss the majority of the members of the board of directors of the relevant Group company). In such circumstances, the anchor customer may be granted an option to buy back assets (generally the infrastructures where they are being serviced). In addition, such buy back option can also be granted in the event that a direct competitor of the anchor customer acquires a significant portion of the shares or obtains voting or governance rights which can be exercised in a way that can negatively affect the anchor customer's interests. A change of control clause may be triggered at the level of Cellnex or only at the level of the relevant subsidiary that has entered into the relevant contract. In certain contracts, the definition of control, and therefore of a change of control, makes specific reference to the applicable law in the relevant jurisdiction. Finally, in relation with transaction with Hutchison in the United Kingdom (see Note 21, the "CK Hutchison Holdings Transaction") and the portion of the price that Hutchison shall receive in Cellnex shares, if as a result of a takeover bid prior to closing of CKH UK transaction a third party (alone or in concert with another shareholder) acquires the majority of the votes in Cellnex, Cellnex shall procure that Hutchison receives at closing such equivalent consideration as Hutchison would have received had it been a shareholder of Cellnex at the time of the takeover bid.

Purchase commitments at year-end

At 2021 year-end the Group held purchase agreements for property, plant and equipment assets amounting to EUR 6,108 million (EUR 5,992 million in 2020). These purchase commitments were related to the agreements reached in France with Free Mobile in 2019, where Cellnex, through its subsidiary On Tower France, has committed to acquire or for Free Mobile to build, as applicable, a minimum of 2,500 sites that will be gradually transferred to Cellnex until 2026, and several projects with Bouygues Telecom (regular build-to-suit sites, construction and acquisition of Mobile Switching Centers, Metropolitan Offices and Central Offices -sites with data processing capabilities-, and through which Nexloop will deploy a national optic fiber network in France to provide mobile and fixed fiber-based connectivity and especially accelerate the roll-out of 5G in the country). Additionally, in accordance with the agreement reached with Altice France, S.A.S and Starlight HoldCo S.à r.l for Hivory, S.A.S in 2021, Cellnex, through its subsidiary Hivory, S.A.S, has committed to acquire or for SFR Telecom to build, as applicable, up to 2,500 sites that will gradually transferred to Cellnex until 2030. Furthermore, it included the agreements reached during 2021 in Poland with Illiad Poland and Polkomtel, where, Cellnex, though its subsidiaries On Tower Poland and Towerlink Poland, has committed to acquire or for Illiad and Polkomtel to build, as applicable, up to 4,462 and 1,500 sites that will be gradually transferred to Cellnex until 2030. In addition to the commitments described above, it also included the agreements with CK Hutchison Networks related to the deployment of new sites in Austria, Denmark, Ireland, Italy and Sweden, the transactions already completed, and the United Kingdom, which transaction is pending to be completed as of the date of this Consolidated Financial Statements, as well as other "build-to-suit" agreements reached with several anchor tenants in Italy, Switzerland, Portugal, Ireland and the Netherlands.

Impairment

At 2021 and 2020 year-end, the Directors of the Parent Company have not identified any indications of impairment related to the property, plant and equipment.

Despite this, and in view of the relevance of the recently acquired assets related to telecom infrastructures (those not related to business combinations), the Directors of the Parent Company have decided to disclose the hypotheses used to evaluate any loss due to impairment. This evaluation is based on the calculation of the fair value, which has been determined in accordance with the general criteria and assumptions described in Notes 3.c and 8 of the accompanying consolidated financial statements, of the corresponding cash generating unit prepared. The carrying amount of these assets stands at approximately EUR 4,946 million at 2021 year-end (EUR 2,968 million at 2020 year-end).

The impairment tests carried out demonstrate that the unit to which the assets are allocated is deemed capable of recovering the net carrying value recognised at 31 December 2021 and 2020. Consequently, there is no need to recognise any provision for impairment.

Sensitivity to changes in the key assumptions

With regards to the impairment tests carried out, the recoverable amount obtained (determined based on the fair value as indicated previously) exceeds the carrying value of the assigned assets to such an extent that even if the hypothesis used were changed there would be no significant risk of impairment. In accordance with the sensitivity analysis performed, any changes in the discount rates of +50 basis points; in terminal growth rate "g" of -50 basis points; and in activity of -500 basis points could be made without recognising any impairment in the assets recognised by the Group at 31 December 2021 and 2020. Thus, the recoverable amount obtained exceeds the carrying amount of the fixed assets, although the sensitivity analyses conducted on the projections evidence clearly a high tolerance (above 20%) to changes in the key assumptions used.

Asset revaluation pursuant to Act 16/2012, of 17 December

With regard to assets located in Spain, in 2012 several Spanish Group companies took advantage of Act 16/2012, of 27 December, resulting in an increase in the value of the assets through an accounting revaluation for EUR 41 million in the separate financial statements of the Spanish companies, which is not included in the cost of the assets for IFRS purposes. The tax effect of this revaluation has been recorded as a deferred tax asset in the accompanying consolidated financial statements (Note 18).

Insurance

The Group takes out all insurance policies considered necessary to cover possible risks which might affect its property, plant and equipment. At 31 December 2021 and 2020, the Group's Directors considered that the insurance coverage was sufficient to cover the risks relating to its activities.

Other disclosures

At 31 December 2021 and 2020, the Group did not have significant property, plant and equipment subject to restrictions or pledged as collateral on liabilities.

8. Intangible assets

The changes in this heading in the consolidated balance sheet during 2021 and 2020 were as follows:

Thousands of Euros

	Goodwill	Intangible assets for telecom infrastructure services	Computer software and other intangible assets	Total
At 1 January 2021 restated				
Cost	2,733,805	9,661,175	265,259	**12,660,239**
Accumulated amortisation	—	(639,855)	(62,398)	**(702,253)**
Carrying amount	**2,733,805**	**9,021,320**	**202,861**	**11,957,986**
Carrying amount at beginning of period	2,733,805	9,021,320	202,861	**11,957,986**
Changes in the scope of consolidation (Note 6)	3,193,828	10,221,523	79,156	**13,494,507**
Additions	—	—	52,714	**52,714**
Transfers	—	—	(2,049)	**(2,049)**
Foreign exchange differences	52,438	179,496	8,191	**240,125**
Amortisation charge	—	(699,226)	(30,333)	**(729,559)**
Carrying amount at close	**5,980,071**	**18,723,113**	**310,540**	**25,013,724**
At 31 December 2021				
Cost	5,980,071	20,062,194	403,271	**26,445,536**
Accumulated amortisation	—	(1,339,081)	(92,731)	**(1,431,812)**
Carrying amount	**5,980,071**	**18,723,113**	**310,540**	**25,013,724**

Thousands of Euros

	Goodwill	Intangible assets for telecom infrastructure services	Computer software and other intangible assets	Total
At 1 January 2020				
Cost	1,291,003	4,684,036	248,841	**6,223,880**
Accumulated amortisation	—	(297,591)	(39,666)	**(337,257)**
Carrying amount	**1,291,003**	**4,386,445**	**209,175**	**5,886,623**
Carrying amount at beginning of period	1,291,003	4,386,445	209,175	**5,886,623**
Changes in the scope of consolidation (Note 6)	1,438,708	4,971,799	2,641	**6,413,148**
Additions	—	—	21,556	**21,556**
Transfers	—	—	—	**—**
Foreign exchange differences	4,094	5,340	(7,779)	**1,655**
Amortisation charge	—	(342,264)	(22,732)	**(364,996)**
Carrying amount at close	**2,733,805**	**9,021,320**	**202,861**	**11,957,986**
At 31 December 2020 restated				
Cost	2,733,805	9,661,175	265,259	**12,660,239**
Accumulated amortisation	—	(639,855)	(62,398)	**(702,253)**
Carrying amount	**2,733,805**	**9,021,320**	**202,861**	**11,957,986**

Intangible assets for telecom infrastructure services

The breakdown of the net book value of intangible assets for telecom infrastructure services is set out below:

		Thousands of Euros
	31 December 2021	**31 December 2020 restated**
Concession intangible assets	67,420	71,527
Customer network services contracts	15,127,071	7,316,035
Network location	3,528,622	1,633,758
Total	**18,723,113**	**9,021,320**

Goodwill

Gross goodwill and the accumulated losses in value recognised at 31 December 2021 and 2020, respectively, are detailed as follows:

		Thousands of Euros
	31 December 2021	**31 December 2020 restated**
Gross goodwill	5,980,071	2,733,805
Accumulated valuation adjustments	—	—
Net goodwill	**5,980,071**	**2,733,805**

The detail of goodwill, classified by cash-generating unit, at 31 December 2021 and 2020 is as follows:

		Thousands of Euros
	31 December 2021	31 December 2020 restated
Cellnex Italia SpA	224,551	224,551
Tradia Telecom	42,011	42,011
Towerlink Netherlands	35,307	35,307
Shere Masten	66,089	66,089
Shere Group UK (1)	29,998	28,038
Swiss Towers (1)	163,456	156,329
Infracapital Alticom subgroup	75,431	60,019
On Tower Netherlands BV	10,525	10,525
Swiss Infra Services (1)	161,412	154,372
Cignal Infrastruscture subgroup	40,066	40,066
On Tower France	471,528	471,528
On Tower UK subgroup (1)	678,708	634,572
Metrocall	14,923	14,923
On Tower Portugal	89,743	89,743
Omtel	28,455	28,455
On Tower IE	240,697	240,697
On Tower DK (1)	108,178	108,112
On Tower AT	311,299	311,299
On Tower SE (1)	293,377	—
On Tower Poland (1)	233,203	—
Cignal infrastructure Netherlands	181,348	—
Towerlink Poland (1)	322,104	—
Hivory, SAS	1,620,632	—
CK Hutchison Italy	510,056	—
Others	26,974	17,169
Goodwill	**5,980,071**	**2,733,805**

(1) This goodwill is related to assets in a non-euro currency thus its value in Euros is affected by the variations in the prevailing exchange rate.

The main variations in the 2021 and 2020 financial year are due to changes in the scope of consolidation and business combinations, as detailed in Note 6, which mainly corresponds to the effect of the deferred tax on intangible assets acquired.

Changes in the scope of consolidation and business combinations

The movements in 2021 and 2020 due to changes in the scope of consolidation and business combinations in intangible assets for telecom infrastructure services mainly correspond to the impact of:

2021

- the On Tower Sweden Acquisition (EUR 471,960 thousand, see Notes 2.h and 6).
- the On Tower Poland Acquisition (EUR 1,017,954 thousand, see Notes 2.h and 6).
- the Cignal Infrastructure Netherlands Acquisition (EUR 584,100 thousand, see Notes 2.h and 6).
- Network Co Italy Acquisition (EUR 2,859,135 thousand, see Notes 2.h and 6).
- Towerlink Poland Acquisition (EUR 1,002,560 thousand, see Notes 2.h and 6).
- Infratower Acquisition (EUR 205,925 thousand, see Notes 2.h and 6).
- Hivory Acquisition (EUR 4,137,963 thousand, see Notes 2.h and 6).

2020 Restated

- the Omtel Acquisition (EUR 1,006,075 thousand, see Notes 2.h and 6).
- the Arqiva Acquisition (EUR 2,023,910 thousand, see Notes 2.h and 6).
- the NOS Towering Acquisition (EUR 279,600 thousand, see Notes 2.h and 6).
- the Hutchison Austria Acquisition (EUR 757,247 thousand, see Notes 2.h and 6).
- the Hutchison Ireland Acquisition (EUR 490,500 thousand, see Notes 2.h and 6).
- the Hutchison Denmark Acquisition (EUR 338,615 thousand, see Notes 2.h and 6).

Signed acquisitions and commitments

During 2021 and 2020, the Group had not entered into additional relevant framework agreements with customers, other than those included in the Business Combinations. During 2019, the main addition corresponded to the agreement described below, which is still in force:

Agreement with British Telecommunications PLC ("BT") in the UK

In June 2019, Cellnex Telecom (through its subsidiary Cellnex Connectivity Solutions Limited) and BT signed a long-term strategic agreement according to which Cellnex acquired the rights to operate and market 220 high towers located throughout the United Kingdom for a period of 20 years. The acquisition price amounted to GBP 70 million, approximately, (with a Euro value of EUR 79 million). The aforementioned rights were totally transferred to Cellnex as of 31 December 2019.

The agreement additionally included a commitment to explore further opportunities between the two companies in the UK, which consists of the pre-emptive right of acquisition of up to 3,000 sites from BT during the next six years (The "Right of First Offer"). In addition, according to the agreement, Cellnex will have a period of time in which to make a further and final offer, to match with a third party offer (The "Right to Match"), that BT could receive regarding these 3,000 sites. The corresponding value assigned by Cellnex in relation to both Right of First Offer and Right to Match, amounted to GBP 30 million, approximately (with a Euro value of EUR 34 million).

Intangible assets abroad

At 31 December 2021 and 2020, the Group had the following net book value of intangible assets located in the following countries:

		Thousands of Euros
	31 December 2021	31 December 2020 restated
Italy	4,294,987	1,045,363
Netherlands	1,293,503	533,922
France	7,727,590	2,088,353
United Kindom	2,907,072	2,831,424
Portugal	1,504,440	1,349,723
Switzerland	1,419,044	1,418,588
Ireland	882,971	910,241
Austria	1,030,221	1,068,546
Poland	2,508,675	—
Others	1,191,818	473,877
TOTAL	**24,760,321**	**11,720,037**

Fully depreciated assets

At 31 December 2021, fully depreciated intangible assets amounted to EUR 44,442 thousand (EUR 33,923 thousand at 31 December 2020).

Purchase commitments at year-end

At 31 December 2021, the Group held purchase agreements for intangible assets, excluding those intangible assets that may arise as a result of business combinations (see Note 21.b), amounting to EUR 1,223 thousand (EUR 333 thousand at 31 December 2020).

Impairment

As indicated in Notes 3.b and 3.c, at the end of each reporting period goodwill is assessed for impairment based on a calculation of the recoverable value of their respective cash-generating unit or their market value (price of similar, recent transactions in the market), if the latter is higher.

Prior to preparing revenue and expense projections, those projections made as part of the impairment tests for the prior year were reviewed to assess possible variances. In the review of the 2020 impairment tests with regard to the 2021 results, no significant variances were detected.

The fair value was calculated as follows:

- The period over which the related investment is expected to generate cash flows was determined.

- The respective revenue and expense projections were made using the following general criteria and assumptions:

  - For revenue, trends were forecast assuming a different increase for each cash-generating unit of the consumer price index (CPI) in each country (with the exception of a fix escalator in Cellnex France) in which the assets are used or the business operates.

  - For expenses, trends were considered in light of expected changes in the respective CPIs and the projected performance of the business.

  - In addition, the Group considered the impact of infrastructure maintenance and expansion to be carried out, using the best estimates available based on the Group's experience and taking into account the projected performance of the activity. Current Market guidance given in relation to the ratio of maintenance and expansion capex to revenues amounts to c.3% and c.5-10%, respectively.

  - Taxes have been also considered in the projections in a country-by-country basis.

The cash inflow projections based on the revenue and expense projection made as set forth above were discounted at the rate resulting from adding, to the long-term cost of money, the risk premium assigned by the market to each country where the activity takes place and the risk premium assigned by the market to each business (over the long term in both cases). The potential impact of the risks arising from climate change described in Note 22 have been properly considered on the projections of the impairment tests, with no significant impacts.

Projections for the first years are generally based on the closing 2021 and on the most recent medium-term projection and, after approximately year ten, on the activity growth rate evident from the service contracts. Projections covers a period higher than five years of cash flows after closing, due to the duration of the existing service contracts with customers.

Finally, in relation to the cash-generating units (CGUs) assets located in the United Kingdom, the potential increase in the risk and uncertainty inherent to Brexit was taken into account in the evaluation of the impairment losses, since a prudent estimate was made of cash flow to ensure that the models would not have to be adjusted significantly as a result of Brexit. In this connection, the budgets and forecasts from prior periods used to determine the recoverable amounts were reviewed in order to ensure that they continued to reflect current economic conditions.

The most significant assumptions used in determining the fair value of the main cash-generating units in 2021 and 2020 with the most relevant intangible assets and goodwill were as follows:

The discount rate considered in 2021 for Tradia Telecom, On Tower, Metrocall, Towerco, Cellnex Italia, Towerlink Netherlands, Cellnex UK, Shere Masten, Swiss Towers, Alticom, On Tower Netherlands, Cellnex France, On Tower France, Swiss Infra, Cignal Ireland, Omtel, On Tower Portugal, On Tower UK, On Tower AT, On Tower DK and On Tower IE was 5.6%, 5.3%, 5.3%, 5.5%, 5.5%, 4.8%, 5.2%, 4.8%, 4.2%, 4.8%, 4.8%, 4.6%, 4.6%, 4.2%, 4.8%, 5.6%, 5.6%, 5.2%, 4.5%, 4.5% and 4.8%, respectively. The discount rate considered in 2020 for Tradia Telecom, On Tower, Towerco, Cellnex Italia, Towerlink Netherlands, Cellnex UK, Shere Masten, Swiss Towers, Alticom, Cellnex France, On Tower France, Swiss Infra and Cignal was 5.9%, 5.5%, 6.2%, 6.2%, 4.9%, 5.5%, 4.9%, 4.5%, 4.9%, 5.0%, 5.0%, 4.5% and 5.3%, respectively.

The activity growth rate considered for all CGUs in 2021 and 2020 was 3.5% and 3.0% per annum, respectively, apart from Tradia Telecom which was 1.5% per annum in both periods.

The 'terminal g', considered for all CGUs in 2021 and 2020 was 2.5% apart from Tradia Telecom, which represented 1.0% due to the broadcasting component, which was in line with a general inflation rate.

As indicated above, there have been no significant variations in the discount rate considered between 2021 and 2020.

The impairment tests carried out demonstrate that the unit to which the recognised goodwill or intangible assets in telecom infrastructures are allocated is deemed capable of recovering the net value recognised at 31 December 2021 and 2020. Consequently, there is no need to recognise any provision for impairment.

Sensitivity to changes in the key assumptions

With regards to the impairment tests performed both on the goodwill the recoverable amount obtained (determined based on the fair value as indicated previously) exceeds the carrying value of the goodwill and assigned assets to such an extent that even if the hypothesis used were changed significantly there would be no significant risk of impairment. In accordance with the sensitivity analysis performed, any changes in the discount rates of +50 basis points; in terminal growth rate "g" of -50 basis points; and in activity of -500 basis points could be made without recognising any impairment to goodwill recognised by the Group at 31 December 2021 and 2020. Thus, the recoverable amount obtained exceeds the carrying amount of the assets, although the sensitivity analyses conducted on the projections evidence clearly a high tolerance (above 20%) to changes in the key assumptions used.

Other disclosures

At 31 December 2021 and 2020, the Group did not have significant intangible assets subject to restrictions or pledged as collateral on liabilities.

9. Investments in associates

The changes in this heading in the consolidated balance sheet are as follows:

	Thousands of Euros	
	2021	**2020**
At 1 January	**3,431**	**2,832**
Profit of the year	(3,222)	52
Changes in perimeter	—	172
Others	3,056	375
At 31 December	**3,265**	**3,431**

The shareholdings in associates accounted for using the equity method are detailed as follows:

	Thousands of Euros	
	Value of the shareholding	
	31 December 2021	**31 December 2020**
Torre Collserola, S.A.	1,958	1,957
Nearby Sensors	280	314
Nearby Computing	249	368
Consorcio de Telecomunicaciones Avanzadas, S.A. (COTA)	778	792
Total	**3,265**	**3,431**

In addition to the impairment indication analysis referred to above, the Group carried out also an impairment indication analysis to determine the recoverability of the investments in associates. To carry out these analyses, the Group considered future cash flow projections in a manner similar to that indicated in Note 7, and no indication was found for the 2021 financial year.

10. Current and non-current financial investments

The breakdown of this heading in the accompanying consolidated balance sheet at 31 December 2021 and 2020 is as follows:

	Thousands of Euros					
	31 December 2021			**31 December 2020**		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Advances to customers	26,406	3,151	29,557	28,042	2,067	**30,109**
Current and non-current financial investments	**26,406**	**3,151**	**29,557**	**28,042**	**2,067**	**30,109**

Advances to customers

The changes in “advances to customers” during 2021 and 2020 were as follows:

	Thousands of Euros		
			2021
	Non-current	Current	Total
At 1 January	**28,042**	**2,067**	**30,109**
Additions	874	—	874
Charge to the consolidated income statement	—	(3,269)	(3,269)
Transfer	(3,269)	3,269	—
Others	759	1,084	1,843
At 31 December	**26,406**	**3,151**	**29,557**

	Thousands of Euros		
			2020
	Non-current	Current	Total
At 1 January	**26,909**	**2,015**	**28,924**
Additions	4,914	—	4,914
Charge to the consolidated income statement	—	(2,909)	(2,909)
Transfer	(2,909)	2,909	—
Others	(872)	52	(820)
At 31 December	**28,042**	**2,067**	**30,109**

Current and non-current financial investments relate to the accounting treatment adopted by the Group in reference to the telecom infrastructures acquired, which are to be subsequently dismantled. These purchases are considered advances to customers and are recognised under these headings (see Note 3.d).

The balances of the financial assets are reflected at their face value, there being no significant differences concerning their fair value.

Additions

Corresponds to the pluri-annual commercial costs assumed by the Group in order to obtain the service provision services agreements with the mobile telephone operators, through the purchase of the telecom infrastructures from these operators, the dismantling of which has been agreed to along with the related cost.

Charge to the consolidated income statement

During 2021 and 2020, in line with the terms of the services agreements entered into with the operators, the corresponding amount of the total paid for the purchase of telecommunications infrastructure, treated as prepayment for the subsequent service agreements, was taken to the accompanying consolidated income statement. At 31 December 2021 and 2020 this amount was recorded as a reduction to revenues amounting to EUR 3,269 thousand and EUR 2,909 thousand, respectively.

Transfers

The transfers from the 2021 and 2020 financial years are due to the classification under “Current financial investments” of the part that is expected to be charged during the next financial year to the consolidated income statement.

11. Derivative financial instruments

The detail of the fair value of the derivative financial instruments at 31 December 2021 and 2020 is as follows:

Thousands of Euros

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps:				
Cash flow hedges	3,764	2,622	—	9,908
Interest rate and/or cross currency swaps and/or forwards:				
Cash flow hedges	26,352	—	—	—
Hedges of a net investment in a foreign operation	—	9,210	6,116	—
Derivatives not designated as hedges	77	—	—	—
Derivative financial instruments	**30,193**	**11,832**	**6,116**	**9,908**
Interest rate and/or cross currency swaps and/or forwards:				
Cash flow hedges	30,116	2,622	—	9,743
Hedges of a net investment in a foreign operation	—	9,210	6,116	—
Derivatives not designated as hedges	—	—	—	—
Non-current	**30,116**	**11,832**	**6,116**	**9,743**
Current	**77**	**—**	**—**	**165**

The Group has used interest rate swaps and interest rate and/or cross currency swaps, in accordance with the financial risk management policy described in Note 4.

The detail of the derivative financial instruments at 31 December 2021 and 2020, by type of instrument, showing their notional or contractual values, expiry dates and fair values, is as follows:

Thousands of Euros

31 December 2021

	Notional amount	2022	2023	2024	2025	2026	Subsequent years	Net fair value
Interest rate swaps:								
Cash flow hedges	635,914	6,173	6,822	7,580	7,821	8,115	(14,391)	27,494
Interest rate and/or cross currency swaps:								
Hedges of a net investment in a foreign operation	450,000	(5,494)	(5,368)	(5,261)	(5,094)	(4,970)	16,531	(9,210)
Total	**1,085,914**	**679**	**1,454**	**2,319**	**2,727**	**3,145**	**2,140**	**18,284**

	Thousands of Euros							
	31 December 2020							
	Notional amount	2021	2022	2023	2024	2025	Subsequent years	Net fair value
Interest rate swaps:								
Cash flow hedges	131,097	(1,447)	(1,684)	(1,847)	(1,972)	(1,921)	(1,341)	(9,908)
Interest rate and/or cross currency swaps:								
Hedges of a net investment in a foreign operation	450,000	(5,930)	(4,549)	(4,517)	(5,077)	(4,762)	31,436	6,116
Total	**581,097**	**(7,377)**	**(6,233)**	**(6,364)**	**(7,050)**	**(6,682)**	**30,095**	**(3,792)**

Interest rate swaps

The bond issued in April 2017 for EUR 80 million and maturing in April 2026 was hedged with floating-to-fixed IRS, converting the floating rate of the bond into a fixed rate (See Note 15). The notional amount and the maturity of the IRS match those of the underlying bond. As a result of the contracted IRS the final interest rate on the EUR 80 million bond is 2.945%.

Additionally, during 2020, Nexloop arranged a floating-to-fix IRS for an increasing nominal value up to EUR 448 million. This transaction was structured to hedge the EUR 600 million 8-year capex facility to partially finance the deployment of the fibre network by Nexloop (see Notes 2.h and 7 of the 2020 consolidated financial statements).

Cross currency interest rate swaps

During the first half of 2021, Cellnex Finance entered into a cross-currency swap agreement by virtue of which Cellnex lent the USD 600 million from the bond issuance at a coupon of 3.875% and borrowed the equivalent amount of euros at an agreed exchange rate enabling Cellnex to obtain approximately EUR 505 million at a coupon of 2.5% (see Note 15).

During 2020, the following transactions were performed:

i. Cellnex Telecom, S.A. arranged a CCS for EUR 450 million and an equivalent sterling value of GBP 382 million which has been designated together with the bond issue of EUR 450 million described in Note 15 as a natural hedge of the net investment made in United Kingdom Group's subsidiaries.

ii. Cellnex Telecom, S.A. arranged three CCS for a total amount of USD 328 million and an equivalent total euro value of EUR 300 million to hedge three deposits amounting to a total of USD 328 million. As at 31 December 2020, these three CCS were cancelled.

Additionally, Cellnex designated the cash maintained in pounds sterling (GBP) (see Note 13 of the annual consolidated financial statements of the 2020 financial year) amounting to GBP 1,200 million, to hedge the disbursement envisaged in relation to the investment commitment acquired in October 2019 in relation to the Arqiva Acquisition (see Note 6 of the annual consolidated financial statements of the 2020 financial year) which became effective on 8 July 2020. It should be noted that available cash in GBP was classified as a hedge since the requirements for such classification were met given, inter alia, that the aforementioned investment commitment was considered to constitute a highly probable transaction. Consequently, exchange differences EUR-GBP amounting to EUR 3,316 thousand were recognised in the total acquisition price of the business combination (see Notes 6 and 14.c.iii of the annual consolidated financial statements of the 2020 financial year).

During 2021, Cellnex designated the cash maintained in zlotys (PLN) amounting to PLN 6,787 million, together with the arranged forward rate agreements in zlotys for an amount of PLN 5,618 million and an equivalent euro value of EUR 1,250 million to hedge the disbursement envisaged in relation to the investment commitment acquired in October 2020 in relation to the Iliad Poland Acquisition (See Note 6) which became effective in the first quarter of 2021, and the Polkomtel Acquisition, which has become effective in the third quarter of 2021 (see Note 6). It should be noted that available cash in PLN, together with the forward rate agreements, were classified as a hedge since the requirements for such classification were met given, inter alia, that the aforementioned investments commitment were considered to constitute a highly probable transactions. Consequently, in relation with Iliad Poland Acquisition and Polkomtel Acquisition, exchange differences EUR-PLN amounting to EUR 14,719 thousand and EUR (1,654) thousand have been recognised in the total acquisition price of the Iliad Poland Acquisition and Polkomtel Acquisition, respectively (see Notes 6 and 14.c.iii).

Additionally, the amount recognised as a financial asset/liability with a balancing entry in the consolidated income statement for the period corresponding to the ineffective portion of the cash flow hedges and hedges of a net investment in a foreign operation amounted to EUR 0 thousands (EUR 3,788 thousand as of 31 December 2020).

Finally, without being a derivative financial instrument contracted, the Group applied net investment hedge certain debts maintained in currency other than euro to hedge currency risk in a net investment in a foreign operation as described in Note 15.

As of 31 December 2021 and 2020, the estimated sensitivity in the value of interest rate swaps to a 1% change (increase or decrease) in the interest rate is as follows:

Thousands of Euros

	2021		2020	
	1% change	**-1% change**	**1% change**	**-1% change**
Interest rate swaps:				
Cash Flow Hedges	21,557	(20,952)	12,593	(35,190)

As of 31 December 2021 and 2020, the estimated sensitivity in the value of interest rate and/or cross currency swaps to a 10% change (increase or decrease) in the exchange rate is as follows:

Thousands of Euros

	2021		2020	
	10% change	**-10% change**	**10% change**	**-10% change**
Interest rate and/or cross currency swaps:				
Cash Flow Hedges	93,551	(50,392)	—	—
Hedges of a net investment in a foreign operation	(57,967)	39,421	(40,436)	57,554

Derivatives not designated as hedges

In September 2021, Cellnex Telecom, S.A. entered into a Reverse Repurchase Agreement, for a notional amount of EUR 500 million with a financial institution. According to the terms of the agreement, the contracted financial instrument fulfill all the requirements established in IFRS 9 IG.B.6 to be recognised and measured as a single combined instrument and consequently be accounted for as a single transaction to an interest rate swap, but it cannot be qualified as hedge.

12. Trade and other receivables

The breakdown of this heading in the accompanying consolidated balance sheet at 31 December 2021 and 2020 is as follows:

						Thousands of Euros
	31 December 2021			31 December 2020 restated		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables (gross)	—	826,913	**826,913**	—	357,247	**357,247**
Allowances for doubtful debts (impairments)	—	(20,021)	**(20,021)**	—	(19,424)	**(19,424)**
Trade receivables	**—**	**806,892**	**806,892**	**—**	**337,823**	**337,823**
Current tax assets	—	280,734	**280,734**	—	136,509	**136,509**
Receivables with other related parties (Note 24.d)	—	—	**—**	—	207	**207**
Other receivables	50,830	64,453	**115,283**	35,673	30,076	**65,749**
Trade and other receivables	**50,830**	**1,152,079**	**1,202,909**	**35,673**	**504,615**	**540,288**

Trade and other receivables are shown at amortised cost, which does not differ significantly from their nominal value.

Trade receivables

"Trade receivables" includes outstanding amounts from customers. At 31 December 2021 and 2020, the account had no significant past-due balances that were not provided for.

The balance of public-sector debtors as at 31 December 2021 and 2020, amounted to EUR 13,007 thousand and EUR 17,421 thousand, respectively.

At 2021 year-end, there is no balance drawn down under the non-recourse factoring agreements (no balance drawn as at 2020 year-end). In this regard, the Group derecognises the receivables sold on a non-recourse basis as it considers that it has substantially transferred the risks and rewards inherent to their ownership to banks. As at 31 December 2021 the limit under the non-recourse factoring agreements stood at EUR 262.5 million (EUR 238 million as at 2020 year-end).

Allowances for doubtful debts (write-downs)

The changes in the allowance for doubtful debts during 2021 and 2020 were as follows:

		Thousands of Euros
	2021	2020
At 1 January	**19,424**	**13,609**
Disposals	(3,615)	(466)
Change in scope	1,024	5,339
Net changes	3,188	942
At 31 December	**20,021**	**19,424**

Disposals in this period relate to previous balances that were fully provided for, and which the Group decided to completely derecognise, without this having any impact on the accompanying consolidated income statement.

Net changes relate to changes in the provision recognised under "Changes in provisions" in the accompanying consolidated income statement with regard to the previous year.

Current tax assets

The breakdown of "Current tax assets" is as follows:

	Thousands of Euros	
	31 December 2021	31 December 2020
Corporate income tax	31,437	22,236
VAT receivable	243,932	111,878
Other taxes	5,365	2,395
Current tax assets	**280,734**	**136,509**

At 31 December 2021, this line mainly included VAT receivable derived from the acquisition of mobile telecom infrastructures in France (see Note 7) for an amount of EUR 124 million (EUR 62 million at 31 December 2020), as well as the VAT receivable amounting to EUR 34 million (EUR 34 million at 31 December 2020) corresponding to the payment in advance in consideration for the cancellation of certain outstanding lease payments.

Other receivables

At 31 December 2021 and 2020 "Other receivables" comprises:

- The PROFITS (coordination) mechanism by which the Group plays the role of coordinator for certain aid programs under the National Plan for Scientific Research, Development and Technological Innovation (PROFIT) granted by the Spanish Ministry for Industry, Tourism and Trade and applies for this aid together with other companies. The Group includes in current and non-current accounts receivable amounts that were previously assigned to third parties, received by the Group under the guise of PROFIT grants and refundable loans. On the other hand, the full amount of PROFIT grants received by the Group (including part of the amount assigned to third parties) is recognised under "Other non-current borrowings" and "Other current borrowings" (see Note 15).

- Other loans with service purchasers that are not strictly considered customers and with other trade debtors not included under other accounts. Advances to creditors, debtors and employees are also recognised under this heading.

There are no significant differences between the carrying amount and the fair value of the financial assets.

13. Cash and cash equivalents

The breakdown of "Cash and cash equivalents" is as follows:

	Thousands of Euros	
	31 December 2021	31 December 2020
Cash on hand and at banks	2,726,713	1,478,027
Term deposits at credit institutions	1,199,865	3,174,000
Total	**3,926,578**	**4,652,027**

14. Net equity

a) Share capital and treasury shares

Share capital

At 31 December 2020, the share capital of Cellnex Telecom, S.A. amounted to EUR 121,677 thousand, represented by 486,708,669 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

At 31 December 2021, in accordance with the capital increase detailed below, the share capital of Cellnex Telecom increased by EUR 48,155 thousand to EUR 169,832 thousand, represented by 679,327,724 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

Changes in 2021

March 2021 Capital Increase

On 30 March 2021, the Parent Company's Board of Directors, in accordance with the authorization granted by the Annual General Shareholders' Meeting of Cellnex, held on 29 March 2021, approved a capital increase (hereinafter, the "Capital Increase") through cash contributions and recognising the preferential subscription right of the Cellnex's shareholders, as detailed below:

- The Capital Increase was carried out through the issuance and sale of 192,619,055 ordinary registered shares (hereinafter, "New Shares") at a subscription price (nominal plus share premium) of EUR 36.33 per each new share. Thus, the Capital Increase amounted to approximately EUR 7,000 million, which has been fully subscribed.

- Preferential subscription rights were assigned to all Cellnex shareholders who acquired shares up to 31 March 2021 and whose transactions were registered in Iberclear up to 6 April 2021 (both inclusive). Each share in circulation at that time granted the right to receive a preferential subscription right (48 rights were required to subscribe 19 new shares). The preferencial subscription period ended on 15 April 2021.

The New Shares offer the same political and economic rights as the ordinary shares of the Parent Company.

The funds from the capital increase will be used to support the acquisition of Cellnex's active projects pipeline.

On 23 April 2021, the public deed for the Capital Increase, was duly registered.

On 27 April 2021, the 192,619,055 New Shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Changes in 2020

July 2020 Capital Increase

On 21 July 2020, the Parent Company's Board of Directors, in accordance with the authorization granted by the Annual General Shareholders' Meeting of Cellnex, held on 21 July 2020, approved a capital increase (hereinafter, the "Capital Increase") through cash contributions and recognising the preferential subscription right of the Cellnex's shareholders, as detailed below:

- The Capital Increase was carried out through the issuance and sale of 101,382,140 ordinary registered shares (hereinafter, "New Shares") at a subscription price (nominal plus share premium) of EUR 39.45 per each new share. Thus, the Capital Increase amounted to approximately EUR 4,000 million, which has been fully subscribed.

- Preferential subscription rights were assigned to all Cellnex shareholders who acquired shares up to 24 July 2020 and whose transactions were registered in Iberclear up to 28 July 2020 (both inclusive). Each share in circulation at that time granted the right to receive a preferential subscription right (19 rights were required to subscribe 5 new shares). The pre-emptive subscription period ended on 6 August 2020.

The New Shares offer the same political and economic rights as the ordinary shares of the Parent Company.

The funds from the capital increase will be used to support the acquisition of Cellnex's active projects pipeline.

On 14 August 2020, the public deed for the Capital Increase, was duly registered.

On 19 August 2020, the 101,382,140 New Shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Significant shareholders

In accordance with the notifications concerning the number of shares held made to the National Securities Market Commission, the shareholders who hold significant shareholdings in the share capital of the Parent Company, both directly and indirectly, greater than 3% of the share capital at 31 December 2021 and 2020, are as follows:

	% ownership	
Company	**31 December 2021**	**31 December 2020**
Edizione, S.r.l. (1)	8.53%	13.03%
GIC Private Limited (2)	7.03%	7.03%
Blackrock, Inc.	5.21%	3.80%
The Children's Investment Master Fund (3)	5.00%	—
Canada Pension Plan Investment Board	5.00%	3.16%
Fundación Bancaria Caixa D' Estalvis i Pensions de Barcelona	4.77%	4.77%
Wellington Management Group LLP (4)	4.28%	4.28%
FMR, LLC. (5)	3.22%	3.05%
Norges Bank	3.00%	3.03%
Capital Research and Management Company (6)	3.88%	3.02%
Abu Dhabi Investment Authority (7)	—	6.97%
GQG Partners, LLC.	—	3.22%
	49.92%	**55.36%**

Source: Comisión Nacional del Mercado de Valores ("CNMV").

(1) Edizione S.r.l. ("Edizione") controls Sintonia S.p.A. ("Sintonia") which in turn controls ConnecT Due S.r.l.

(2) GIC Private Limited holds directly 100% of the share capital of GIC Special Investments Private Limited ("GICSI"). GICSI provides direction and management to GIC Infra Holdings Private Limited, which in turn holds 100% of the share capital of Lisson Grove Investment Private Limited.

(3) The Children´s Investments Master Fund is managed by the TCI Fund Management Limited by means of certain investment agreements. TCI Fund Management Limited is controlled by Christopher Anthony Hohn. The transactions were executed across a number of venues, including regulated markets, MFT, and OTC.

(4) Wellington Management Company LLP is a direct controlled undertaking of Wellington Investment Advisors Holdings LLP, which, in turn, is a direct controlled undertaking of Wellington Group Holdings LLP, which in turn, is a direct controlled undertaking of Wellington Management Group LLP.

(5) At the end of 2021, FMR, LLC. controlled 3.22% of the rights to vote across several investment funds and other accounts. None of the above mentioned funds and/or accounts had a shareholding higher than 3%.

(6) The Capital Group Companies, Inc. ("CGC") is the parent company of Capital Research and Management Company ("CRMC") and Capital Bank & Trust Company ("CB&T"). CRMC is a U.S.-based investment management company that serves as investment manager to the American Funds family of mutual funds, other pooled investment vehicles, as well as individual and institutional clients.

(7) Azure Vista C 2020, S.r.l. ("Azure") is a wholly owned subsidiary of Infinity Investments S.A. ("Infinity") which is, in turn, a wholly owned subsidiary of Silver Holdings S.A., which is a wholly owned subsidiary of Abu Dhabi Investment Authority.

Additionally to the significant shareholdings detailed above, Atlantia, S.p.A. holds a shareholding through financial instruments amounting to 0% (4.73% at 31 December 2020).

At 31 December 2021 and 2020, Edizione was positioned as a reference shareholder in Cellnex Telecom, S.A., holding a 8.53% and 13.03% stake in its share capital.

In addition, as partial consideration for the CK Hutchison Holdings Pending Transaction with regards to the United Kingdom and subject to the adjustment events, Hutchison is expected to hold upon closing of the transaction an interest of between approximately 3.4% and 4.8% in Cellnex, assuming that no adjustment events occur. See Note 21 of the accompanying consolidated financial statements.

As at 31 December 2021 and 2020, none of the significant shareholders, whether individually or together, controls the Company.

Shareholders' agreement entered into between Sintonia, Infinity and Raffles

On 22 May 2020, Edizione announced that Sintonia, Infinity and Raffles Infra Holdings Limited ("Raffles") had entered into a framework agreement (the "Shareholders' Agreement") in relation to the full non-proportional spin-off of ConnecT resulting in the allocation of the shares of Cellnex formerly held by ConnecT to ConnecT Due, Azure and Prisma Holdings, S.r.L. ("Prisma"). As provided in the Shareholders' Agreement, the term "Raffles" includes any affiliates of Raffles holding the shares of Cellnex assigned through the spin-off of ConnecT. Following the execution of the Shareholders' Agreement, Prisma sold its 6.730% stake in the share capital of Cellnex to Lisson, who is the current holder of the stake as of the date of these consolidated financial statements. Each of Raffles, Prisma and Lisson are 100% owned by GIC Infra Holdings Private Limited.

The Shareholders Agreement regulates, among other matters, certain obligations in relation to the initial appointment of their respective proprietary directors in Cellnex following completion of ConnecT spin-off in order to allow a proportional representation in the Board of Directors.

On 10 June 2020, Edizione published certain clauses of the Shareholders' Agreement which qualify as a disclosable shareholder agreement (pacto parasocial) under Spanish law. In accordance with the information made public by Edizione, the Shareholders' Agreement foresees, among other matters:

- Once Raffles informs Infinity and Sintonia of its request to have a person nominated by it appointed as a proprietary director of Cellnex, the obligation of Infinity and Sintonia to formally request, and do their best efforts to cause, any proprietary director of Cellnex nominated by them to, subject to their fiduciary duties as members of the Board of Directors, support the appointment of the person nominated by Raffles as a new director of Cellnex.

- Sintonia's obligation to have ConnecT Due to attend, either by being present or by proxy, the shareholders' meeting of Cellnex where the person nominated by Raffles will be appointed or (if appointed by the Board of Directors as director by co-optation) re-elected as a director of Cellnex and cast its votes for the appointment or re-election, as appropriate, of the person nominated by Raffles as a director of Cellnex, subject to certain conditions.

- Infinity's obligation, at the request of Raffles and provided that a proprietary director of Raffles has been appointed in accordance with the above, upon the appointment as a proprietary director of Cellnex of the person nominated by Raffles, to formally request, and do its best efforts to cause, its proprietary director to resign from his current position as member of Cellnex's Nominations and Remuneration Committee on 9 May 2022 and each of Sintonia, ConnecT Due, Infinity and Azure to formally request, and do its best efforts to cause, any proprietary director of Cellnex nominated by them to, subject to their fiduciary duties, support the appointment of the proprietary director nominated by Raffles as a new member of Cellnex's Nominations and Remuneration Committee.

The above obligations will cease to be effective and applicable as soon as the provisions regarding the appointment of the person nominated by Raffles as new proprietary director of Cellnex (or, as the case may be, his/her ratification and re-election) by the shareholders' meeting of Cellnex has been complied with or on the date on which the 2021 ordinary general shareholders' meeting of Cellnex is held, whatever occurs first. By way of exception, the provisions described on the last bullet will survive until 30 June 2022.

Shareholders' agreement entered into between Edizione, Atlantia, Sintonia and ConnecT Due

On 17 July 2020, Edizione announced the amendment of the Co-investment Agreement entered into on 24 July 2018 in relation to Cellnex between Edizione, Atlantia, Sintonia and ConnecT (the "Co-investment Agreement"). The amendments made to the Co-investment Agreement are: (i) the replacement of Connect by Connect Due as a consequence of the spin-off of the former; (ii) the extension of the term for exercising the co-investment option (extended for a further 12 months and, therefore, until 12 July 2021) on a stake of 5.98% in Cellnex; (iii) the option of exercising the ROFO and the Right to Match provided in the original Co-investment Agreement for no more than 10% of Cellnex's issued capital until 12 July 2025, rather than the entire stake in Cellnex indirectly held by Edizione; and (iv) the grant to Atlantia of a right of first refusal on all or part of the (unexercised) options attributed to Connect Due resulting from any future rights issues approved by Cellnex until 12 July 2025 (the "ROFR").

According to the public announcement, the combined result of Atlantia's exercise of its ROFO and Right to Match, on the one hand, and of the co-investment option, on the other, may not lead to Atlantia acquiring a stake in Cellnex in excess of 10% of its issued share capital.

Treasury shares

Pursuant to the authorisation granted by the Board of Directors in its meeting of 26 May 2016, Cellnex has made various purchases and sales of treasury shares.

On 31 May 2018 the ordinary general shareholder's meeting of Cellnex resolved to delegate in favour of the Parent Company's Board of Directors the faculty to purchase treasury shares up to a limit of 10% of the share capital of the Parent Company.

On 19 May 2021, Cellnex announced a treasury shares purchase programme up to a limit of EUR 24.7 million and with a maximum of 520,000 shares representing 0.076% of the share capital of the Group. This purchase programme will be used for delivery to employees according to the employee remuneration payable in shares. On 28 October 2021, the above mentioned purchase program was expanded up to a limit of EUR 44.7 million and with a maximum of 820,000 shares representing 0.12% of the share capital of the Group.

On 21 November 2021, Cellnex communicated the termination of the purchase programme, having reached the maximum number of shares to be acquired. In execution of the said treasury shares purchase programme, 820,000 shares have been acquired equivalent to 0.12% of the Company's share capital.

During the second half of 2021, Cellnex Board of Directors approved the Cellnex' s Treasury Share Policy, which is available on the Corporate Website. Thus, during 2021, Cellnex carried out discretional purchases of treasury shares for an amount of EUR 57,755 thousand (6,509 thousand during 2020). These purchases have been carried out under the delegation from the general shareholders meeting to the Board of Directors of May 2018 and fulfilling the principles established in the treasury shares policy. The use of the treasury shares acquired under discretional purchases will depend on the agreements reached by the Corporate Governance bodies.

In addition, as of 31 December 2021 and 2020, 123,969 and 125,623 treasury shares have been transferred to employees in relation to employee remuneration payable in shares, respectively. At 31 December 2021, the Parent Company has registered a profit of EUR 634 thousand (a profit of EUR 3,236 thousand at the end of 2020), net of fees and commissions, as a result of these operations and this has been taken as a reserve movement in the consolidated balance sheet.

The number of treasury shares as at 31 December 2021 and 2020 amounts to 1,202,351 and 200,320 shares, respectively and represents 0.177% of the share capital of Cellnex Telecom, S.A. (0.041% as at 31 December 2020).

The movement in the portfolio of treasury shares during 2021 and 2020 has been as follows:

2021

	Number (Thousands of Shares)	Average Price	Purchases/Sales (Thousands of Euros)
At 1 January 2021	**200**	**40.326**	**8,078**
Purchases	1,126	51.292	57,755
Sales / Others	(124)	40.586	(5,031)
At 31 December 2021	**1,202**	**50.569**	**60,802**

2020

	Number (Thousands of Shares)	Average Price	Purchases/Sales (Thousands of Euros)
At 1 January 2020	**200**	**21.117**	**4,222**
Purchases	126	51.658	6,509
Sales / Others	(126)	21.120	(2,653)
At 31 December 2020	**200**	**40.326**	**8,078**

b) Share premium

As at 31 December 2021 the share premium of Cellnex Telecom increased by EUR 6,811 million to EUR 14,581 million (EUR 7,770 million at the end of 2020) mainly due to the capital increase described in Note 14.a. During 2020 the share premium of Cellnex Telecom increased by EUR 3,884 million to EUR 7,770 million mainly due to the capital increase described in Note 14.a.

During 2021, a cash pay out to shareholders of EUR 32,216 thousand (29,281 thousand at 31 December 2020) was declared from the share premium account (See Note 14.d).

c) Reserves

The breakdown of this account is as follows:

		Thousands of Euros
	31 December 2021	31 December 2020 restated
Legal reserve	19,000	19,000
Reserves from retained earnings and other reserves	48,460	117,157
Reserves of consolidated companies	(268,724)	159,306
Hedge reserves	(2,142)	(19,553)
Foreign exchange differences	73,076	(8,105)
Reserves	**(130,330)**	**267,805**

I) Legal reserve

In accordance with the consolidated text of the Spanish Limited Liability Companies Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve may not be distributed to shareholders unless the Parent Company is liquidated.

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Apart from the purpose mentioned above, the legal reserve may be used to offset losses unless it exceeds 20% of the capital and no other sufficient reserves are available for such purpose.

At 31 December 2021 and 2020, because of the capital increases carried out during 2021 and 2020, the legal reserve had not reached the legally established minimum.

II) Reserves from retained earnings and other reserves

This line corresponds to the voluntary reserves of the Parent Company of the Group. These reserves are freely available.

III) Reserves of consolidated companies

This line includes the convertible bond reserve, which amounts to EUR 230,692 thousand as of 31 December 2021 and 2020.

During 2020 the convertible bond reserve increased by EUR 100,745 thousand to EUR 230,692 thousand due to the issuance of a new convertible bond in November 2020 (see Note 15).

The convertible bonds are compounded instruments that have been split into its two components: a debt component corresponding to the present value of the coupons and principal discounted at the interest rate of a non-convertible bond, with same nominal amount and maturity, without the convertibility option; and an equity component, for the remaining amount, due to the bondholder option to convert into shares.

The change in “Reserves of consolidated companies” during 2021 is due to the impact recognised in equity due to: i) transaction with non-controlling interests of Swiss Infra in relation with the 10% of the share capital acquired from Matterhorn (see Notes 2.h-II and 14.f), ii) the transaction with non-controlling interests of Cellnex Netherlands in relation with the acquisition of Cignal Infrastructure Netherlands (formerly T-Mobile Infra B.V.) (see Notes 2.h-IV and 14.f), and iii) the negative impact on reserves amounting to EUR 296,452 thousand in relation with the contingent commitment to purchase shares of Cellnex Netherlands in the framework of the T-Mobile Infra Acquisition, considering an initial recognition of EUR 261 million in June 2021 closing, and an additional update of EUR 35 million during the second half of the year (see Note 6 (section "T-Mobile Infra SHA") and Note 19 b) VI).

At 31 December 2021 and 2020, there are no significant non-distributable reserves from both the parent company and the subsidiaries, except from the Legal reserve described above.

IV) Hedge reserve

This line item includes the reserve generated by the effective portion of the changes in the fair value of the derivative financial instruments designated and classified as cash flow hedges and/or hedges of net investments in foreign operations in the case of the fully consolidated companies.

V) Foreign exchange differences

The detail of this line item at 31 December 2021 and 2020 is as follows:

		Thousands of Euros
	31 December 2021	31 December 2020 restated
Cellnex UK (GBP)	92,854	(19,671)
Cellnex Telecom (USD)	610	—
Cellnex Switzerland (CHF)	15,001	10,847
Cellnex Denmark (DKK)	(192)	719
Cellnex Sweden (SEK)	(15,067)	—
Cellnex Poland (PLN)	(20,130)	—
Total	**73,076**	**(8,105)**

d) Interim dividend and proposed dividends

The determination of the distribution of dividends is carried out based on the individual statutory financial statements of Cellnex Telecom, S.A., and within the framework of the legislation in force in Spain.

The dividends to distribute to the shareholders are recorded as liabilities in the consolidated financial statements as soon as the dividends are approved by the Board of Directors and until their payment, as on 21 July 2020, the Annual Shareholders' Meeting approved the distribution of a dividend charged to the share premium reserve to a maximum of EUR 109 million, to be paid upfront or through installments during the years 2020, 2021, 2022 and 2023. It was also agreed to delegate to the Board of Directors the authority to establish, if this is the case, the amount and the exact date of each payment during said period, always attending to the maximum overall amount stipulated.

According to the aforementioned Shareholders' Remuneration Policy, the shareholder remuneration corresponding to the fiscal year 2020 will be equivalent to that of 2019 (EUR 26.6 million) increased by 10% (to EUR 29.3 million); the shareholder remuneration corresponding to the fiscal year 2021 will be equivalent to that of 2020, increased by 10% (to EUR 32.2 million); and (iii) the shareholder remuneration corresponding to the fiscal year 2022 will be equivalent to that of 2021, increased by 10% (to EUR 35.4 million).

During the first half of 2021, in compliance with the Parent Company´s Shareholders' Remuneration policy, the Board of Directors, pursuant to the authority granted by resolution of the Annual Shareholders' Meeting of 21 July 2020, approved the distribution of a cash pay-out charged to the share premium reserve of EUR 11,820 thousand, which represented EUR 0.01740 for each existing and outstanding share with the right to receive such cash pay-out. In addition, during the second half of 2021, the Board of Directors approved the distribution of a dividend charged to the share premium reserve of EUR 20,396 thousand, which represented 0.03004 euros for each existing and outstanding share with the right to receive such cash pay-out.

The payment of the dividends will be made on the specific dates to be determined in each case and will be duly announced.

Notwithstanding the above, the Parent Company's ability to distribute dividends depends on a number of circumstances and factors including, but not limited to, net profit attributable to the Parent Company, any limitations included in financing agreements and Group's growth strategy. As a result of such or other circumstances and factors, the Parent Company may modify the Shareholders' Remuneration Policy or may not pay dividends in accordance with the Shareholders' Remuneration Policy at any given time. In any case, the Parent Company will duly announce any future amendment to the Shareholders' Remuneration Policy.

Thus, the Directors of Cellnex Telecom, S.A. will submit for approval of the Annual General Meeting (AGM) the following proposal for the distribution of the results of the year ended 31 December 2021:

	Thousands of Euros
Basis of distribution (Profit and Loss)	**(92,971)**
Distribution:	
Reserves from retained earnings	(92,971)
Total	**(92,971)**

e) Earnings per share

The table below shows the basic and diluted earnings per share calculated by dividing the net profit for the year attributable to the shareholders of Cellnex Telecom, S.A. by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held by the Group.

Thousands of Euros

	31 December 2021	31 December 2020 restated
Profit/(loss) attributable to the Parent Company	(351,365)	(135,425)
Weighted average number of shares outstanding (Note 14.a)	610,542,810	385,191,395
Basic EPS attributable to the Parent Company (euros per share)	(0.58)	(0.35)
Diluted EPS attributable to the Parent Company (euros per share)	(0.44)	(0.23)

f) Non-controlling interests

The balance of this heading in the Group's equity includes the interest of non-controlling shareholders in the fully consolidated companies. Additionally, the balance of "Profit attributable to non-controlling interests" in the consolidated statement of comprehensive income represents the share of non-controlling shareholders in the profit for the year.

The detail of the non-controlling interests at 31 December 2021 and 2020 is as follows:

Thousands of Euros

Non-controlling interests	Country	%(*) owned by Cellnex as of 31/12/2021	%(*) owned by Cellnex as of 31/12/2020	31 December 2021	31 December 2020 restated
Cellnex Switzerland	Switzerland	72%	72%	215,939	206,894
Swiss Towers	Switzerland	72%	72%	(12,927)	(10,806)
Swiss Infra	Switzerland	72%	65%	60,001	80,291
Grid Tracer	Switzerland	40%	40%	616	63
Adesal Telecom	Spain	60%	60%	2,514	2,350
OnTower France (1)	France	70%	70%	583,148	592,552
Nexloop (2)	France	51%	51%	12,958	14,609
Metrocall	Spain	60%	60%	28,039	28,551
Cellnex Netherlands (3)	Netherlands	75%	100%	199,724	—
Towerlink Netherlands (3)	Netherlands	75%	100%	11,595	—
Breedlink (3)	Netherlands	75%	100%	(307)	—
Shere Masten (3)	Netherlands	75%	100%	(1,167)	—
Alticom (3)	Netherlands	75%	100%	47	—
On Tower Netherlands subgroup (3)	Netherlands	75%	100%	10,972	—
Cignal Infrastructure Netherlands (3)	Netherlands	75%	—%	(2,028)	—
On Tower Poland (4)	Poland	60%	—%	524,312	—
Towerlink Poland (5)	Poland	99.99%	—%	155	—
Total				**1,633,591**	**914,504**

(*) Corresponds to the stake owned by Cellnex in each subsidiaries, directly or indirectly.

(1) In relation to the agreement in force as 31 December 2021 between Cellnex and Illiad, S.A. to purchase the 70% of On Tower France, Cellnex France and Iliad, S.A., as shareholders of On Tower France, which sets out the conditions for Iliad, S.A.'s right to sell its 30% (and not less than 30%) non-controlling interest in On Tower France to Cellnex France Groupe, at a price to be calculated pursuant to said agreement. According to the shareholders agreement terms, as of 31 December 2021 and 2020, Cellnex France Groupe has the right, but not the obligation to purchase this non-controlling interest, and therefore, no liability has been recorded in the accompanying consolidated balance sheet. This situation will be revaluated in subsequent reporting periods, especially considering the facts described in Note 26.

(2) The agreement between Cellnex and Bouygues Telecom (see note 2.h of the 2020 Consolidated Financial Statements) includes certain exit agreements and provides Bouygues Telecom with a call option over Nexloop's shares held by Cellnex France Group, upon the expiry of a given period of time (for instance, a 20-year period from the execution of the shareholders' agreement) and subject to certain conditions which the Group believes makes challenging its execution. The signed shareholders' agreement also sets out Cellnex France's right, but not the obligation, to purchase this non-controlling interest subject to certain events, and, if exercised, Bouygues Telecom will have the obligation to sell its Nexloop's shares, subject to certain conditions and at a price to be calculated pursuant to said agreement.

(3) As detailed in Note 6, Cellnex, DIV and a Dutch foundation entered into an agreement upon closing, which set forth the right of DIV to sell its 37.65% non-controlling interest to Cellnex, at a price to be calculated pursuant to said agreement. Consequently, Cellnex, as a consequence of the terms set forth in paragraph 23 of IAS 32, recorded a liability in the amount of EUR 296 million (see Note 19.b.) corresponding to the contingent commitment to purchase the 25.10% of the Cellnex Netherlands' shares from third-party shareholders, whose interests in this consolidated company are reflected as of 31 December 2021 under "Non-controlling interests".

(4) In relation to the Iliad Poland SHA, as amended on 22 December 2021 (as detailed in Note 6), pursuant to its terms, the parties thereto shall not transfer the stake they respectively hold in On Tower Poland for a five-year period following the Iliad Poland Completion Date except for certain permitted transfers and other transfers subject to certain conditions.

Moreover, the Iliad Poland SHA sets forth the conditions for Iliad Purple's right to sell (i) a 10% (and not less than 10%) of the share capital and voting rights of On Tower Poland to Cellnex Poland during a 30-day period following the first anniversary of the Iliad Poland Completion Date; and (ii) all (and not less than all) of the share capital and voting rights of On Tower Poland to Cellnex Poland during a period starting on the first business day following the second anniversary of the Iliad Poland Completion Date and ending on the fourth anniversary of the Iliad Poland Completion Date (excluded) subject to certain conditions; in both cases at a price to be calculated pursuant to said agreement (the price of this acquisition will undoubtedly expected to be inflationary, given the performance of such assets). According to the shareholders agreement terms, as of 31 December 2021, Cellnex Poland has the right, but not the obligation, to purchase these interests and therefore, no liability has been recorded in the accompanying consolidated balance sheet as of 31 December 2021. This situation will be revaluated in subsequent reporting periods, especially considering the facts described in Note 26.

Likewise, the Iliad Poland SHA provides Cellnex Poland with a right to buy from Iliad Purple (i) a 10% (and not less than 10%) interest held by Iliad Purple in On Tower Poland during a 30-day period after the lapse of the 30-day period during which Iliad Purple could exercise its first right as described in the paragraph above; and (ii) all of (and not less than all) Iliad Purple's interest in On Tower Poland during a three-year period starting on the fourth anniversary of the Iliad Poland Completion Date; in both cases at a fair market value to be calculated pursuant to said agreement, in similar terms and conditions to the referred right to sell (the price of this acquisition is uncertain and will undoubtedly expected to be inflationary given the favorable performance of such assets).

(5) Upon completion of the Polkomtel Acquisition, Polkomtel, Cellnex Poland and the Group entered into a buyback agreement ("Polkomtel Buyback Agreement") by virtue of which Polkomtel (or its nominee) is granted the right to require Cellnex Poland or the Group to sell and transfer back the shares of Polkomtel Infrastruktura (sold pursuant to the Polkomtel SPA) to Polkomtel (or its nominee), in the event (i) shares in Polkomtel Infrastruktura are issued or sold to a Restricted Entity (as such term is defined in the Polkomtel Buyback Agreement), (ii) there is a change of control, without the prior written consent of Polkomtel, by means of which a Restricted Entity gains majority ownership or control over Polkomtel Infrastruktura or any of its holding companies (other than Cellnex), (iii) there is a change of control, without the prior written consent of Polkomtel, by means of which a Restricted Entity gains ownership of more than 30% of Cellnex Parent (that includes Cellnex and any legal successor to Cellnex, inclusive of any person with which it is merged or amalgamated; and such other person as is from time to time the ultimate holding company of the Cellnex Group) or gains control over Cellnex Parent, or (iv) in certain circumstances, if a critical failure under the Polkomtel MSA occurs. In the event any of the triggering events (i) to (ii) occurs, Polkomtel may opt to exercise its right pursuant to the Polkomtel Buyback Agreement within three months or, alternatively, to have the fees of the Polkomtel MSA reduced by 50%. The Polkomtel Buyback Agreement shall terminate if (a) there is a change of control of Polkomtel or Cyfrowy or (b) the Polkomtel MSA is terminated by Polkomtel upon execution of a master services agreement with another provider with substantially the same scope as the Polkomtel MSA.

The changes in this heading were as follows:

Thousands of Euros

Non-controlling interests	2021	2020
At 1 January	**914,504**	**889,644**
Profit/(loss) for the period	(23,708)	(17,636)
Dividends	—	—
Changes in the scope of consolidation	733,934	43,223
Exchange differences	8,861	(727)
Hedges	—	—
Others	—	—
At 31 December	**1,633,591**	**914,504**

"Changes in the scope of consolidation" for 2021 amounting to EUR 733,934 thousand, mainly relates to the impact of:

I) Acquisition of an additional stake in Swiss Infra Services

As detailed in Note 2.h-II, in the first quarter of 2021, Cellnex entered into an agreement with Matterhorn to acquire 10% of the share capital of Swiss Infra, after which Cellnex now indirect holds a 72.22% shareholding in Swiss Infra. Following the aforementioned, a decrease amounting to EUR 15,829 thousand has been recognised under "non-controlling interests" in the accompanying consolidated balance sheet, as a result of the termination of the non-controlling interests that existed at the acquisition date.

Additionally, since the aforementioned transaction was an equity transaction carried out with a non-controlling interest in the subsidiary that did not modify the controlling position in Swiss Infra, the transaction has led to the recognition of a negative impact of EUR 117,171 thousand under "Reserves of consolidated companies" in the accompanying consolidated balance sheet (see section c) of this Note). This accounting treatment is supported by the guidance in paragraph 23 of IFRS 10 to recognise any adjustments related to changes in the parent's ownership interest that do not result in the parent losing or gaining control over a subsidiary as ownership transactions.

II) Acquisition of On Tower Poland

As detailed in Note 6, in the first quarter of 2021, Cellnex, (through its fully owned subsidiary Cellnex Poland sp z.o.o.) has acquired 60% of On Tower Poland sp z.o.o.'s share capital, a wholly-owned subsidiary of Play, for the subsequent acquisition by On Tower Poland of the telecommunications passive infrastructures business unit of P4, for an estimated total consideration (Enterprise Value) of approximately EUR 1,458 million. This has led the recognition of a non-controlling interest of EUR 528,891 thousand in the accompanying consolidated balance sheet.

III) Acquisition of Cignal Infrastructure Netherlands (formerly T-Mobile Infra B.V.)

As detailed in Note 6, in the first quarter of 2021, Cellnex and Cellnex Netherlands signed a framework agreement with DTAG, DTEU and DIV which sets forth among others, the conditions and the steps and arrangements, to allow Cellnex to acquire the 100% of the share capital of T-Mobile Infra, B.V. ("T-Mobile Infra") in exchange for a stake of 37.65% in the share capital of Cellnex Netherlands (owned as of 31 December 2021 by DIV in which Cellnex has a 33,33% interest as detailed in Notes 2.h-IV and 6). Consequently, as a result of the T-Mobile Infra Acquisition, the Group recognised an equity transaction carried out with a non-controlling interest in Cellnex Netherlands that did not modify the controlling position in Cignal Infrastructure Netherlands for the effective 25,11%. This has led the recognition of a non-controlling interest of EUR 220,872 thousand and a positive impact of EUR 39,098 thousand under "Reserves of consolidated companies" in the consolidated balance sheet (see section c) of this Note). This accounting treatment is supported by the guidance in paragraph 23 of IFRS 10 to recognise any adjustments related to changes in the parent's ownership interest that do not result in the parent losing or gaining control over a subsidiary as ownership transactions. Upon initial recognition of the redemption liability, the risks and rewards not transferred to the parent were recognised as non-controlling interests.

As regards the main non-controlling interest, the summarised financial information in relation to the assets, liabilities, operating results and cashflow relating to the corresponding company/subgroup incorporated in the consolidation process is as follows:

31 December 2021

Thousands of Euros

	Cellnex Switzerland	Swiss Towers	Swiss Infra	On Tower France	Nexloop	On Tower Poland (1)	Cellnex Netherlands
Non-current assets	722,917	1,174,512	234,395	935,165	384,844	1,582,623	914,404
Current assets	14,811	31,557	27,337	113,078	94,499	43,700	(52,523)
Total assets	**737,728**	**1,206,069**	**261,732**	**1,048,243**	**479,343**	**1,626,323**	**861,881**
Non-current liabilities	429	796,683	169,455	371,985	252,072	253,165	27,681
Current liabilities	14,623	109,535	(4,235)	216,570	203,537	50,145	3,212
Total liabilities	**15,052**	**906,218**	**165,220**	**588,555**	**455,609**	**303,310**	**30,893**
Net assets	**722,676**	**299,851**	**96,512**	**459,688**	**23,734**	**1,323,013**	**830,988**
Income	3,219	71,282	70,264	185,553	11,067	97,981	233
Expenses	(4,389)	(8,727)	(9,488)	(23,263)	(2,384)	(34,786)	(9,624)
Gross operating profit	**(1,170)**	**62,555**	**60,776**	**162,290**	**8,683**	**63,195**	**(9,391)**
Profit attributable to the shareholders	**(1,436)**	**5,695**	**19,252**	**33,583**	**(3,370)**	**(14,736)**	**(8,200)**
Operating activities	(3,730)	43,095	55,652	105,159	(18,177)	34,312	(7,961)
Investment activities	(8)	(145,630)	(80,238)	(221,908)	(196,145)	(45,128)	—
Financing activities	11,281	111,595	(12,845)	127,160	256,815	46,153	34,855
Cash flows	**7,543**	**9,060**	**(37,431)**	**10,411**	**42,493**	**35,337**	**26,894**

(1) Company which was incorporated in March 2021 (see Note 2.h); hence, only nine months of the aggregates of its income and cash flows have been included in the consolidated statement of profit or loss and the consolidated statement of cash flows for the year, respectively.

31 December 2020

Thousands of Euros

	Cellnex Switzerland	Swiss Towers	Swiss Infra	On Tower France	Nexloop [1]
Non-current assets	722,944	1,031,216	213,352	713,802	130,154
Current assets	5,631	28,524	57,724	116,345	35,580
Total assets	**728,575**	**1,059,740**	**271,076**	**830,147**	**165,734**
Non-current liabilities	1,373	682,577	161,623	229,657	118,365
Current liabilities	3,474	56,155	37,319	174,386	21,037
Total liabilities	**4,847**	**738,732**	**198,942**	**404,043**	**139,402**
Net assets	**723,729**	**321,008**	**72,134**	**426,104**	**26,333**
Income	3,572	69,674	75,038	173,158	3,829
Expenses	(4,151)	(7,537)	(8,404)	(13,385)	(1,072)
Gross operating profit	**(579)**	**62,137**	**66,634**	**159,773**	**2,757**
Profit attributable to the shareholders	**(550)**	**4,705**	**27,783**	**40,516**	**(685)**
Operating activities	1,021	44,299	65,076	121,220	(21,317)
Investment activities	(26)	(68,231)	(21,722)	(42,094)	(86,680)
Financing activities	599	23,610	(11,787)	—	92,508
Cash flows	**1,594**	**(322)**	**31,567**	**79,126**	**(15,489)**

[1] Company which was incorporated in May 2020 (see Note 2.h); hence, only seven months of the aggregates of its income and cash flows have been included in the consolidated statement of profit or loss and the consolidated statement of cash flows for the year, respectively.

g) Profit/(loss) for the year

The contribution of each company in the scope of consolidation to consolidated profit/(loss) is as follows:

	Thousands of Euros	
	2021	2020 restated
Cellnex Telecom, S.A.	(191,226)	(137,932)
Cellnex Telecom España, S.L.U.	(3,122)	(3,834)
Retevisión-I, S.A.U.	40,558	83,179
Tradia Telecom, S.A.U.	6,709	21,384
On Tower Telecom Infraestructuras, S.A.U.	4,117	1,548
Towerco, S.p.A.	6,654	1,739
Cellnex Italia, S.p.A.	112,341	18,369
Cellnex Netherlands, Group	(2,705)	551
Cellnex France, S.A.S.	(13,628)	(14,940)
Cellnex UK subgroup (formerly Shere Group subgroup)	(27,801)	(17,900)
Cellnex Switzerland AG	(1,264)	(343)
Swiss Towers AG	(4,960)	(6,070)
Cellnex France Groupe, S.A.S.	26,313	1,668
Xarxa Oberta de Comunicació i Tecnología de Catalunya, S.A.	3,237	2,266
Swiss Infra Services AG	(9,263)	(11,012)
Cignal subgroup	2,072	598
On Tower Netherlands subgroup	2,082	1,902
On Tower France	(21,943)	(21,186)
OMTEL, Estruturas de Comunicaçoes	2,874	(417)
On Tower Portugal	3,652	(3,933)
CLNX Portugal	(28,057)	(24,704)
Nexloop France, S.A.S.	(1,719)	(349)
On Tower UK subgroup	(92,959)	(15,572)
Finland subgroup	(2,963)	(779)
Cellnex Finance Company, S.A.	(14,306)	(3,712)
Metrocall, S.A.	(769)	(202)
Cellnex Austria Subgroup	(22,020)	(6)
Cellnex Denmark Subgroup	(8,547)	—
Cellnex Sweden Subgroup	(2,352)	—
Cellnex Poland Subgroup	(27,610)	(316)
Cellnex Ireland Subgroup	(15,259)	—
Cignal Infrastructure NL	(6,050)	—
Towerlink France	(14,202)	—
CK Hutchison Italia, S.p.A	(23,596)	—
Hivory	(18,893)	—
Spanish companies accounted using equity method	(18)	52
Others	(6,742)	(5,474)
Net profit attributable to the Parent Company	**(351,365)**	**(135,425)**

15. Borrowings

The breakdown of borrowings at 31 December 2021 and 2020 is as follows:

						Thousands of Euros
			31 December 2021			31 December 2020
	Non-current	Current	Total	Non-current	Current	Total
Bond issues and other loans	12,865,039	700,651	**13,565,690**	7,478,501	56,456	**7,534,957**
Loans and credit facilities	2,045,779	18,572	**2,064,351**	1,835,135	19,353	**1,854,488**
Other financial liabilities	3,242	772	**4,014**	2,194	1,132	**3,326**
Borrowings	**14,914,060**	**719,995**	**15,634,055**	**9,315,830**	**76,941**	**9,392,771**

During the year ended at 31 December 2021, the Group increased its borrowings from bond issues and loans and credit facilities (which do not include any debt held by Group companies registered using the equity method of consolidation, "Derivative Financial Instruments" or "Other financial liabilities") by EUR 6,240,596 thousand to EUR 15,630,041 thousand.

The increase in "Bond issues and other loans" is mainly due to the five issuances of bonds (composed of a total of eight tranches) that have been carried out during 2021, as detailed in section "Bond issues and other loans" below, net of term loans which were cancelled during the year for amounts of CHF 183,000 thousand and EUR 56,500 thousand. Additionally, the Group also cancelled undrawn credit facilities for EUR 200,000 thousand and GBP 360,000 thousand.

The net increase in "Loans and credit facilities" is mainly due to:

- On 12 February 2021, as amended on 12 March 2021, the Group entered into a 5-year facility agreement amounting to EUR 253 million, in relation to the T-Mobile Infra Acquisition (see Note 6). On 8 November 2021, the facility agreement was amended and the debt was assigned to Cellnex Netherlands. Moreover, the facility amount was increased by EUR 27 million.

- On 17 March 2021, Swiss Towers drew down CHF 35,000 thousand of the Facility B Agreement signed on 17 July 2019 to acquire 10% of the share capital of Swiss Infra Services ("Swiss Infra") (see Note 2.h).

- During 2021, the total amounts drawn down of the facilities were EUR 143,550 thousand and EUR 2,358 thousand respectively. On 29 May 2020 Nexloop signed a EUR 620,000 thousand financing with a pool of banks, consisting of a EUR 600,000 thousand term loan facility with an 8-year bullet maturity, to partially finance the deployment of the fiber network by Nexloop, and a EUR 20,000 thousand revolving credit facility with a 7-year-and-10-months bullet maturity to finance or reimburse VAT amounts related to Nexloop's project costs.

In relation with undrawn credit facilities, on 13 November 2020, the Group signed a EUR 10 billion financing agreement consisting of (i) a EUR 7,500,000 thousand bridge loan facility with a maturity of up to 3 years; (ii) a EUR 1,250,000 thousand term loan facility with a 3 year bullet maturity; and (iii) a EUR 1,250,000 thousand term loan facility with a 5 year bullet maturity. Such financing bears interest at a margin above EURIBOR, is unsecured and unsubordinated. On 24 February 2021, the Group amended and restated the facilities agreement and, among others, cancelled EUR 1,600,000 thousand out of the EUR 7,500,000 thousand bridge loan facility granted thereunder, amended the maturity of said bridge loan facility to 2 years, and amended its purpose to, among other things, contemplate the financing of the Hivory Acquisition (see Note 6.). On 14 September 2021, the remaining EUR 5,900,000 thousand from the bridge loan facility were cancelled, as Cellnex had enough existing cash to fund the Hivory Acquisition. As of 31 December 2021, no amounts from the term loan facilities had been drawn. Additionally, the Group also cancelled undrawn credit facilities for EUR 200,000 thousand and GBP 360,000 thousand.

During the year ended at 31 December 2021, the Group has also amended certain facility agreements for a total amount of approximately EUR 2,920,000 thousand in order to adapt such contracts to the LIBOR discontinuation. Such changes did not have a significant impact on the overall cost of the facilities.

As of 31 December 2021 and 2020, the Group's fixed rate notional debt amounted to EUR 13,855,768 thousand, representing 87% of its Gross Financial Debt excluding lease liabilities (EUR 2,836,084 thousand), whereas the Group's variable rate notional debt amounted to EUR 1,990,470 thousand, representing 13 % of its Gross Financial Debt excluding lease liabilities. As of 31 December 2021 and 2020, the estimated sensitivity in the Group's financial costs to a 1% change (increase or decrease) in the interest rate, both fixed and variable, is as follows. The amount of the Group's financial costs from fixed gross financial debt excluding lease liabilities would remain unchanged. The amount of the Group's financial costs from variable gross financial debt excluding lease liabilities would increase by EUR 14,332 thousand in the event of a 1% interest rate increase and the amount of the Group's financial costs from variable gross financial debt excluding lease liabilities would decrease by EUR 3,156 thousand in the event of a 1% interest rate decrease, as some of the Group's financing contracts include a EURIBOR/LIBOR floor.

Pursuant to the amendments to IAS 7, a reconciliation of the cash flows arising from financing activities is set out below, together with the associated liabilities in the opening and closing balance sheet, distinguishing between changes that give rise to cash flows and those that do not:

31 December 2021

Thousands of Euros

	1/1/2021	Cash flows	Changes in the scope of consolidation (1)	Exchange rate	Other (2)	12/31/2021
Bond issues	7,534,957	5,869,731	—	44,191	116,811	**13,565,690**
Loans and credit facilities and other financial liabilities(1)	1,857,814	(111,543)	250,000	75,645	(3,551)	**2,068,365**
Borrowings	**9,392,771**	**5,758,188**	**250,000**	**119,836**	**113,260**	**15,634,055**

(1) It corresponds to the debt assumed on the T-Mobile Infra Acquisition (see Note 6).

(2) It mainly includes arrangement expenses accrued, change in interest accrued not paid and convertible bonds accretion.

31 December 2020

Thousands of Euros

	1/1/2020	Cash flows	Changes in the scope of consolidation (1)	Exchange rate	Other (2)	12/31/2020
Bond issues	3,501,124	3,982,682	—	(3,349)	54,500	**7,534,957**
Loans and credit facilities and other financial liabilities(1)	1,640,998	(44,069)	243,259	(3,943)	21,569	**1,857,814**
Borrowings	**5,142,122**	**3,938,613**	**243,259**	**(7,292)**	**76,069**	**9,392,771**

(1) It corresponds to the repayment, during 2020, by Cellnex of the financial debt initially incorporated in the net assets acquired on the acquisition date, in relation to the Omtel Acquisition (see Note 6).

(2) It mainly includes arrangement expenses accrued, change in interest accrued not paid and convertible bonds accretion.

As of 31 December 2021 and 2020, the Group's loans and credit facilities were arranged under market conditions and therefore, their fair value does not differ significantly from their carrying amount. In the case of bond issues, which are traded in active markets, their fair value amounts to EUR 14,446 million and EUR 8,426 million respectively (based on the market prices at the reporting date).

In accordance with the foregoing and with regard to the financial policy approved by the Board of Directors, the Group prioritizes securing sources of financing at Cellnex Finance level. The aim of this policy is to secure financing at a lower cost and longer maturities while diversifying its funding sources. In addition, this encourages access to capital markets and allows greater flexibility in financing contracts to promote the Group's growth strategy.

As of 31 December 2021 and 2020, the breakdown, by maturity, type of debt and by currency of the Group's borrowings (excluding debt with companies accounted for using the equity method of consolidation) is as follows:

Borrowings by maturity

The maturities of the Group's borrowings based on the repayment schedule as of 31 December 2021 and 2020 are shown in the table below:

31 December 2021

Thousands of Euros

		Current	Non-current					
	Limit	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Bond issues and other loans (*)	13,766,317	725,708	2,394	752,431	597,410	1,478,359	10,200,295	**13,756,597**
Arrangement expenses	—	(25,057)	(25,080)	(24,049)	(23,386)	(21,080)	(72,255)	**(190,907)**
Loans and credit facilities (*)	6,814,615	23,803	119,526	1,292,805	12,500	292,820	349,083	**2,090,537**
Arrangement expenses	—	(5,231)	(6,509)	(6,733)	(2,943)	(1,590)	(3,180)	**(26,186)**
Other financial liabilities	—	772	1,116	929	522	467	208	**4,014**
Total	**20,580,932**	**719,995**	**91,447**	**2,015,383**	**584,103**	**1,748,976**	**10,474,151**	**15,634,055**

(*) These items are gross value and, consequently, do not include "Arrangement expenses".

31 December 2020

Thousands of Euros

		Current	Non-current					
	Limit	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Bond issues and other loans (*)	7,729,340	69,534	602,358	2,394	752,431	593,189	5,603,452	**7,623,358**
Arrangement expenses	—	(13,078)	(12,856)	(12,392)	(11,134)	(10,242)	(28,699)	**(88,401)**
Loans and credit facilities (*)	14,783,431	24,481	169,347	2,500	171,913	669,885	847,656	**1,885,782**
Arrangement expenses	—	(5,128)	(6,351)	(6,078)	(5,004)	(4,274)	(4,459)	**(31,294)**
Other financial liabilities	—	1,132	643	483	472	323	273	**3,326**
Total	**22,512,771**	**76,941**	**753,141**	**(13,093)**	**908,678**	**1,248,881**	**6,418,223**	**9,392,771**

(*) These items are gross value and, consequently, do not include "Arrangement expenses".

Borrowings by type of debt

Thousands of Euros

	Notional as of 31 December 2021 (*)			Notional as of 31 December 2020 (*)		
	Limit	Drawn	Undrawn	Limit	Drawn	Undrawn
Bond issues and other loans	13,766,317	13,766,317	—	7,729,340	7,729,340	—
Loans and credit facilities	6,814,615	2,079,919	4,734,696	14,783,431	1,864,215	12,919,216
Total	**20,580,932**	**15,846,236**	**4,734,696**	**22,512,771**	**9,593,555**	**12,919,216**

(*) Includes the notional value of each borrowing type, and are not the gross or net value of the caption. See "Borrowings by maturity".

As of 31 December 2021, the total limit of loans and credit facilities available was EUR 6,814,615 thousand (EUR 14,783,431 thousand as of 31 December 2020), of which EUR 2,740,059 thousand in credit facilities and EUR 4,074,556 thousand in loans (EUR 3,324,205 thousand in credit facilities and EUR 11,459,225 thousand in loans as of 31 December 2020).

Furthermore, of the EUR 6,814,615 thousand of loans and credit facilities available (EUR 14,783,431 thousand as of 31 December 2020), EUR 3,221,290 thousand (EUR 1,864,215 thousand as of 31 December 2020) can be drawn down either in Euros (EUR) or in other currencies, such as Pound Sterling (GBP), Swiss franc (CHF) and U.S. dollar (USD).

As of 31 December 2021 the total amount drawn down of the loans and credit facilities was EUR 2,079,919 thousand (EUR 1,864,215 thousand drawn down as of 31 December 2020).

Borrowings by currency

Thousands of Euros

	31 December 2021	31 December 2020
Euro	13,486,192	7,698,417
GBP	825,994	840,443
USD	539,675	—
CHF	992,733	973,606
Borrowings	**15,844,594**	**9,512,466**

(*) The amounts shown in the preceding table relate to the cash flows set forth in the contracts, which differ from the carrying amount of the borrowings due to the effect of applying IFRS criteria, especially IFRS9.

As described in Note 4.a, the foreign exchange risk on the net investment of operations of the Group companies denominated in non-Euro currencies is managed by means of borrowings denominated in the corresponding foreign currency or by means of cross currency swaps (see Note 11).

As of 31 December 2021 and 2020, the Group maintained bonds and borrowings in CHF, which act as a natural hedge of the net investment in the Group's Swiss subsidiaries. The Group issued a bond in CHF on March 2021 for an amount of CHF 150,000 thousand (with a Euro value of EUR 145,194 thousand as of 31 December 2021), which add up to the two CHF bonds issued by the Group in 2020 (CHF 100,000 thousand (EUR 96,796 thousand) and CHF 185,000 thousand (EUR 179,073 thousand). The maturity of these bonds are in 2026, 2025 and 2027, respectively. Furthermore, as of 31 December 2021, the Group cancelled a term loan for CHF 183,000 thousand (CHF 183,000 thousand with a Euro value of EUR 169,413 thousand as of 31 December 2020). These non-derivative financial instruments are assigned as net investment hedges against the net assets of Swiss subsidiaries.

As of 31 December 2021 and 2020, the Group maintains several Cross Currency Swap ("CCS") with reputable financial counterparties for EUR 450 million and an equivalent sterling value of GBP 382 million which has been designated together with the bond issue of EUR 450 million executed in January 2020 as a natural hedge of the net investment made in United Kingdom Group's subsidiaries.

Furthermore, the Group has also drawn down through its subsidiary Swiss Towers additional borrowings in CHF amounting to CHF 585,000 thousand with a Euro value of EUR 566,256 thousand (CHF 535,669 thousand with a Euro value of EUR 502,928 thousand as of 31 December 2020).

Bond issues and other loans

The detail of the bonds and other financing instruments at 31 December 2021 and 2020 is as follows:

		Thousands of Euros
	31 December 2021	**31 December 2020**
Bond issues	13,565,690	7,534,953
Promissory notes and commercial paper	—	4
Bond issues and other loans	**13,565,690**	**7,534,957**

I) EMTN Programme and the Guaranteed EMTN Programme

Since 2015, the Group established and subsequently renewed until May 2020 a Euro Medium Term Note Programme (the "EMTN Programme") through the Parent Company. This EMTN Programme was registered on the Irish Stock Exchange plc, trading as Euronext Dublin, allowing for the issue of bonds up to an aggregate amount of EUR 10,000 million. After the establishment of the Guaranteed EMTN Programme by Cellnex Finance (as defined below), the Group has ceased to renew the EMTN Programme with the Parent Company.

Since December 2020, Cellnex Finance is the leading financing entity of the Group. Thus, a Guaranteed Euro Medium Term Note Programme (the "Guaranteed EMTN Programme") was set up in Cellnex Finance, guaranteed by the Parent Company, registered on the Irish Stock Exchange plc, trading as Euronext Dublin, and allowing for the issue of bonds up to an aggregate amount of EUR 10,000 million. The Guaranteed EMTN Programme was last renewed in August 2021 for a period of 12 months with a maximum aggregate amount of EUR 15,000 million.

Since March 2016 Cellnex has been part of the list of companies whose corporate bonds are eligible for the Corporate Sector Purchase Programme (CSPP) by European Central Bank (ECB).

Cellnex has issued the bonds described in the table below, all of them addressed to qualified investors:

31 December 2021

Programme	Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Notional as of 31 December 2021 (Thousands of Euros)
EMTN Programme	27/07/2015	7 years	27/07/2022	BBB-/BB+	XS1265778933	3.13%	600,000
EMTN Programme	10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.38%	750,000
EMTN Programme	16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.88%	65,000
EMTN Programme	18/01/2017	8 years	18/04/2025	BBB-/BB+	XS1551726810	2.88%	335,000
EMTN Programme	07/04/2017	9 years	07/04/2026	BBB-/NA	XS1592492125	Eur 6M+2.27%(1)	80,000
EMTN Programme	03/08/2017	10 years	03/08/2027	BBB-/NA	XS1657934714	Eur 6M+2.20%	60,000
EMTN Programme	31/07/2019	10 years	31/07/2029	BBB-/NA	XS2034980479	1.90%	60,500
EMTN Programme	20/01/2020	7 years	20/04/2027	BBB-/BB+	XS2102934697	1.0%	450,000
EMTN Programme	29/01/2020	7 years	18/02/2027	BBB-/NA	CH0506071148	0.775%	179,073
EMTN Programme	26/06/2020	5 years	18/04/2025	BBB-/BB+	XS2193654386	2.88%	165,000
EMTN Programme	26/06/2020	9 years	26/06/2029	BBB-/BB+	XS2193658619	1.88%	750,000
EMTN Programme	17/07/2020	5 years	17/07/2025	BBB-/BB+	CH0555837753	1.1%	96,796
EMTN Programme	23/10/2020	10 years	23/10/2030	BBB-/BB+	XS2247549731	1.75%	1,000,000
Guaranteed EMTN	15/02/2021	5 years	15/11/2026	BBB-/BB+	XS2300292617	0.75%	500,000
Guaranteed EMTN	15/02/2021	8 years	15/01/2029	BBB-/BB+	XS2300292963	1.25%	750,000
Guaranteed EMTN	15/02/2021	12 years	15/02/2033	BBB-/BB+	XS2300293003	2.00%	1,250,000
Guaranteed EMTN	26/03/2021	5 years	26/03/2026	BBB-/NA	CH1104885954	0.94%	145,194
Guaranteed EMTN	08/06/2021	7 years	08/06/2028	BBB-/BB+	XS2348237871	1.50%	1,000,000
Guaranteed EMTN	06/09/2021	6 years	06/09/2027	BBB-/BB+	XS2385393405	1.00%	1,000,000
Guaranteed EMTN	06/09/2021	11 years	06/09/2032	BBB-/BB+	XS2385393587	2.00%	850,000
Total							**10,086,563**

(1) Coupon rate hedged by Interest Rate Swaps (see Note 11).

Bond issuances during 2021

On 10 February 2021, the Group completed the pricing of a triple-tranche EUR-denominated bond issuance (with ratings of BBB- by Fitch Ratings and BB+ by Standard & Poor's) aimed at qualified investors for an aggregate amount of EUR 2,500,000 thousand, including a bond for EUR 500,000 thousand maturing in November 2026 and with a coupon of 0.75%; a bond for EUR 750,000 thousand maturing in January 2029 and with a coupon of 1.25%; and a bond for EUR 1,250,000 thousand maturing in February 2033 and with a coupon of 2.00% (the "Triple-tranche Bond"). In addition, on 10 March 2021 the Group completed the pricing of a CHF-denominated bond issuance (with a rating of BBB- by Fitch Ratings) for an amount of CHF 150,000 thousand (EUR 135,514 thousand as of 10 March 2021), maturing in March 2026 and with a coupon of 0.935% (the "CHF Bond"). Additionally, on 25 May 2021, Cellnex completed the pricing of a EUR-denominated bond issuance for an amount of EUR 1,000 million (with ratings of BBB-by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors. The bond will mature in June 2028 and with a coupon of 1.50%. Furthermore, on 6 September 2021, the Group successfully completed a double-tranche EUR-denominated bond issuance for an aggregate amount of EUR 1,850 million (with ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors. The transaction includes a bond for EUR

1,000 million maturing in September 2027 at a coupon of 1%; and a bond for EUR 850 million maturing in September 2032, at a coupon of 2%.

The bond issuances denominated in euro are listed on the Irish Stock Exchange (ISE), plc. trading as Euronext Dublin, and the bond issuances denominated in Swiss francs are listed on the Swiss Stock Exchange (SIX).

The net proceeds from the issuance of the above bonds are being used for general corporate purposes, including but not limited to, in certain cases, the refinancing of existing indebtedness.

31 December 2020

Programme	Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Initial Notional (Thousands of Euros)	Notional as of 31 December 2020 (Thousands of Euros)
EMTN Programme	27/07/2015	7 years	27/07/2022	BBB-/BB+	XS1265778933	3.13 %	600,000	600,000
EMTN Programme	10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.38 %	750,000	750,000
EMTN Programme	16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.88 %	65,000	65,000
EMTN Programme	18/01/2017	8 years	18/04/2025	BBB-/BB+	XS1551726810	2.88 %	335,000	335,000
EMTN Programme	07/04/2017	9 years	07/04/2026	BBB-/NA	XS1592492125	Eur 6M+2,27%(1)	80,000	80,000
EMTN Programme	03/08/2017	10 years	03/08/2027	BBB-/NA	XS1657934714	Eur 6M+2,20%	60,000	60,000
EMTN Programme	31/07/2019	10 years	31/07/2029	BBB-/NA	XS2034980479	1.90 %	60,500	60,500
EMTN Programme	20/01/2020	7 years	20/04/2027	BBB-/BB+	XS2102934697	1.00 %	450,000	450,000
EMTN Programme	29/01/2020	7 years	18/02/2027	BBB-/NA	CH0506071148	0.78 %	171,265	171,265
EMTN Programme	26/06/2020	5 years	18/04/2025	BBB-/BB+	XS2193654386	2.88 %	165,000	165,000
EMTN Programme	26/06/2020	9 years	26/06/2029	BBB-/BB+	XS2193658619	1.88 %	750,000	750,000
EMTN Programme	17/07/2020	5 years	17/07/2025	BBB-/BB+	CH0555837753	1.10 %	92,575	92,575
EMTN Programme	23/10/2020	10 years	14/10/2030	BBB-/BB+	XS2247549731	1.75 %	1,000,000	1,000,000
Total							**4,579,340**	**4,579,340**

(1) Coupon rate hedged by Interest Rate Swaps (see Note 11).

Bond issuances during 2020

On 9 January 2020, the Group completed the pricing of an Euro-denominated bond issuance (with ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors for an amount of EUR 450,000 thousand, maturing in April 2027 and with a coupon of 1.0%. Simultaneously, the Group entered into several Cross-Currency Swaps with reputable financial counterparties by which Cellnex lent the EUR 450,000 thousand received and borrowed the equivalent amount in GBP at an agreed exchange rate, enabling Cellnex to obtain approximately GBP 382,455 thousand at a cost of 2.2%. In addition, on 29 January 2020, the Group completed the pricing of a CHF-denominated bond issuance (with a rating of BBB- by Fitch Ratings) for an amount of CHF 185,000 thousand, maturing in February 2027 and with a coupon of 0.775%. On 16 June 2020, the Group completed the pricing of a dual-tranche Euro-denominated bond issuance (with ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors, including a tap of the bond maturing in April 2025 for an amount of EUR 165,000 thousand, and with an equivalent coupon of 1.4%; and a new bond for an amount of EUR 750,000 thousand, maturing in June 2029 and with a coupon of 1.875%. In addition, on 22 June 2020, the Group completed the pricing of a CHF-denominated bond issuance (with a rating of BBB- by Fitch Ratings) for an amount of CHF 100,000 thousand, maturing in July 2025 and with a coupon of 1.1%. On 14 October 2020, the Group completed the pricing of a Euro-denominated bond issuance (with ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) for an amount of EUR 1,000,000 thousand, maturing in October 2030 and with a coupon of 1.75%.

The bond issuances denominated in euro are listed on the Irish Stock Exchange (ISE) and the bond issuances denominated in Swiss francs are listed on the Swiss Stock Exchange (SIX).

The bond issues have certain associated costs, customary in this type of transactions such as arrangement expenses and advisors' fees, which amounted to EUR 123,262 thousand as of 31 December 2021 (EUR 59,175 thousand as of 31 December 2020), which the Group defers over the life of the bonds and are taken to the consolidated income statement following a financial criteria. In this regard, an amount of EUR 190,907 thousand and EUR 88,401 thousand was deducted from bond issues in the consolidated balance sheet as of 31 December 2021 and 31 December 2020, respectively. The arrangement expenses and advisor's fees accrued in the consolidated income statement for the period ended 31 December 2021 in relation to the bond issues amounted to EUR 20,756 thousand (EUR 9,376 thousand as of 31 December 2020).

II) Rule 144A / Regulation S Bonds (United States) - USD Bonds

In the second quarter of 2021, Cellnex Finance completed and settled a senior unsecured US Dollar-denominated bond issuance, guaranteed by the Parent Company, for a nominal amount of USD 600 million (with ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors. The bond was issued at a price of 98.724% of its nominal value in US dollars, with a maturity date in July 2041 and a coupon of 3.875% in US dollars.

Simultaneously, Cellnex Finance entered into several Cross-currency Swaps by virtue of which Cellnex lent the USD 600 million from the bond issuance at a coupon of 3.875% and borrowed the equivalent amount of euros at an agreed exchange rate enabling Cellnex to obtain approximately EUR 505 million at a coupon of 2.5%.

Cellnex Finance carried out its inaugural issuance in the U.S. dollar market to take advantage of the ample liquidity and long-term maturities (20 years) of such market, as well as to diversify its investor base.

The bonds are listed on the Vienna MTF of the Vienna Stock Exchange since 7 July 2021.

Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Notional as of 31 December 2021 (Thousands of Euros)
07/07/2021	20 years	07/07/2041	BBB-/BB+	US15118JAA34 Reg S: USE2943JAA72	3.875%	529,754
Total						**529,754**

III) Convertible Bonds

The Group has issued the Convertible Bonds described in the table below, all of them addressed to qualified investors:

31 December 2021

Issue	Initial Duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 31 December 2021 (Thousands of Euros)
16/01/2018	8 years	16/01/2026	BBB-/NA	XS1750026186	1.50%	566,223
21/01/2019	7 years	16/01/2026	BBB-/NA	XS1750026186	1.50%	186,943
05/07/2019	9 years	05/07/2028	BBB-/NA	XS2021212332	0.50 %	837,490
20/11/2020	11 years	20/11/2031	BBB-/NA	XS2257580857	0.75%	1,418,057
Total						**3,008,713**

31 December 2020

Issue	Initial Duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 31 December 2020 (Thousands of Euros)
16/01/2018	8 years	16/01/2026	BBB-/NA	XS1750026186	1,50%	558,469
21/01/2019	7 years	16/01/2026	BBB-/NA	XS1750026186	1,50%	183,964
05/07/2019	9 years	05/07/2028	BBB-/NA	XS2021212332	0,50%	823,711
20/11/2020	11 years	20/11/2031	BBB-/NA	XS2257580857	0,75%	1,400,343
Total						**2,966,487**

These convertible bonds have been treated as a compound instrument and have been split into its two components: a debt component amounting EUR 3,009 million (EUR 2,966 million as of 31 December 2020), corresponding to the present value of the coupons and principal discounted at the interest rate of a bond, with same nominal amount and maturity, without the convertibility option; and an equity component, for the remaining amount, due to the bondholder option to convert into shares, included in the heading “Reserves from retained earnings and other reserves”.

The Convertible Bonds are listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

Clauses regarding changes of control

The terms and conditions of the bonds to be issued under the EMTN Programme, the Guaranteed EMTN Programme, the USD Bonds and of the Convertible Bonds include a change of control put clause (at the option of bondholders), which could result in their respective early repayment.

For the bonds issued under the EMTN Programme, the Guaranteed EMTN Programme and, the USD Bonds, the put option can only be triggered if a change of control event occurs and there is a rating downgrade caused by the change of control event (as defined in the terms and conditions of the EMTN Programme, the Guaranteed EMTN Programme and the USD Bonds). For the Convertible Bonds, the put option can only be triggered if a change of control occurs or if a tender offer triggering event occurs (as defined in the terms and conditions of the Convertible Bonds).

Under the EMTN Programme, the Guaranteed EMTN Programme, the USD Bonds and the Convertible Bonds, a “change of control event” is defined as the acquisition of more than 50% of the voting rights in respect of Cellnex or the right to appoint or dismiss all or the majority of the members of the Board of Directors of Cellnex.

Bonds obligations and restrictions

As at 31 December 2021 and 2020, Cellnex had no restrictions regarding the use of proceeds from its bond offerings, had not provided any collateral for any obligations in connection with its outstanding bonds and the bonds ranked pari passu with the rest of Cellnex’s unsecured and unsubordinated borrowings.

IV) ECP Programme

In June 2018 Cellnex established an Euro-Commercial Paper Programme (the “ECP Programme”) with the Irish Stock Exchange, plc. trading as Euronext Dublin, which was renewed in June 2020. The ECP Programme had a limit of EUR 500 million or its equivalent in GBP, USD and CHF. As of 31 December 2021, the ECP Programme has not been renewed as it has been established by Cellnex Finance in the fourth quarter of 2021, (the “Guaranteed ECP Programme”), following the same steps as the Guaranteed EMTN Programme. The limit of the Guaranteed ECP Programme is EUR 750 million or its equivalent in GBP, USD and CHF.

Bonds obligations and restrictions

As at 31 December 2021 and 2020, the Parent Company and Cellnex Finance had no restrictions regarding the use of capital resources nor had it guarantees and the bonds rank pari passu with the rest of the unsecured and unsubordinated borrowings.

Finally, at the date of authorization for issue of these consolidated financial statements, the clauses or obligations included in the bonds terms and conditions had been fulfilled.

Loans and credit facilities

As of 31 December 2021, the total limit of loans and credit facilities available was EUR 6,814,614 thousand (EUR 14,783,431 thousand as of 31 December 2020), of which EUR 2,740,058 thousand in credit facilities and EUR 4,074,556 thousand in loans (EUR 3,324,205 thousand and EUR 11,459,225 thousand respectively as of 31 December 2020).

During the period ended on 31 December 2021, the Group cancelled two term loans, amounting to EUR 56.500 thousand and CHF 183,000 thousand respectively. The CHF loan was cancelled with the proceeds of the bond issued in CHF in March 2021 for an amount of CHF 150,000 thousand and several Swiss franc ("CHF") purchases. Additionally, the Group also cancelled undrawn credit facilities for EUR 200,000 thousand. and GBP 360,000 thousand.

On 17 March 2021, Swiss Towers drew down CHF 35,000 thousand of the Facility B, corresponding to the Agreement signed on 17 July 2019 to acquire 10% of the share capital of Swiss Infra Services Sa ("Swiss Infra") (see Note 2.h).

On 13 November 2020, the Group signed a EUR 10 billion financing agreement consisting of (i) a EUR 7,500,000 thousand bridge loan facility with a maturity of up to 3 years; (ii) a EUR 1,250,000 thousand term loan facility with a 3 year bullet maturity; and (iii) a EUR 1,250,000 thousand term loan facility with a 5 year bullet maturity. Such financing bears interest at a margin above EURIBOR, will be unsecured and unsubordinated. On 24 February 2021, the Group amended and restated the facilities agreement by virtue of which the M&A Financing was granted and, among others, cancelled EUR 1,600,000 thousand out of the EUR 7,500,000 thousand bridge loan facility granted thereunder, amended the maturity of said bridge loan facility to 2 years, and amended its purpose to, among other things, contemplate the financing of the Hivory Acquisition. On 14 September 2021, the remaining EUR 5,900,000 thousand from the bridge loan facility were cancelled, as Cellnex had enough existing cash to fund the Hivory Acquisition. As of 31 December 2021, no amounts from the term loan facilities had been drawn down.

On 12 February 2021, as amended on 12 March 2021, T-Mobile Infra entered into a 5-year facility agreement amounting to EUR 253 million, which was draw down and used to pay an extraordinary dividend prior to completion of the T-Mobile Infra Acquisition. Subsequently, on 1 June 2021, the Group acquired T-Mobile Infra as part of the T-Mobile Infra Acquisition. On 8 November 2021, the facility agreement was amended and the debt was assigned to Cellnex Netherlands. Moreover, the facility amount was increased by EUR 27 million.

On 29 May 2020 Nexloop signed a EUR 620,000 thousand financing with a pool of banks, consisting of a EUR 600,000 thousand term loan facility with an 8-year bullet maturity, to partially finance the deployment of the fiber network by Nexloop, and a EUR 20,000 thousand revolving credit facility with a 7-year-and-10-months bullet maturity to finance or reimburse VAT amounts related to Nexloop's project costs. During 2021, the total amounts drawn down of the facilities were EUR 143,550 thousand and EUR 2,358 thousand, respectively.

Clauses regarding changes of control

For the loans and credit facilities entered into by Cellnex, the change of control trigger is at the Cellnex level. For the syndicated facilities agreement entered into by Swiss Towers, the change of control trigger is measured with respect to Cellnex Switzerland, Swiss Towers and Swiss Infra (as defined below). For the GBP Facilities, the change of control trigger is measured with respect to Cellnex UK as well as at the Cellnex level. For the Nexloop Facilities, the change of control trigger is measured with respect to Nexloop. For the 5-year facility agreement of the T-Mobile Infra Acquisition, the change of control trigger is measured with respect to Cellnex Netherlands and Cignal Infrastructure Netherlands (formerly T-Mobile Infra). A "change of control event" is generally triggered when a third party, alone or together with others, acquires either 50% of shares with voting rights, or obtains the right to appoint or dismiss the majority of the members of the board of directors of the relevant company.

Loans and credit facilities obligations and restrictions on use of available funds

As at 31 December 2021 most of Cellnex's outstanding loans and credit facilities do not impose restrictions on the use of available funds. However, certain of the Group's outstanding loans and credit facilities, including the Nexloop Senior Facility and the EUR 10 billion, impose restrictions on the use of drawn amounts. For example, the latter can only be utilized to pay for acquisitions.

Security interests and other covenants and undertakings

As of 31 December 2021 and 2020, most of the outstanding loans and credit facilities entered into by Cellnex and its subsidiaries are unsecured and unsubordinated and rank "pari passu" with the rest of the Group's unsecured and unsubordinated borrowings. However, from time to time, the Group may enter into senior and secured loans and credit facilities, such as the Nexloop Facilities, under which the Group granted a security package in favour of several creditors and hedge counterparties consistent with certain agreed security principles, including pledges over the Group's shares in Nexloop and certain receivables including any debt instruments held by the Group in Nexloop (such as the Group's credit rights under the Nexloop Shareholder Facility, as defined herein).

In addition, while most of the Group's loans and credit facilities are subject to cross-default provisions and generally do not require Cellnex nor its subsidiaries to comply with any financial ratio, certain of them are subject to certain financial covenants and various restrictions, including but not limited to, (i) requiring Cellnex to maintain a minimum rating of Ba2 by Moody's Investors Service, Inc., or BB by Fitch Ratings Ltd. or Standard & Poor's Financial Services LLC, (ii) requiring shares to be pledged and provided as collateral if certain financial ratios are not satisfied, and (iii) imposing restrictions on additional indebtedness and on the Group's ability to create or permit to subsist certain security interests. The aforementioned financial conditions are mainly associated with European Investment Bank ("EIB") and Instituto de Crédito Oficial ("ICO") loans. Additionally, prepayment obligations under certain of the Group's loans and credit facilities, including the Nexloop Senior Facility, may be triggered as a result of the availability of certain proceeds and cash flows and breaches of certain covenants and undertakings. The financing contracts of the Group do not contain any limitations on the distribution and payment of dividends, other than the Nexloop Senior Facility and the syndicated facilities agreement entered into by Cellnex Netherlands and Swiss Towers, which include covenants restricting the distribution of dividends by Nexloop, Cellnex Netherlands, Cellnex Switzerland and Swiss Towers, respectively, subject to certain conditions.

In this regard, at the date of authorization for issue of these consolidated financial statements, the clauses or obligations included in the foregoing financing agreements had been fulfilled.

Other financial liabilities

"Other financial liabilities" relates mainly to certain grants awarded (arranged as repayable advances) to other Group companies (Retevisión-I, S.A.U. and Tradia Telecom, S.A.U.) under the Ministry for Industry, Tourism and Trade's PROFIT programme. According to the technical-financial terms of the grant resolutions, the repayable advances bear no interest.

Corporate rating

At 31 December 2021, Cellnex holds a long-term "BBB-" (Investment Grade) with stable outlook according to the international credit rating agency Fitch Ratings Ltd as confirmed by a report issued on 19 January 2022 and a long-term "BB+" with stable outlook according to the international credit rating agency Standard & Poor's Financial Services LLC as confirmed by a report issued on 28 June 2021.

16. Leases

The Group leases many assets, including sites, offices, satellites, vehicles and concessions. Information about leases for which the Group is a lessee is presented below:

Amounts recognised in the consolidated balance sheet

As of 31 December 2021 and 2020, the amounts recognised in the consolidated balance sheet related to lease agreements are:

Right of use

Thousands of euros

		Net book value
	31 December 2021	31 December 2020 restated
Right of use		
Sites	3,174,212	2,058,646
Offices	31,449	10,904
Satellites	72,799	72,998
Vehicles	1,062	1,802
Concessions	3,119	3,040
Total	**3,282,641**	**2,147,390**

The additions of rights of use during 2021 amounted to EUR 1,624,960 thousand (EUR 1,192,425 thousand in 2020), of which EUR 357,717 thousand (EUR 323,826 thousand in 2020) related to reassessments of existing lease contracts at the year end, and EUR 966,908 thousand corresponded to changes in the scope of consolidation during 2021 (EUR 596,399 thousand during 2020) (see Notes 2.h and 6).

Lease liabilities

Thousands of euros

	31 December 2021	31 December 2020 restated
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	598,716	401,098
One to five years	2,464,514	1,478,048
More than five years	1,255,894	956,349
Total undiscounted lease liabilities at 31 December	**4,319,124**	**2,835,495**
Lease liabilities included in the statement of financial position		
Current	529,894	273,391
Non-Current	2,306,190	1,482,654
Total	**2,836,084**	**1,756,045**

Amounts recognised in the consolidated income statement

As of 31 December 2021 and 2020, the amounts recognised in the consolidated income statement related to lease agreements are:

	Thousands of euros	
	2021	**2020 restated**
Depreciation and amortisation		
Depreciation Right of Use:		
Sites	(472,358)	(288,686)
Offices	(5,250)	(3,671)
Satellites	(10,885)	(12,153)
Vehicles	(2,872)	(1,354)
Concessions	(79)	(268)
Total	**(491,444)**	**(306,132)**
Financial costs		
Interest expense on lease liabilities	**(216,644)**	**(144,935)**
Other operating expenses		
Expense related to contracts with low value asset	(2,336)	(3,708)
Expense related to variable lease payments	(7,721)	(7,410)
Total	**(10,057)**	**(11,118)**

During 2021 and 2020, the Group has not recognised in the consolidated income statement, income from subleasing right-of-use assets, nor gains or losses arising from sale and leaseback transactions by a significant amount.

Amounts recognised in the statement of cash flows

The total amount of cash outflows in relation to lease agreements during the year ended on 31 December 2021 amounts to EUR 664,238 thousand (EUR 629,601 thousand in 2020), of which EUR 70,640 thousand (EUR 264,118 thousand in 2020) relates to cash advances to landlords, EUR 216,644 thousand (EUR 142,523 thousand in 2020) relates to interest payments on lease liabilities and EUR 376,954 thousand (EUR 222,960 thousand in 2020) relates to payments of lease instalments in the ordinary course of business.

Lease agreements. Cellnex Group as lessee

i) Real estate leases

All of the amounts recognised in the balance sheet correspond to lease agreements in which Cellnex Group acts as lessee. Cellnex Group manages and operates almost all of the sites where it locates its telecommunications infrastructure using lease agreements. In addition to these sites, the Group has lease agreements related mainly to offices, car parks, vehicles and satellites. As of 31 December 2021 and 2020 there are no significant restrictions or covenants imposed by leases.

Payments associated with short-term lease agreements are recognised on a straight line basis as an expense in the consolidated profit and loss account. A short-term lease is an agreement with a lease term equal to or less than 12 months.

Likewise, payments associated with low-value lease agreements are recognised on a straight-line basis as an expense in the consolidated income statement. A low-value contract is considered one whose underlying asset has a new value of less than EUR 5 thousand.

Extension options

Regarding the lease term considered for each contract, in relation to the leases of land and buildings in which the Group locates its infrastructures, the term considered for the leases depends mainly on whether the lease contract contains or not unilateral termination clauses and / or renewal (or similar legal rights deriving from the legislation of the countries in which it operates) that grant the Group the right to terminate early or to extend the contracts, as well as the term of the contracts with customers associated with the leases and whether these contracts allow the early termination of the lease or not. The most common types of contracts and the main criteria for determining their term are detailed in Note 2.b.

The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

In the majority of areas in which the Group operates, the lease term reflected in measuring the lease liability includes unilateral options to extend the contract, since the customer contracts have the same or a longer term and do not allow the early termination of the lease. In those cases where the customer contract does allow early termination and the Group is required to assess whether it is reasonably certain to exercise an extension or termination option, the effect of revising lease terms to reflect the exercise of extension options or not exercising termination options would be to increase recognised lease liabilities by a maximum of EUR 17 million as at 31 December 2021 (EUR 132 million as at 31 December 2020). It should be noted that Group management consider it highly improbable that these maximum terms would be reached.

Discount rates

The Group has generally applied the interest rate implicit in the lease contracts. In relation to the transition process, contracts prior to 2012 have been valued using an estimated incremental borrowing rate, since the Directors have considered that the determination of the implicit rate in these contracts involved considerably greater difficulty due, among other reasons, to their age. The portfolios of contracts acquired from 2012 onwards have been valued using implicit rates.

The interest rate implicit in the lease is defined by IFRS 16 as the rate of interest that causes the present value of (a) the lease payments and (b) the unguaranteed residual value to equal the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor. The interest rate implicit in the lease has been obtained with the assistance of external valuation experts, through a methodology designed for this purpose, in line with the above definition and based on the following components: fair value of the leased asset at lease commencement and end date and annual rent payments. The initial direct costs of the lessor are deemed immaterial considering the nature of the assets leased. The fair value of the leased asset has been measured using a market approach, according to which the leased asset (land or/and buildings) is valued based on observable market prices of similar assets to which adjustments related to surface area, location, size and other relevant factors are made.

The incremental borrowing rate (IBR) is defined by IFRS 16 as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR has been obtained through a methodology designed for this purpose, in line with the definition above and based on the following components: local reference rate, credit spread adjustment and lease specific adjustment. The credit spread adjustment is based on the Group's creditworthiness and the debt issuance costs. No lease specific adjustment has been applied, as the nature of the leases is essentially the same.

Other information

The Group's signed contract does not include any significant restrictions or covenants imposed by leases.

ii) Other leases

Cellnex leases offices, vehicles and satellites with terms of 6 to 10 years, 3 to 5 years and 3 years, respectively.

The Group also leases IT and other equipment with contract terms of one to three years. These leases are either short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

iii) Sale-and-leaseback

During 2021 and 2020, no significant sale-and-leaseback transactions have been performed.

17. Trade and other payables

The detail of this heading at 31 December 2021 and 2020 is as follows:

Thousands of Euros

	31 December 2021	31 December 2020 restated
Trade payables	512,540	315,477
Current tax liabilities	277,239	101,023
Other payables to related parties (Note 24.d)	2,634	1,107
Other payables	610,461	273,625
Trade and other payables	**1,402,874**	**691,232**

There is no significant difference between the fair value and the carrying amount of these liabilities.

At 31 December 2021 and 2020, “Trade payables” included mainly the amounts payable for trade purchases made by the Group and their related costs.

“Current tax liabilities” includes all balances payable by the Group to the tax authorities, as detailed in Note 18.c.

Lastly, “Other payables” is formed mainly of deferred revenues and payables to non-current asset suppliers.

Information on deferral of payment to suppliers

The information required by the additional third decree of Law 15/2010 of 5 July (modified by the second final decree of Law 31/2014) prepared in accordance with the resolution issued by the Spanish Accounting and Auditing Institute (AAI) of 29 January 2016 in relation to the information to be disclosed in the annual consolidated report with regard to the average supplier payment period for commercial transactions, is set up below:

Thousands of Euros

	2021	2020
Total payments in the year	317,706	380,650
Total payments outstanding	31,257	30,634
Average payment period to suppliers (days)	18 days	24 days
Ratio of transactions paid (days)	19 days	25 days
Ratio of transactions outstanding (days)	12 days	5 days

In accordance with the AAI resolution, only the delivery of goods and services from the date Law 31/2014 of 3 December came into force have been taken into account, and only with regard to the Group companies situated in Spain and fully consolidated.

For the sole purpose of the disclosure of information required by this resolution, the term ‘suppliers’ relates to the trade payables for debts with suppliers of goods or services included in the heading ‘Trade and other payables’ in the short term liabilities of the consolidated balance sheet. Moreover, only amounts relating to those Spanish entities included in the consolidated entity are considered for these purposes.

Average payment period to suppliers is understood to mean the period lapsed from the delivery of goods or services by the supplier to the actual payment of the transaction.

18. Income tax and tax situation

a) Tax information

Cellnex Telecom, S.A. became the parent company of a new consolidated tax group for the purposes of Corporation tax in Spain in the 2015 financial year.

Cellnex files consolidated tax returns as the Parent Company of the tax group, where the subsidiaries of which are at least 75%-owned and with tax residence in Spain. The Group companies resident in Italy file consolidated Italian corporation tax returns. In addition, the Group companies resident in the Netherlands file consolidated Dutch tax returns. The UK companies file Group Relief claims and surrenders as appropriate. Cellnex France Group files consolidated tax returns as the Parent Company of the tax group, where the subsidiaries of which are at least 95%-owned. The Irish companies file Group Relief claims and surrenders as appropriate. The Group companies resident in Portugal file consolidated Portuguese corporation tax returns except for companies acquired during 2020. The Group companies resident in Denmark file consolidated corporation tax returns from 2021. The Group companies resident in Austria shall file consolidated corporation tax returns from 2022. In Sweden, the Group companies shall apply the group contribution regime from 2022. The remaining companies included in the consolidation scope file individual corporation tax returns.

Tax inspections and litigations

At 31 December 2021, in general, the Group companies' returns for all applicable taxes which are not statute-barred at that date are open to inspection in each of the jurisdictions in which they are based.

In this respect, Cellnex considers that no significant losses will arise with respect to the accompanying consolidated financial statements as a result of the different interpretations which may be afforded to prevailing tax law in relation to the years open to inspection.

In July 2018 general inspection proceedings were initiated in relation to consolidated corporate income tax for 2015 and 2016 and VAT for the periods April to December 2015 (individual) and 2016 (group entities).

In June 2020 agreed tax reassessments were issued in relation to corporate income tax for the years 2015 to 2018. For 2015 and 2016, the reassessments are definitive. For 2017 and 2018, the proposals are provisional, given that the inspection proceedings were limited to basically verifying the correct application of the reduction in income from the assignment of certain intangible assets. The total resulting amount in respect of tax payable amounted to EUR 3,072 thousand. The Directors of Cellnex have estimated that the criteria applied by the tax authorities do not have a material impact on the years open to audit.

Also, in June 2020 unaccepted tax reassessments were communicated in respect of VAT. The proposed assessment amounted to EUR 2,413 thousand. The reason for the reassessment was the different interpretation of the financial activity carried out and how this affects the deductibility of certain items.

The allegations put forward by Cellnex were not accepted and in December 2020 final assessments were communicated. In January 2021 Cellnex has appealed the final assessments before the Economic-Administrative Court and requested for the adjournment of the assessments by granting a bank guarantee to the Spanish Tax Authorities.

In all cases, the inspection authorities have considered that the Group's approach was reasonable and they have expressly stated that no penalties will be proposed.

In January 2020, the Irish Tax Authorities requested a tax meeting in relation to corporate income tax and VAT for fiscal years 2016, 2017 and 2018. The first visit at Cellnex Ireland's offices was originally scheduled for March 2020. However, due to the Coronavirus Pandemic it was postponed until April 2021. The Group provided the Irish Tax Authorities with a set of information and documentation for their analysis. In June 2021, the Irish Tax Authorities informed the Group of the completion of the review process with no relevant impact and without further comments or requests.

At the beginning of 2020 the Swiss Tax Authorities notified the initiation of a tax audit in relation to corporate income tax for 2017 and 2018. In January 2021 the Swiss Tax Authorities has closed the audit process with no relevant impact for the Swiss companies.

In October 2020, the Italian Tax Authorities requested a copy of Transfer Pricing documentation relating to fiscal year 2016. Following this request, in May 2021, the Italian Tax Authorities and the Group met and additional documentation was provided in response to additional requests from the Italian Tax Authorities. The dialogue remains on-going as of 31 December 2021. No material impact is expected.

In December 2021, the Dutch Tax Authorities issued initial tax assessments in relation to the amount of real estate transfer tax ("RETT") paid in respect of the 2016 acquisitions of Protelindo Netherlands B.V. and Shere Group Limited. Cellnex shall engage with the Dutch Tax Authorities to appeal the assessment and no material impact is expected.

b) Corporation tax expense

The standard corporation tax rate in the main countries in which Cellnex conducts its operations is as follows:

	2021	2020
Spain	25%	25%
Italy (1)	28.82%	28.82%
Netherlands (2)	25%	25%
United Kingdom (3)	19%	19%
France (4)	28%/31%	28%/31%
Switzerland (5)	18.23%	18.36%
Ireland (6)	12.5%/25%	12.5%/25%
Portugal (7)	21%	21%
Finland	20%	20%
Austria	25%	25%
Denmark	22%	22%
Sweden	20.6%	n/a
Poland	19%	n/a

(1) The standard income tax rate was 28.82% in Italy, which is made up of the IRES (Imposta sul Reddito delle Societa) at a rate of 24% and the IRAP (regional business tax in Rome) at a rate of 4.82%.

(2) On 15 December 2020, the Senate approved the 2021 Tax Plan package, approving a progressive decrease of the Dutch lower CIT rate from 19% to 16,5% by 2020 and 15% by 2021. The Dutch standard CIT rate of 25% remains unchanged. The lower CIT rate for 2021 is 15% (2020: 16,5%) for taxable income up to EUR 245 thousand (EUR 200 thousand in 2020) and EUR 395 thousand for 2022 and the standard rate of 25% (2020: 25%) applies to taxable income exceeding the referred thresholds.

(3) The UK CIT rate is currently 19%, and is set to remain at that rate until April 2023. The Finance Bill 2021 was published in March 2021, in which the UK CIT rate is set to increase to 25%. The Finance Bill 2021 received Royal Assent in June 2021 and is considered as "substantively enacted" for tax accounting purposes. The 19% rate will continue to apply to companies with profits of less than £50,000, with marginal relief for profits of up to £250,000.

(4) The French Parliament in December 2020 approved the Finance Law for 2021 which does not modify the delayed implementation of reduced corporate income tax rate for large entities previously enacted in 2019 consisting in a progressive decrease of the French standard corporate income tax (CIT) rate from 33.3% to 25% by 2022. For financial years beginning on or after 1 January 2020, a 28% CIT rate applied, except for larger entities for which a 28% CIT rate applied on the first EUR 500 thousand of taxable income and a 31% rate applied on the taxable income in excess of EUR 500 thousand. For financial years beginning on or after 1 January 2021, a 26.5% CIT rate will apply for entities with revenues lower than EUR 250 million or a 27.5% rate for larger entities. For financial years beginning on or after 1 January 2022, a 25% CIT rate will apply for all entities.

(5) The standard income tax rate was 18.23% in Switzerland, which is made up of federal, cantonal and communal (municipal) taxes. Lower rates are available for privileged companies.

(6) The standard trading profit tax rate is 12.5% and the standard passive profit rate is 25%.

(7) Companies with their head office in mainland Portugal are subject to Corporate Income Tax ("IRC") at a base rate of 21%, plus, as applicable, (i) up to a maximum of 1.5% of taxable income through a municipal tax ("Derrama Municipal"), and (ii) a state surcharge ("Derrama Estadual") levied at the rates of 3% on taxable income between EUR 1.5 million and EUR 7.5 million, 5% on taxable income between EUR 7.5 million and EUR 35 million and 9.0% on taxable income in excess of EUR 35 million, resulting in a maximum aggregate tax rate of approximately 31.5% for taxable income higher than EUR 35 million.

The Reverse Merger Transaction

As at the end of December 2020, the following merger transactions were completed: a) incorporation of Commscon, IGS and FP into Galata SpA (becoming Cellnex Italia SpA), and b) reverse merger of Cellnex Italia Srl into Cellnex Italia SpA (The "Reverse Merger Transaction"), with Cellnex Italia SpA being the surviving entity. The merger difference was determined at the effective accounting date (backdated to 1 January 2020) as the excess of i) the cost of the investments in Galata, Commscon, FP and IGS, and ii) their respective equity. The entire merger difference was allocated to goodwill in Cellnex Italia SpA's individual financial statements, which are prepared under Italian generally accepted accounting standards (GAAP).

With regards to the goodwill generated by the Reverse Merger Transaction, Cellnex Italia SpA opted to step up the tax basis of the goodwill, as provided for by Article 15 of Legislative Decree no. 185/2008, which amounted to EUR 490 million at the end of 2020. Thus, EUR 78 million of substitute tax was paid in 2021, with the payment of the substitute tax allowing for the tax deduction of the amortisation over five (5) years, starting from 1 January 2022.

In the consolidated financial statements of Cellnex Telecom, S.A., under IFRS, the merger difference reverses the deferred tax liability previously booked on the temporary difference between tax and book value of the intangible assets in the purchase price allocation, which amounted to EUR 102 million as of the merger date, and which has been released through the consolidated income statement (in accordance with IAS 12). The merger difference in excess of the intangible assets book value represents a new deductible temporary difference between accounting and tax books of EUR 126 million. Thus, in accordance with IAS 12, a deferred tax asset amounting to EUR 36 million has been recognized as it is probable that future taxable profits will be available against which the deductible temporary difference will be utilized.

The reconciliation of the theoretical tax and the tax expense recorded in the consolidated income statement for the year is as follows:

Thousands of Euros

	2021	2020 restated
Consolidated profit/(loss) before tax	(534,104)	(201,778)
Theoretical tax (1)	105,442	34,848
Impact on tax expense from (permanent differences):		
Non-deductible expenses	(11,358)	(6,509)
Other deductions	10,728	11,273
Income from transfer of know-how	—	2,087
Income tax (expense)/credit for the year	**104,812**	**41,699**
Tax loss carryforwards	10,952	8,635
Changes in tax rates	(101,546)	(8,241)
Other tax effects	144,813	6,624
Other tax effects	**54,219**	**7,018**
Income tax (expense)/credit	**159,031**	**48,717**

(1) The theoretical tax charge is a blended rate calculated by applying the individual corporation tax rate in each country to the profit before tax of each individual Group company.

"Non-deductible expenses" in 2021 and 2020 include items that, in accordance with the tax legislation of the respective consolidated companies, are not taxable or deductible.

“Income from transfer of know-how” for the 2021 and 2020 financial years includes the reduction of income from certain intangible assets (Patent Box) in accordance with the provisions of Law 27/2014, of 27 November, regarding Corporation Tax.

“Changes in tax rate” in 2021 included the impact of updating the tax rate in certain subsidiaries, which has resulted in a negative impact of EUR 102 million (negative impact of EUR 8 million in 2020), in the accompanying consolidated income statement, and "Other tax effects", in 2021 include the net impact of the Reverse Merge transaction described above of approximately EUR 60 million, as well as the reversion of tax provisions associated with Business Combinations of approximately EUR 85 million, as the risks became remote, expired or the amounts were settled (see Note 19.c).

The main components of the income tax expense for the year (for fully consolidated companies) are:

		Thousands of Euros
	2021	**2020 restated**
Current tax	(120,725)	(31,828)
Deferred tax	271,666	77,452
Tax from prior years / other	8,090	3,093
Income tax expense	**159,031**	**48,717**

“Deferred tax” in 2021 and 2020 mainly relates to the impact of the deferred tax liabilities associated with the business combinations detailed below (Note 18.d).

Tax withholdings and payments on account totalled EUR 66,637 thousand (EUR 29,816 thousand in 2020).

c) Current tax liabilities

The breakdown of “Current tax liabilities” is as follows:

		Thousands of Euros
	31 December 2021	**31 December 2020**
VAT payable	181,786	45,276
Corporate income tax	79,295	44,195
Social security payable	5,201	3,455
Personal income tax withholdings	3,532	3,406
Other taxes	7,425	4,691
Current tax liabilities	**277,239**	**101,023**

d) Deferred taxes

The balance of the recognised deferred assets and liabilities, as well as their movement during the financial year, was as follows:

Thousands of Euros

	2021		2020 restated	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
At 1 January	**460,817**	**(1,782,548)**	**133,723**	**(881,764)**
Debits/(credits) in income statement	135,646	236,378	64,804	58,077
Debits/(credits) due to incorporation into scope and business combinations	51,147	(2,099,711)	270,391	(961,366)
Debits/(credits) to equity	9,435	(5,634)	(8,655)	—
Transfers	(3,256)	898	2,818	(1,601)
Changes in tax rates	16,438	(116,796)	—	8,241
Exchange differences and others	2,797	(37,636)	(2,264)	(4,135)
At 31 December	**673,024**	**(3,805,049)**	**460,817**	**(1,782,548)**

Deferred tax assets

The breakdown of the deferred tax assets is as follows:

Thousands of Euros

	31 December 2021	31 December 2020 restated
Deferred tax assets:		
Business combinations [(1)]	88,610	48,477
Provision for third-party liabilities	61,165	10,219
Limit on depreciation and amortisation of fixed assets	17,110	4,820
Employee benefit obligations	8,832	7,636
Other provisions	103,384	69,405
Timing differences in revenue and expense recognition	4,696	7,050
Asset revaluation	216,160	210,093
IFRS 16	—	11,788
Tax credits recognised:		
Tax loss carry forwards	79,272	68,319
Limit on deductibility of financial expenses	93,795	23,010
Total	**673,024**	**460,817**

[(1)] Tax effect associated with recognising, at fair value, the net assets and liabilities acquired in various business combinations and/or changes in the scope of consolidation (Note 6).

Provision for third-party liabilities

The Group has yet to fully utilise the tax credit recognised in 2019 for the collective redundancy procedure, which at year-end 2019 was only partially paid.

Limit on depreciation and amortisation of fixed assets

Act 16/2012, limiting the deductibility of the depreciation and amortisation expenses, was approved on 27 December 2012. In general, only 70% of the amortisation and depreciation for accounting purposes on property, plant and equipment, intangible assets and investment property for tax periods beginning in 2013 and 2014, which would have been tax deductible, will be deducted from the tax base. The amortisation and depreciation for accounting purposes that was not tax deductible is deducted on a straight-line basis over a 10-year period or over the useful life of the asset from the first tax period that begins in 2015.

This heading also includes the limit on the amortisation of the asset revaluation given that it is amortised for tax purposes, from the first tax period beginning on or after 1 January 2015, over the tax periods in the remaining useful lives of the revalued asset, under the same terms and conditions related to renewals and extensions.

Other provisions

The deferred tax asset included in “Other Provisions” relates mainly to unused tax credit carryforwards in the UK stemming from investments in property, plant and equipment.

Asset revaluation

On 27 December 2012, Act 16/2012 was approved, which allowed the carrying amount of the assets to be recalculated in order to adjust such values for the effect of inflation and bring them closer to their actual value for Spanish companies. The Group adjusted the carrying amount of its assets in companies on an individual basis, initially assumed the tax cost of all assets and generated a future income tax savings which translated into deferred tax assets. This revaluation has not been included in these consolidated financial statements and only the future tax saving is reflected.

Deferred tax assets include unused tax credits and the temporary differences recognised at year-end.

The deferred tax assets indicated above were recognised in the consolidated balance sheet because the Parent Company’s Directors considered that, based on their best estimate of the Group’s future earnings, it is probable that these assets will be recovered.

In addition, this caption include the deferred tax assets that Hutchison Austria and Hutchison Denmark had in their books when they became part of the Group in the year ended 31 December 2020, as the “Business Combinations” caption includes only the tax effect associated with the revalued assets and liabilities, and not that relating to the assets and liabilities held by the acquired company in its separate books.

Tax losses carry forwards

As at 31 December 2021 and 2020 the Group had tax losses from UK companies available for carry forward against future profits, as detailed below:

- Non-trade loan relationship deficit of EUR 11.3 million (EUR 10.9 million at 2020 year-end) which related to GBP 9.7 million (GBP 9.8 million at 2020 year-end), which is available to offset future non-trade income and capital gains of the company that incurred the loss, and

- Trading losses of EUR 7.4 million (EUR 6.5 million at 2020 year-end) which related to GBP 6.4 million (GBP 5.8 million at 2020 year-end) which is available to offset against future trading profits generated by the same company that incurred the loss.

In addition, as at 31 December 2021, tax losses from Spanish, French, Irish, Austrian, Portuguese, Finnish, Swiss and Polish companies available for carry forward against future profits, amounted to EUR 172 million, EUR 96.4 million, EUR 11.1 million, EUR 9 million, EUR 5.6 million, EUR 24 million, EUR 10.5 million and EUR 0.9 million. As at 31 December 2020, tax losses from Spanish, French, Irish, Austrian, Portuguese, Finish, Swiss and Dutch companies available for carry forward against future profits, amounted to EUR 184.1 million, EUR 77.1 million, EUR 12.8 million, EUR 2 million, EUR 19.8 million and EUR 20 million, EUR 9 million and EUR 0.8 million. Thus, as at 31 December 2021, the total amount of tax losses available for carry forward against future profits amounted to EUR 348.2 million (EUR 343.1 million at 2020 year-end).

The potential deferred tax asset arising on the losses carried forward in the Group companies detailed above has not been recognised yet in the accompanying consolidated balance sheet, except for the tax losses in Spain and France recognised at 31 December 2021 amounting to EUR 43 million and EUR 36.3 million, respectively (EUR 46 million and EUR 22.3 million, respectively at 2020 year-end) as they will be recovered in less than 10 years on the basis of the estimated future tax base determined using the approved business plans and budgets. Although the consolidated statement of profit or loss reflects accounting losses for 2021 and 2020 (which, in turn, include the impact of adjustments that affect only the accounting profit or loss, such as the depreciation and amortisation charge associated with fair value adjustments stemming from business combinations), the subsidiaries or tax groups that have tax loss carryforwards -Spain and France- are expected to generate taxable profits from 2024 (Spain) and 2022 (France) onwards, and the tax loss carryforwards are expected to be recovered in full by 2030 (Spain) and 2024 (France). As regards the limit on the deductibility of finance costs, the finance costs will foreseeably be deducted in full by 2025. Also, mention must be made of the fact that there is no time limit for the offset of the tax loss carryforwards and, accordingly, they can be transferred to future periods indefinitely.

In the case of France, an additional matter that strengthens the recoverability of the tax loss carryforwards in future years is the creation of a Cellnex France consolidated tax group with OnTower France from 2022 onwards and, therefore, from the date on which the tax consolidation takes place, the tax loss carryforwards will be able to be deducted by all the companies that are included in the tax group. The tax loss carryforwards generated prior to the creation of the consolidated tax group could only be deducted by Cellnex France.

In the case of Spain, the incorporation of Cellnex Finance Co, S.L. and its grant of loans to the foreign subsidiaries is a factor that offsets the application of the limits on the deductibility of finance costs on the basis of EBITDA and, accordingly, will also contribute to the ability to generate taxable profits from 2024 onwards.

Thus, as at 31 December 2021, the deferred tax asset arising on the losses carried forward in the group companies, recognised in the accompanying consolidated balance sheet, amounted to EUR 79.3 million (EUR 68.3 million at 2020 year-end).

Limit on deductibility of financial expenses

The CIT legislation limits the deductibility of the net financial expenses, for the periods beginning on 1 January 2012. This act established that the net financial expenses will be deductible from the tax base with the limit of the 30% of the operating profit of the year. The net financial expenses that have not been deducted, may be deducted in the tax periods ending in the immediate and subsequent 18 years, together with those of the corresponding tax period and with the limit established above. As of 1 January 2015, the temporary deduction limit has been eliminated.

Deferred tax liabilities

The breakdown of the deferred tax liabilities is as follows:

	Thousands of Euros	
	31 December 2021	**31 December 2020 restated**
Deferred tax liabilities:		
Business combinations [1]	(3,764,873)	(1,777,410)
Accelerated depreciation and amortisation	(5,730)	(5,342)
Amortization goodwill in Spanish companies and others	(34,446)	204
Total	**(3,805,049)**	**(1,782,548)**

[1] Tax effect associated with recognising, at fair value, the net assets and liabilities acquired in various business combinations and/or changes in the scope of consolidation (Note 6).

Business combinations

The detail of the deferred tax liabilities recorded at 31 December 2021 and 2020 relating to the tax effect associated with recognising, at fair value, the net assets and liabilities acquired in the main business combinations and/or changes in the scope of consolidation, is as follows:

Acquisitions	Incorporation	31 December 2021	31 December 2020 restated
Towerco	2014	19,079	20,263
Galata	2015	—	106,508
Cellnex Netherlands subgroup	2016	56,375	60,481
Shere Group subgroup	2016	23,856	16,443
Swiss Towers	2017	54,607	55,577
Infracapital Alticom subgroup	2017	10,592	11,280
Xarxa Oberta de Catalunya	2019	4,684	5,177
Zenon Digital Radio	2019	561	594
On Tower Netherlands	2020	4,835	5,111
Cignal subgroup	2020	10,633	11,235
Swiss Infra Services	2020	148,308	149,911
Iliad 7	2020	371,160	391,780
Edzcom	2020	3,359	3,540
On Tower UK	2020	497,890	382,676
OMTEL, Estruturas de Comunicaçoes	2020	121,544	128,472
On Tower Portugal	2020	72,123	76,038
Metrocall	2020	13,991	14,737
On Tower IE	2020	56,086	59,038
On Tower DK	2020	70,228	73,874
On Tower AT	2020	194,441	204,675
Cignal Infrastructure Netherlands	2021	151,136	—
CK Hutchison Italy	2021	588,527	—
Towerlink Poland	2021	181,442	—
Hivory, SAS	2021	1,014,351	—
On Tower SE	2021	94,522	—
Others	2021	543	—
Total		**3,764,873**	**1,777,410**

Accelerated depreciation and amortisation

On 3 December 2010, Act 13/2010 was approved, which allowed for the accelerated depreciation of new items of property, plant and equipment and investment property used in business activities, and made available to the taxpayer in tax periods beginning in 2011, 2012, 2013, 2014 and 2015. This measure gave rise to a temporary difference between depreciation for accounting and for tax purposes.

Expected schedule for reversal of the deferred tax assets and liabilities

In most cases, the use of the Group's deferred tax assets and liabilities is conditional upon the future performance of the business activities carried out by its various subsidiaries, the tax regulations of the different countries in which they operate, and the strategic decisions to which they may be subject.

Under the assumption used, it is estimated that the deferred tax assets and liabilities recognised in the consolidated balance sheet at 31 December 2021 and 2020 will be used as follows:

			Thousands of Euros
			31 December 2021
	Less than one year	More than one year	**Total**
Deferred tax assets	15,482	657,542	**673,024**
Deferred tax liabilities	3,914	3,801,135	**3,805,049**

			Thousands of Euros
			31 December 2020 restated
	Less than one year	More than one year	**Total**
Deferred tax assets	72,982	387,835	**460,817**
Deferred tax liabilities	86,010	1,696,538	**1,782,548**

The deferred tax assets indicated above were recognised in the attached consolidated balance sheet as the Parent's Directors consider that, based on their best estimated of the tax group's future earnings it is probable that these assets will be recovered.

19. Employee benefit obligations and provisions and other liabilities

a) Contingent liabilities

At 31 December 2021, the Group has guarantees with third parties amounting to EUR 93,548 thousand (EUR 84,050 thousand at the end of 2020). These relate mainly to guarantees provided by financial institutions before public authorities in connection with grants and technical guarantees, and before third parties in connection with rental guarantees.

Also, on 19 May 2009, the Board of the National Commission on Markets and Competition (CNMC in Spanish) imposed a fine of EUR 22.7 million on Cellnex Telecom, S.A. (formerly Abertis Telecom, S.A.U.) for abusing its dominant position in the Spanish market for transmitting and broadcasting TV signals, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The Group filed an appeal for judicial review with the National Appellate Court against the CNMC fine, which was dismissed in the judgement passed on 16 February 2012. This judgement was appealed to the Supreme Court on 12 June 2012. On 23 April 2015 the appeal was resolved, upholding the appeal and annulling the decision of the CNC with regard to the amount of the fine, ordering the current CNMC to recalculate that amount in accordance with the provisions of law 16/89. On 29 September 2016 the CNMC issued a decision recalculating the aforementioned amount (EUR 18.7 million), which was appealed to the Spanish High Court on 9 December 2016. Furthermore, on 4 April 2017 Cellnex filed a claim which was responded by the Spanish State Attorney. Based on the opinion of its legal advisers, the provision recorded in this regard at 31 December 2021, amounted to EUR 18.7 million in "non-current provisions and other liabilities" of the consolidated balance sheet (EUR 18.7 million at the end of 2020).

On 8 February 2012, the Board of the National Commission on Markets and Competition (CNMC in Spanish) imposed a fine of EUR 13.7 million on Cellnex Telecom, S.A. (formerly Abertis Telecom, S.A.U.) for having abused its dominant position, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The company allegedly abused its dominant position in wholesale service markets with access to infrastructure and broadcast centres of Cellnex Telecom, S.A. for broadcasting DTT signals in Spain, and retail service markets for transmitting and distributing DTT signals in Spain by narrowing margins. On 21 March 2012, the Group filed an appeal for judicial review against the decision of the CNMC with the National Appellate Court, also requesting a delay of payments with regard to the fine until the court passes a ruling on this matter. This delay was granted on 18 June 2012. On 20 February 2015 the National Appellate Court partially upheld the appeal, ordering the CNMC to recalculate the fine as it considered that the criteria used at the time by the CNMC were not appropriate. Notwithstanding the foregoing, on 26 May 2015, an appeal was filed with the

Supreme Court against the judgement of the National Appellate Court on the grounds that it is not only about the recalculation of the amount but also that the Group did not break any competition rules. On 23 March 2018, the Supreme Court issued a judgment dismissing the appeal, and was awaiting the return of the file to the CNMC for the recalculation of the sanction. Cellnex Telecom, S.A., filed a nullity incident, which was dismissed on 19 July 2018. On 10 October 2018, Cellnex Telecom, S.A., filed an appeal with the Constitutional Court against the ruling. On 13 February 2019 the Constitutional Court dismissed Cellnex Telecom, S.A.'s appeal. Following the corresponding calculation procedure, the CNMC has ruled that the amount of the fine should not be amended. Cellnex Telecom, S.A., has filed an appeal against such decision. The original guarantee was provided on 4 February 2020. With regard to these proceedings, at 31 December 2021, the provision recognised based on the opinion of their legal advisers, amounted to EUR 13.7 million in "non-current provisions and other liabilities" of the consolidated balance sheet (EUR 13.7 million at the end of 2020).

Moreover, and because of the spin-off of Abertis Telecom S.A.U. (now Abertis Telecom Satélites, S.A.U.) on 17 December 2013, Cellnex Telecom, S.A. assumed all rights and obligations that may arise from the aforementioned legal proceedings, as they relate to the spin-off business (terrestrial telecommunications). An agreement has therefore been entered into between Cellnex Telecom, S.A. and Abertis Telecom Satélites, S.A.U. stipulating that if the aforementioned amounts have to be paid, Cellnex Telecom, S.A. will be responsible for paying these fines. At 31 December 2021, Cellnex Telecom, S.A. has provided three guarantees amounting to EUR 32.5 million (EUR 32.5 million at the end of 2020) to cover the disputed rulings with the CNMC explained above.

On 19 June 2013, the European Commission (the "EC") issued a decision concluding that Retevisión and other terrestrial platform operators had received state aid in the form of a EUR 260 million scheme to finance the digitalisation and extension of the terrestrial TV network in remote areas of Spain (other than Castile-La Mancha) during the digital switch-over process and that such state aid was incompatible with the EU rules. The decision ordered the Kingdom of Spain to recover the aid, which according to the EC amounted to an aggregate of EUR 40 million for Retevisión. In October 2013 and February 2016, the Group filed appeals with the General Court of the EU and the European Court of Justice, respectively. On 20 December 2017, the European Court of Justice issued a judgment by means of which it immediately annulled the EC's decision, with the consequence that as of such date the recovery obligations incumbent upon the public administrations and the obligations of the terrestrial platform operators to return the relevant amounts lapsed.

Following the European Court of Justice's annulment of its 2013 decision, the EC reopened its investigation, and on 10 June 2021 issued a new decision concluding that the state aid scheme was incompatible with EU rules and the aid should be recovered by the Kingdom of Spain. On this basis, the governments of Extremadura, Catalunya, Comunidad Valenciana, Principado de Asturias and other Spanish regions have begun separate aid recovery proceedings amounting in the aggregate to approximately EUR 88 million, which the Group has either appealed or expects to appeal in the near future. No provisions have been recorded by the Group in connection with such recovery proceedings.

On 5 November 2021, the Group filed an appeal with the General Court of the EU requesting the annulment of the EC's decision. As of the date of this consolidated financial statements, the General Court of the EU has not yet issued a judgment on the subject.

On 1 October 2014, the European Commission passed a ruling declaring that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received government aid in the amount of EUR 56.4 million to finance the digitalisation and expansion of the terrestrial television networks in remote areas of Castilla-La Mancha during the digital transformation process and that such state aid was not compatible with European legislation. The decision ordered Spain (through the regional government of Castilla-La Mancha) to recover the aid prior to 2 February 2015. On 29 October 2015, the Government of Castilla la Mancha began an aid recovery procedure amounting to EUR 719 thousand and this has been opposed, and on 4 July 2016 it was declared that this had lapsed ex oficio. Regardless of the above, on 15 December 2016 the General Court of the European Union passed a sentence that declined the appeals presented against it. An appeal was lodged against that judgment on 23 February 2017. On 26 April 2018, the Court of Justice of the European Union issued a judgment rejecting the appeals filed by Cellnex Telecom, S.A. and Telecom Castilla La Mancha, S.A. Likewise, on 20 September 2018, a judgment was handed down dismissing the appeal filed by the Kingdom of Spain. On 26 November 2018, the government of Castilla–La Mancha restarted the aid recovery proceeding for an amount of EUR 719 thousand During the first half of 2019, Cellnex paid the aforementioned amount to the government of Castilla-La Mancha. On 7 February 2019, the government of Castilla-La Mancha ruled in favour of the aid recovery. The Group filed an appeal against the resolution of the government of Castile-La Mancha, which was dismissed by the High Court of Castilla-La Mancha (Tribunal Superior de Justicia de Castilla La-Mancha) on 21 June 2021.

b) Current and non-current employee benefit obligations

The detail of “Employee benefit obligations” at 31 December 2021 and 2020 is as follows:

Thousands of Euros

	31 December 2021			31 December 2020		
	Non-current	Current	Total	Non-current	Current	Total
Defined benefit obligations	3,724	—	**3,724**	6,114	49	**6,163**
Employee benefit obligations	66,729	70,634	**137,363**	11,080	26,811	**37,891**
Employee benefit obligations	**70,453**	**70,634**	**141,087**	**17,194**	**26,860**	**44,054**

I) Current and non-current defined benefit obligations

The pension commitments and obligations are covered using insurance policies/separate entities, with the amounts not included in the balance sheet. Nevertheless, this heading includes the hedges (relevant obligations and assets) for which there is a continued legal obligation or implied obligation to meet the agreed benefits.

Together with the above obligations, the liability side of the accompanying balance sheet includes EUR 3,724 thousand (EUR 6,114 thousand in 2020) under “Non-current provisions” and EUR 0 thousand (EUR 49 thousand in 2020) under “Current provisions”, relating to the measurement of the main employee commitments arising from certain non-current obligations related to employees’ length of service with the Group. The amounts recognised in 2021 and 2020 for these obligations as a decrease in staff costs were EUR -2,444 thousand and EUR 1,726 thousand and, as a finance cost, were EUR 5 thousand and EUR 10 thousand, respectively.

In relation to the Group’s defined benefit obligations with employees, the reconciliation of the opening and ending balances of the actuarial value of these obligations is as follows:

Thousands of Euros

	2021	2020
At 1 January	**6,163**	**4,571**
Current service cost	1,060	876
Interest cost	5	10
Actuarial losses/(gains)	(3,504)	850
Benefits paid	—	(144)
Changes in the consolidation scope	—	—
At 31 December	**3,724**	**6,163**

The reconciliation of opening and ending balances of the actuarial fair value of the assets tied to these obligations is as follows:

Thousands of Euros

	2021	2020
At 1 January	**2,829**	**1,237**
Sponsor contributions	(2,439)	1,736
Benefits paid	—	(144)
Changes in the consolidation scope	—	—
At 31 December	**390**	**2,829**

The actuarial assumptions (demographic and financial) used constitute the best estimates on the variables that will determine the ultimate cost of providing post-employment benefits.

The main actuarial assumptions used at the reporting date are as follows:

	2021	2020
Annual discount rate	0.19%-0.25%	0.10%-0.25%
Salary increase rate	0.77%-2.00%	2.00%

II) Current and non-current employee benefit obligations

Long Term Incentive Plan ("LTIP")

Rolling Long-term Incentive Plan (2018-2020)

On 27 September 2018 Cellnex's Board of Directors approved the LTIP (2018-2020). The beneficiaries of this Plan are the CEO, the Deputy CEO, the Senior Management and key employees (approximately 55 employees). This plan had similar characteristics to the LTIP 2017-2019 described in the 2020 consolidated annual accounts. This plan accrued from 1 January 2018 until 31 December 2020 and the amounts due were paid following the approval of the Group's financial statements corresponding to the 2020 financial year.

The amount to be received by the beneficiaries was determined by the degree of fulfilment of two objectives, each with a weight of 50%:

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment was: 50% if the figure was 5% below the target, 100% if figure matched the target, and 150% if the target was above by 5% or more; and

- 50%; the share price increase calculated using the initial starting price of the period and the average price in the last quarter of 2020, weighted by the volume ("vwap"). The scale of attainment was from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

The cost of the LTIP (2018-2020) was EUR 10.6 million, which has been paid during the first half of 2021.

For the 2018–2020 LTIP, the CEO and Deputy CEO received a minimum amount of 50% of their LTIP remuneration in shares. The rest of the Senior Management and certain employees received a minimum amount of 40% of their LTIP remuneration in shares. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The decision to receive shares or cash rested in an agreement between the Group and the employee. The share based compensation of this LTIP was grossed up to partially offset the tax impact on the beneficiaries.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 3.7 million and EUR 3.6 million in the short-term employee benefit obligations and reserves, respectively, of the accompanying consolidated balance sheet as at 31 December 2020. Thus, the impact on the accompanying consolidated income statement for the 2021 year-end amounted to EUR 3.3 million.

Rolling Long-term Incentive Plan (2019-2021)

In November 2018 the Board of Directors approved the 2019-2021 LTIP. The beneficiaries include the CEO, the Deputy CEO, the Senior Management and other key employees (approximately 57 employees).

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of the share price increase, calculated using the initial starting price of the period and the average price in the three months prior to November 2021, weighted by the volume ("vwap").

The achievement of the objectives established in the 2019-2021 LTIP will be assessed by the Nominations, Remuneration and Sustainability Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Group as of and for the year ended 31 December 2021 by the General Shareholders' Meeting.

For the LTIP 2019 – 2021 all Senior Management and Deputy CEO must receive a 50% of their LTIP remuneration in Cellnex shares and for the CEO the amount is 30% of their LTIP remuneration in shares. The outstanding 50% or 70%, as applicable, may be paid in options. The decision to receive the options part in additional shares or in cash rests in an agreement between the Group and the employee. The share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

As at 31 December 2021, the estimated cost of the 2019-2021 LTIP is approximately EUR 11.0 million, which will be paid once the Group's financial statements corresponding to the 2021 financial year are approved.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 11.0 million in reserves of the accompanying consolidated balance sheet as at 31 December 2021 (EUR 6.4 million in reserves as at 31 December 2020). Thus, the impact on the accompanying consolidated income statement for 2021 amounted to EUR 4.6 million (EUR 3.5 million in 2020).

Rolling Long-term Incentive Plan (2020-2022)

In December 2019, the Board of Directors approved the 2020-2022 LTIP. The beneficiaries include the CEO, the Deputy CEO, the Senior Management and other key employees (approximately 105 employees).

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of the share price increase, calculated using the average price in the three months prior to 31 December 2019 (initial starting price of the period) and the average price in the three months prior to 31 December 2022 (final target price of the period), both weighted by the volume ("vwap").

The achievement of the objectives established in the 2020-2022 LTIP will be assessed by the Nominations, Remuneration and Sustainability Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Group as of and for the year ended 31 December 2022 by the General Shareholders' Meeting.

For the 2020–2022 LTIP, the CEO must receive a minimum amount of 30% of his LTIP remuneration in Shares and the outstanding 70% may be paid in options. The rest of the Senior Management must receive a minimum amount of 40% of their LTIP remuneration in Shares and the outstanding 60% may be paid in options. Other beneficiaries must receive 70% of their LTIP remuneration in Shares and the outstanding 30% may be paid in options. The decision to receive the options part in additional shares or in cash rests in an agreement between the Group and the employee.

As of 31 December 2021, the estimated cost of the 2020-2022 LTIP is approximately EUR 11.6 million. The cost of the 2020-2022 LTIP assuming full achievement of the Group's objectives is estimated at approximately EUR 14.4 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 7.5 million in reserves of the accompanying consolidated balance sheet as at 31 December 2021 (EUR 3.4 million in reserves as at 31 December 2020). The impact on the accompanying consolidated income statement for the 2021 year-end amounted to EUR 4.1 million (EUR 3.4 million in 2020).

Rolling Long-term Incentive Plan (2021-2023)

In December 2020, the Board of Directors approved the 2021-2023 LTIP. The beneficiaries include the CEO, the Deputy CEO, the Senior Management and other key employees (approximately 180 employees).

The amount to be received by the beneficiaries will be determined by the degree of fulfilment of the share price increase, calculated using the average price in the three months prior to 31 December 2020 (initial starting price of the period) and the average price in the three months prior to 31 December 2023 (final target price of the period), both weighted by the volume (“vwap”).

The achievement of the objectives established in the 2021-2023 LTIP will be assessed by the Nominations, Remuneration and Sustainability Committee and payment of any accrued amounts, if applicable, will be following approval of the annual consolidated financial statements of the Group as of and for the year ended 31 December 2023 by the General Shareholders' Meeting.

For the 2021–2023 LTIP, the CEO must receive a 30% of his LTIP remuneration in shares and the outstanding 70% may be paid in options. The rest of the Senior Management must receive a 40% of their LTIP remuneration in shares and the outstanding 60% may be paid in options. The rest of Management must receive 70% of their LTIP remuneration in shares and the outstanding 30% may be paid in options. The decision to receive the options part in additional shares or in cash rests in an agreement between the Group and the employee.

As of 31 December 2021, the estimated cost of the 2021-2023 LTIP amounts to approximately EUR 14.8 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 4.9 million in reserves of the accompanying consolidated balance sheet as at 31 December 2021. The impact on the accompanying consolidated income statement for 2021 amounted to EUR 4.9 million.

Rolling Long-term Incentive Plan (2022-2024)

In December 2021, the Board of Directors approved the 2022-2024 LTIP. The beneficiaries include the CEO (subject to the approval of the General Shareholders meeting), the Deputy CEO, the Senior Management and other key employees (approximately 225 employees). The amount to be received by the beneficiaries will be determined by the degree of fulfilment of four metrics:

- With a weighting of 20%, achieving certain RLFCF per share (considering the perimeter signed as of the end of 2021 and in 2024 the perimeter will have to be adjusted in order to estimate the like-for-like RLFCF per share provided that the Company targets to execute further inorganic growth). Cellnex´s RLFCF per Share is calculated by dividing RLFCF of the period / Cellnex´s number of outstanding shares, with approximately 708 million shares considered (assuming approximately 27 million new shares to be issued and paid to CK Hutchison Holdings Limited).
- With a weighting of 30%, relative position among a peers group based on Total Shareholder Return. Peers group is form by: American Tower, SBA Communications, Crown Castle, Helios Towers, Vantage Towers, Inwit, Rai Way, MSCI World Index.
- With a weighting of 30%, absolute Total Shareholder Return. The degree of achievement of the share price increase will be calculated on the basis of the average price of the three months prior to the date of grant, volume weighted ("vwap").
- With a weighting of 20%, ESG metrics: i) 8% reaching an specific percentage of sourcing of renewable electricity of the Group, and ii) 12% is based on three parameters: a) the employee engagement at FY21 constant perimeter (based on the pulse survey), b) the reduction of the gender pay gap by 5% at FY21 constant perimeter, and c) achieving an specific percentage of foreign Directors at the Headquarters.

Additionally, under very exceptional performance of absolute Total Shareholder Return and relative position between top 2 companies of the peer group, a booster will be applied to the pay-out capped at a maximum of 5.0x (ranking first with respect the companies of the peer group, and being the share price approximately 115€/share). The achievement of the objectives established in the 2022-2024 LTIP will be assessed by the Nominations, Remunerations and Sustainability Committee and payment of any accrued amounts, if applicable, will be following approval of the annual Consolidated Financial Statements of the Group as of and for the period end on 31 December 2024, by the General Shareholders' Meeting.

For the CEO 2022—2024 LTIP, 40% of this remuneration will initially be paid through granted shares and the remaining 60% through options, with an obligation to permanently hold shares equivalent to two years' fixed remuneration. The decision to receive the options part in additional shares or in cash rests in an agreement between the Group and the employee.

The estimated cost of the 2022-2024 LTIP amounts to approximately EUR 18 million.

Reorganisation Plan (2018 – 2019)

During the first quarter of 2018, the Group reached an agreement with the workers' representatives of Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. regarding a collective redundancy procedure to conclude up to 180 employment contracts in 2018 and 2019 ("The Reorganisation Plan"), as detailed below.

On 27 February 2018, these group companies reached an agreement with the workers' legal representatives consisting of income plans for employees of 57 years of age or older as of 31 December 2017 and, on the other hand, lump-sum indemnity payments as a result of the voluntary termination of employment contracts for other employees not included in the annuity plan. The period during which employees could voluntarily participate in the annuity plan ended on 31 May 2018, whereas the period for claiming the lump-sum termination benefits started on 7 January 2019 and ended on 31 January 2019.

The provision for the workforce agreement was cashed out in 2018, 2019 and first months of 2020. Accordingly, efficiencies should crystalize from 2020 onwards.

This plan fits into the reorganisation process relating to the broadcasting business that is being undertaken by the Group's subsidiary companies. Under this plan, the Group is seeking to adapt its structure to the new business models, which have been widely modernised in recent years with the introduction of equipment, which can be maintained remotely, without the necessity to physically travel to the sites where the equipment is installed.

At 31 December 2018, a provision was recognised for this collective redundancy procedure, with an estimated cost of EUR 55 million. At 31 December 2020, the impact on the accompanying consolidated income statement for the period amounted to EUR 3.4 million (EUR 5 million in 2019). During 2020, following execution of part of this agreement, 18 employees were made redundant for a cost of EUR 3.4 million (65 employees were made redundant during 2019 for a cost of EUR 19 million). The aforementioned impact in 2020 corresponds to the Incentive Plan, which was contemplated in the initial agreement of 2018, for this 2020 period. As of 31 December 2020, the Reorganisation Plan has already been finalized.

The balance payable at 31 December 2021 associated with this collective redundancy procedure carried out by the Group represents expected payments related to this process, amounting to EUR 9.9 million and EUR 0.3 million recorded in the long and short term, respectively, of the accompanying consolidated balance sheet (EUR 9.9 million and EUR 0.3 million recorded in the long and short term, respectively, at 31 December 2020).

Reorganisation Plan (2022)

In December 2021 an agreement was reached with the workers' representatives of Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and On Tower Telecom Infrastructuras, S.A.U. in relation to a collective redundancy procedure to terminate up to 252 employment contracts in the period from 2022 to 2025 as detailed below.

On 16 December these Group companies reached an agreement with the workers' legal representatives consisting, on the one hand, of pre-retirement plans for employees of 57 or more years of age who, during the period from 2022 to 31 March 2025 are 57 years of age or older and have a length of service of 7 years and, on the other hand, lump-sum termination benefits as a result of the voluntary termination of their employment contracts for the rest of the employees not included in the pre-retirement plan. The voluntary participation period will begin on 17 January and end on 31 May 2022.

The workforce agreement will be executed in the period from 2022 to 2025. As a result, the efficiencies should start to be seen from 2025.

This plan is part of the evolution of the business model (with ever greater emphasis on Telecommunications Infrastructure Services (TIS) as opposed to broadcasting which was the core business until a few years ago) and technological changes (associated with the development of LTE, mobile broadband and the development of internal management systems that improve efficiency). Therefore, in the last few years work has continued on renewing equipment and automating the network supervision processes, enabling a more centralised management geared towards scheduled actions as a result of preventive maintenance.

At 31 December 2021, a provision was recognised for this collective redundancy procedure, with an estimated cost of EUR 81 million.

c) Provisions and other liabilities

The detail of “Provisions and other liabilities” at 31 December 2021 and 2020 is as follows:

In accordance with IFRS 3, Cellnex recognises contingent liabilities assumed in business combinations at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. At 31 December 2021, the provisions for other responsibilities amounted to EUR 668,298 thousand (EUR 622,608 thousand at 2020 year-end). The increase compared to the previous year, derives entirely from the increase in the consolidation perimeter of the Cellnex Group during 2021 (see Note 6). Regarding the Business Combinations executed in 2021, certain risks associated with the business acquired have been assessed by the Group with the assistance of independent third party experts. This analysis has led the Group to register a provision of approximately EUR 180 million (see Note 6) in accordance with IFRS 3.22-23 (EUR 470 million in 2020 regarding the risks assessed in Business Combinations executed in that period). During the same period, the Group has reversed provisions associated with Business Combinations of approximately EUR 149 million (EUR 44 million in 2020) as the risks became remote, expired or the amounts were settled. The expectations of the Group are that the provisions recognised will either be settled or will expire within the coming years, at a rate similar to this year.

The caption also includes the contractual obligation to dismantle and decommission the mobile telecom infrastructures. (See Note 3.o.). As at 31 December 2021, the provision for asset retirement obligation, amounted to EUR 494,895 thousand (EUR 218,470 thousand at 2020 year-end).

Moreover, the caption includes the possible sanctions levied by the National Competition Committee (Note 19.c), which have been recorded in the consolidated balance sheet as of 31 December 2021 and 2020 for an amount of EUR 32,473 thousand, as the cash flow outflow has been estimated as probable.

Furthermore, during 2021, in relation to the T-Mobile Infra Acquisition (see Note 6), Cellnex, DIV and a Dutch foundation entered into an agreement, which sets forth the right of DIV to sell its 37.65% non-controlling interest to Cellnex, at a price to be calculated pursuant to said agreement (the "T-Mobile Infra Put Option"). If the T-Mobile Infra Put Option is exercised, the purchase price for the shares would be their fair value calculated according to certain formulae included in the T-Mobile Infra Put Option agreement, over a maximum period of 5 years. The T-Mobile Infra Put Option could be exercised over a maximum period of five years, and Cellnex may choose to pay the purchase price in case of an exercise either in cash or with Cellnex shares. The method used for the measurement of the T-Mobile Infra Put Option is based on the best estimate, at the measurement date, of the present value of the amount that must be paid when the put option is exercised, pursuant to IAS 32, Financial Instruments: Presentation. The estimate of the aforementioned amount could vary depending on the evolution of parameters related to market value, determined according to the option contract entered into by the parties, of the aforementioned non-controlling interest, but does not include other variable elements. The liability recognised for the aforementioned agreement was measured by calculating discounted cash flows on the basis of the percentage of ownership. Also, the measurement includes the related financial effect component. In this connection, at 31 December 2021 the aforementioned liability was recognised at its fair value. At subsequent reporting dates, this amount could be increased on the basis of its fair value; there is no maximum amount for this value, since it depends on the market value of the ownership interest. The price of this acquisition is therefore uncertain and will undoubtedly expected to be inflationary, as given the favourable performance of such assets (see Note 14.f.). Thus, as at 31 December 2021, based on the best estimation of the T-Mobile Infra Put Option and taking into account all the available information, the Group recognised a provision of EUR 296 million for this item in “provisions and other liabilities” long-term of the accompanying consolidated balance sheet.

In addition, this item also mainly includes deferred income in certain subsidiaries in which, at the closing date, there was invoicing collected in advance, in accordance with the corresponding contractual conditions with customers, as well as amounts claimed from Group companies in ongoing litigation at the year end. The amounts were estimated based on the amounts claimed or stipulated in court rulings issued at the end of each year shown and appealed against by the aforementioned companies. At 31 December 2021, this caption amounted to EUR 143,204 thousand (EUR 103,892 thousand at 2020 year-end). The increase compared to the previous year, derives mainly from the increase in the consolidation perimeter of the Cellnex Group during 2021 (see Note 6).

Finally, in the context of the Omtel Acquisition (see Notes 2.h and 6), this amount includes the remaining balance of the total acquisition price, amounting to EUR 570 million, which will be paid, on the earlier of 31 December 2027 or upon the occurrence of certain events of default. The amount of the aforementioned deferred payment is updated to its present value, at an annual market discount rate of 2.65%, at each period end. Therefore, as of 31 December 2021, the present value of the deferred payment amounted to EUR 489,288 thousand (EUR 475,836 thousand at 2020 year-end). Thus, the impact on "financial costs" of the accompanying consolidated income statement for 2021 amounted to EUR 13,452 thousand (EUR 13,452 thousand in 2020).

20. Revenue and expenses

a) Operating income

The detail of operating income by item for the 2021 and 2020 financial years is as follows:

	Thousands of Euros	
	2021	**2020**
Services	2,441,669	1,565,921
Other operating income	94,399	42,510
Advances to customers (Note 10)	(3,269)	(3,659)
Operating income	**2,532,799**	**1,604,772**

"Other operating income" includes mainly income from re-charging costs related to activities for renting tower infrastructures for site rentals to third parties (pass-through).

"Advances to customers" includes the amortisation of amounts paid for sites to be dismantled and their corresponding dismantling costs, which are treated as advances to customers in relation to the subsequent services agreement entered into with the customer (mobile telecommunications operators). These amounts are deferred over the life of the service contract with the operator as they are expected to generate future economic benefits in existing infrastructures.

Contracted revenue

The contracted revenue "Backlog" represents management's estimate of the amount of contracted revenues, either through Master Service Agreements ("MSA") or through Master Lease Agreements ("MLA") of the Group's structures, that the Group expect will result in future revenue from certain existing contracts. This amount is based on a number of assumptions and estimates, including assumptions related to the performance of a number of the existing contracts at a particular date. It also incorporates fixed escalators but do not include adjustments for inflation. One of the main assumptions relates to the contract renewals, and in accordance with the accompanying consolidated financial statements, contracts for services have renewable terms including, in some cases, "all or nothing" clauses and in some instances may be cancelled under certain circumstances by the customer at short notice without penalty.

The total amount, by line of business, of the Group's revenue expected from the service agreements (Telecom Infrastructure Services, Broadcasting Infrastructure and Other Network Services) entered into by the Group and that were in force at 31 December 2021 and 2020 are as follows:

Contracted revenue	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total (*)
				Thousands of Euros
				2021
Spain	172,063	197,861	70,088	440,011
Italy	—	630,573	—	630,573
Netherlands	—	123,023	—	123,023
France	—	639,854	—	639,854
United Kingdom	—	203,854	—	203,854
Switzerland	—	132,447	—	132,447
Ireland	—	54,869	—	54,869
Portugal	—	111,363	—	111,363
Austria	—	73,904	—	73,904
Denmark	—	29,609	—	29,609
Sweden	—	54,341	—	54,341
Poland	—	329,921	—	329,921
Less than one year	**172,063**	**2,581,619**	**70,088**	**2,823,769**
Spain	337,290	665,109	104,742	1,107,141
Italy	—	2,983,148	—	2,983,148
Netherlands	—	424,191	—	424,191
France	—	2,561,606	—	2,561,606
United Kingdom	—	600,884	—	600,884
Switzerland	—	488,635	—	488,635
Ireland	—	203,962	—	203,962
Portugal	—	426,316	—	426,316
Austria	—	295,615	—	295,615
Denmark	—	118,434	—	118,434
Sweden	—	210,958	—	210,958
Poland	—	1,305,209	—	1,305,209
Between one and five years	**337,290**	**10,284,070**	**104,742**	**10,726,102**
Spain	23,791	1,654,519	52,640	1,730,950
Italy	—	10,883,093	—	10,883,093
Netherlands	—	1,308,240	—	1,308,240
France	—	23,766,422	—	23,766,422
United Kingdom	—	604,991	—	604,991
Switzerland	—	4,081,067	—	4,081,067
Ireland	—	1,028,367	—	1,028,367
Portugal	—	2,345,314	—	2,345,314
Austria	—	1,773,692	—	1,773,692
Denmark	—	698,791	—	698,791
Sweden	—	1,223,055	—	1,223,055
Poland	—	13,476,788	—	13,476,788
More than five years	**23,791**	**62,844,339**	**52,640**	**62,920,770**
Domestic	**533,144**	**2,517,489**	**227,470**	**3,278,102**
International	**—**	**73,192,539**	**—**	**73,192,539**
Total	**533,144**	**75,710,028**	**227,470**	**76,470,641**

(*) At 31 December 2021, the amount of contracted revenue does not include the impact of the infrastructures committed that have not yet been transferred to Cellnex at that date (see Note 7). If this effect were to be considered the contracted revenue of the Group as of 31 December, 2021 would increase to EUR 110 billion approximately, on a run rate basis.

Thousands of Euros

Contracted revenue	2020			
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total (*)
Spain	168,337	192,735	70,223	431,295
Italy	—	332,216	—	332,216
Netherlands	—	65,576	—	65,576
France	—	276,953	—	276,953
United Kingdom	—	197,432	—	197,432
Switzerland	—	129,944	—	129,944
Ireland	—	53,113	—	53,113
Portugal	—	93,456	—	93,456
Austria	—	72,638	—	72,638
Denmark	—	26,829	—	26,829
Less than one year	**168,337**	**1,440,892**	**70,223**	**1,679,452**
Spain	379,400	644,609	128,507	1,152,515
Italy	—	1,212,970	—	1,212,970
Netherlands	—	199,310	—	199,310
France	—	1,162,789	—	1,162,789
United Kingdom	—	629,200	—	629,200
Switzerland	—	503,256	—	503,256
Ireland	—	202,542	—	202,542
Portugal	—	373,705	—	373,705
Austria	—	290,550	—	290,550
Denmark	—	107,318	—	107,318
Between one and five years	**379,400**	**5,326,249**	**128,507**	**5,834,156**
Spain	30,164	1,747,384	44,019	1,821,567
Italy	—	5,164,618	—	5,164,618
Netherlands	—	106,073	—	106,073
France	—	10,921,224	—	10,921,224
United Kingdom	—	568,833	—	568,833
Switzerland	—	4,209,534	—	4,209,534
Ireland	—	1,134,930	—	1,134,930
Portugal	—	2,188,030	—	2,188,030
Austria	—	1,815,938	—	1,815,938
Denmark	—	659,365	—	659,365
More than five years	**30,164**	**28,515,929**	**44,019**	**28,590,112**
Domestic	**577,901**	**2,584,728**	**242,749**	**3,405,378**
International	**—**	**32,698,341**	**—**	**32,698,341**
Total	**577,901**	**35,283,069**	**242,749**	**36,103,719**

(*) At 31 December 2020, the amount of contracted revenue does not include the impact of the infrastructures committed that have not yet been transferred to Cellnex at that date (see Note 7). If this effect were to be considered the contracted revenue of the Group as of 31 December,2020 would increase to EUR 86 billion approximately, on a run rate basis.

b) Staff costs

The detail of staff costs by item is as follows:

	Thousands of Euros	
	2021	2020
Wages and salaries	(164,621)	(122,163)
Social Security contributions	(33,769)	(25,790)
Retirement fund and other contingencies and commitments	(86,413)	(8,735)
Other employee benefit costs	(15,554)	(9,173)
Staff costs	**(300,357)**	**(165,861)**

At 31 December 2021 the impact on the accompanying consolidated income statement, in relation to the Reorganisation Plans (see Note 19.b), amounted to EUR 81 million (EUR 3.4 million in 2020).

The average number of employees at the Cellnex Group, its subsidiaries and associates in 2021 and 2020, broken down by job category and gender, is as follows:

			2021			2020
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	-	**1**	1	-	**1**
Senior Management	8	1	**9**	7	1	**8**
Middle management	301	80	**381**	230	76	**306**
Other employees	1,642	730	**2,372**	1,149	491	**1,640**
Average number of employees	**1,952**	**811**	**2,763**	**1,387**	**568**	**1,955**

The number of employees at the Cellnex Group at the end of the 2021 and 2020 financial years, broken down by job category and gender, was as follows:

			2021			2020
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	-	**1**	1	-	**1**
Senior Management	7	1	**8**	7	1	**8**
Middle management	309	91	**400**	240	75	**315**
Other employees	1,699	769	**2,468**	1,166	518	**1,684**
Number of employees at year-end	**2,016**	**861**	**2,877**	**1,414**	**594**	**2,008**

At 31 December 2021, the Board of Directors of the Parent Company is formed of 11 members, 6 of which are male, and 5 are female. At 31 December 2020, the Board of Directors of the Parent Company was formed of 11 members, 7 of which were male, and 4 were female.

c) Other operating expenses

The detail of other operating expenses by item for the 2021 and 2020 financial years is as follows:

	Thousands of Euros	
	2021	**2020**
Repairs and maintenance	(79,708)	(50,783)
Utilities	(159,080)	(102,359)
Other operating costs	(246,616)	(148,657)
Other operating expenses	**(485,404)**	**(301,799)**

The detail of lease expense by class included in "Other operating costs" for the 2021 and 2020 financial years is as follows

	Thousands of Euros	
	2021	**2020 restated**
Leases of low-value assets	(2,336)	(3,708)
Variable lease payments	(7,721)	(7,410)
Lease expense	**(10,057)**	**(11,118)**

At 31 December 2021 and 2020, the Group did not recognise gains or losses arising from sale and leaseback transactions by a significant amount.

d) Non-recurring and non-cash expenses

As of 31 December 2021 and 2020, the items “Staff costs” and “Other operating expenses” above, contains (i) certain expenses that are non-recurring, or (ii) certain expenses that do not represent a cash flow, as detailed below:

i. Covid donations, which relate to a financial contribution by Cellnex to different institutions in the context of the Coronavirus Pandemic (non-recurring item), amounted to EUR 3,880 thousand (5,620 thousand at 2020 year-end).

ii. Redundancy provision, which mainly includes the impact in 2021 and 2020 year-end derived from the reorganisation plans detailed in Note 19.b of the accompanying consolidated financial statements (non-recurring item), amounted to EUR 80,870 thousand (EUR 4,912 thousand at 2020 year-end).

iii. LTIP remuneration payable in shares, which corresponds to the LTIP remuneration accrued at the year-end, which is payable in Cellnex shares (See Note 19.a of the accompanying consolidated financial statements, non-cash item), amounted to EUR 10,724 thousand (EUR 8,455 thousand at 2020 year-end), and extra compensation and benefits costs, which corresponds to extra non-conventional bonus for the employees (non-recurring item), amounted to EUR 1,731 thousand (EUR 316 thousand at 2020 year-end).

iv. Costs and taxes related to acquisitions, which mainly includes taxes and anciliary costs incurred during the business combination processes (non-recurring item), amounted to EUR 75,735 thousand (EUR 26,409 thousand at 2020 year-end).

e) Depreciation and amortisation charge

The detail of "Depreciation and amortisation" in the consolidated income statement for the 2021 and 2020 financial years is as follows:

	Thousands of Euros	
	2021	2020 restated
Property, plant and equipment (Note 7)	(466,561)	(302,843)
Right-of-use assets	(491,444)	(306,132)
Intangible assets (Note 8)	(729,559)	(364,996)
Total	**(1,687,564)**	**(973,971)**

f) Net interest expense

The detail of net interest expense by item for the 2021 and 2020 financial years is as follows:

	Thousands of Euros	
	2021	2020
Finance income and interest from third parties	4,339	1,181
Changes in fair value of financial instruments	77	3,788
Exchange gains/(losses)	—	—
Total interest income	**4,416**	**4,969**

	Thousands of Euros	
	2021	2020 restated
Interest expense on lease liabilities (Note 14)	(216,644)	(144,935)
Finance costs and interest arising from third parties	(33,009)	(20,817)
Bond interest expense	(183,378)	(89,246)
Arrangement expenses and Convertible Bond Accretion	(93,748)	(69,366)
Exchange gains/(losses)	(907)	(6,302)
Interest cost relating to provisions	(27,698)	(19,745)
Derivative financial instruments	(11,344)	(903)
Other finance costs	(25,507)	(13,869)
Total interest expense	**(592,235)**	**(365,183)**

21. Contingencies, commitments and obligations

a) Contingencies

As at 31 December 2021, the contingent liabilities of the Cellnex group are those detailed in Note 19.c of these consolidated financial statements.

b) Commitments and obligations

CK Hutchison Holdings Transaction in respect of the United Kingdom

In the second half of 2020, the Group announced it had reached an agreement with Hutchison for the acquisition of Hutchison's European tower business and assets in Austria, Denmark, Ireland, Italy, the United Kingdom and Sweden by way of six separate transactions (i.e. one transaction per country) (the "CK Hutchison Holdings Transactions"). See Notes 6 and 21 to the Consolidated Financial Statements for the year ended on 31 December 2020.

The CK Hutchison Holdings Transactions in respect of Austria, Denmark and Ireland were completed at the end of December 2020 following satisfaction or waiver of all applicable conditions precedent (the "CK Hutchison Holdings 2020 Completed Transactions". In addition, the CK Hutchison Holdings Transactions in respect of Sweden and Italy were completed in the first and second quarters of 2021, respectively, following satisfaction or waiver of all applicable conditions precedent (the "Hutchison Sweden Acquisition" and the "Hutchison Italy Acquisition", respectively).

Completion of the CK Hutchison Holdings Transactions in respect of the United Kingdom remains subject to certain remaining conditions precedent, including in connection with customary anti-trust and foreign investment clearances, which are expected to be satisfied or waived in 2022 (the "Hutchison United Kingdom Acquisition"). In accordance with IFRS 3, given that the Hutchison United Kingdom Acquisition had not been completed as of 31 December 2021, it was not accounted for in the accompanying consolidated financial statements for the year ended 31 December 2021.

The CK Hutchison Holdings Transactions contemplates a total consideration (subject to certain adjustments) of approximately EUR 10 billion, of which approximately EUR 1.4 billion is expected to be paid in new and/or treasury Shares.

As of the date of these consolidated financial statements, the Group has paid aggregate cash consideration to Hutchison of approximately EUR 2.2 billion pursuant to the CK Hutchison Holdings 2020 Completed Transactions and approximately EUR 0.8 billion and EUR 3.4 billion pursuant to the Hutchison Sweden Acquisition and the Hutchison Italy Acquisition, respectively, all of which were financed with the Group's available cash.

The consideration for the CK Hutchison Holdings Transaction in respect of the United Kingdom is expected to be settled upon closing partly in cash and partly by the issue to Hutchison of new Shares and (if applicable) the transfer to Hutchison of treasury Shares. On 29 March 2021, the general shareholders' meeting of Cellnex (the "General Shareholder's Meeting") approved (delegating its execution on the Board of Directors) a share capital increase by means of an in-kind contribution for the payment of the portion of the consideration to be settled in Shares. Hutchison is expected to receive approximately EUR 1.4 billion in Shares (with the exact number of Shares to be received by Hutchison based on the Cellnex Share price at closing(1)). Hutchison is expected to receive approximately 27 million new Shares, with Cellnex expecting to transfer such number of additional treasury Shares as is necessary to reach the number of the Shares consideration payable to Hutchison pursuant to the CK Hutchison Holdings Transaction in respect of the United Kingdom. The aggregate number of Shares to be delivered to Hutchison at completion is also subject to adjustment in the event that certain events (same adjustments events as in the EUR 850 million 2028 convertible bond) relating to Cellnex's share capital occur prior to completion of the CK Hutchison Holdings Transaction in respect of the United Kingdom, including, among others, issues of Shares in Cellnex by way of conferring subscription or purchase rights (such as the issuance of Shares by Cellnex that occurred on 23 April 2021). As described in item 10, paragraph 10, of the resolutions passed by the 2021 Ordinary General Shareholder's Meeting, the Ordinary General Shareholders' Meeting acknowledged that the potential differences in value between (i) the implicit value attributed to Cellnex's shares which will be issued in the context of the share capital increase; and (ii) the volume weighted average price of Cellnex's shares on a date which is close to the date where the share capital increase will be executed (subject to a collar mechanism limiting, exclusively to this purpose, the potential fluctuations in the share price) will be adjusted. Such adjustment, which has a purely contractual significance and does not affect in any way the terms of the share capital Increase, will be effected, if applicable, by means of Cellnex's shares transfer and/or, if agreed between Cellnex and Hutchison, by cash payment. Hutchison is expected to hold at closing of the CK Hutchison Holdings Transaction in respect of the United Kingdom an interest of between approximately 3.4% and 4.8% in Cellnex's share capital, depending on the Cellnex's share price(1) as explained in the presentation to the market of 12 November 2021 as well as the capital increase prospectus of 30 March 2021, assuming that no further adjustment events occur. However, in the event that the Cellnex shareholder approval to issue new Shares expires and is not renewed before completion, payment of the total consideration for the CK Hutchison Holdings Transaction in respect of the United Kingdom can be made fully in cash unless otherwise agreed between the parties. In relation to the consideration for the CK Hutchison Holdings Transaction in respect of the United Kingdom that is expected to be partially settled through the issuance to Hutchison of new Shares and (if applicable) the transfer to Hutchison of treasury Shares, if as a result of a takeover bid prior to closing of such transaction a third party (alone or in concert with another person) acquires the majority of the votes in Cellnex, instead of delivering Shares, Cellnex shall procure that Hutchison receives at completion such equivalent consideration as Hutchison would have received had it been a shareholder of Cellnex at the time of the takeover bid.

(1) As such, the minimum and the maximum number of shares to be issued and delivered to Hutchison amounts to 23.7 million and 34.1 million, respectively, in the event the arithmetic average of the Volume Weighted Average Price on each of the 20 consecutive trading days ending on and including the date which is five trading days prior to the completion date of the CKH Hutchison Holdings Transactions in respect of the United Kingdom equals to or is above €57.0 per share and equals to or is below €39.6 per share, respectively.

Agreements in respect of the United Kingdom

Pursuant to a sale and purchase agreement dated 12 November 2020, Hutchison agreed to sell to Cellnex UK (a fully-owned subsidiary of Cellnex, which acts as guarantor) 100% of the share capital of CK Hutchison Networks (UK) Limited ("Networks Co UK") and to the Group the debt rights in respect of certain amounts owed to Hutchison by Networks Co UK (the "CK Hutchison UK SPA").

Under the terms of the CK Hutchison UK SPA, the parties agreed that upon completion of the acquisition contemplated thereby, 2,167 sites will be transferred to the Group, and a Hutchison group company and a Group company will enter into certain agreements (including, among others, an enhanced economic benefit agreement (the "CK Hutchison EEBA"), services agreement and advisory agreement) (the "CK Hutchison New Agreements"). Pursuant to the CK Hutchison New Agreements, Hutchison irrevocably will make available to On Tower UK the rights and obligations in relation to 7,324 of the sites and accompanying passive infrastructures currently managed by a joint operation between Hutchison and a third party (such joint operation currently manages both active and passive infrastructures), as well as up to 342 sites that Hutchison may acquire from that third party, in return for On Tower UK undertaking certain financial obligations in relation to those sites. Following the termination of this joint operation, which is expected to occur in 2031, and the transfer of legal title in certain of those sites to Hutchison, the legal title to a minimum of 3,000 but up to a maximum of 3,833 sites that are the subject of the CK Hutchison EEBA will be transferred to a member of the Group. The execution of the CK Hutchison New Agreements at closing is conditional upon On Tower UK or Hutchison 3G UK Limited receiving from the HM Revenue and Customs a positive VAT ruling in relation to the initial consideration under the CK Hutchison EEBA or the parties agreeing on and implementing an alternative structure to the CK Hutchison EEBA (the "EEBA VAT Condition") unless the EEBA VAT Condition is waived, subject to the terms and conditions set forth in the CK Hutchison UK SPA.

The consideration payable upon closing by the Group under the CK Hutchison UK SPA and the CK Hutchison EEBA is expected to amount to approximately EUR 3.7 billion, of which approximately EUR 2.3 billion is expected to be paid to Hutchison in cash. The remaining consideration is expected to be satisfied by the issuance and/or (if applicable) transfer of approximately EUR 1.4 billion in new and (if applicable) treasury Shares, as applicable (with the exact number of Shares to be received by Hutchison based on the Share price at closing, amounting to between approximately 3.4% and 4.8% in Cellnex's share capital, depending on the Cellnex's share price(1). The Shares subscribed by Hutchison in connection thereto will be subject to a 12-month lock-up on customary terms.

(1) As such, the minimum and the maximum number of shares to be issued and delivered to Hutchison amounts to 23.7 million and 34.1 million, respectively, in the event the arithmetic average of the Volume Weighted Average Price on each of the 20 consecutive trading days ending on and including the date which is five trading days prior to the completion date of the CKH Hutchison Holdings Transactions in respect of the United Kingdom equals to or is above €57.0 per share and equals to or is below €39.6 per share, respectively.

The completion of the CK Hutchison Holdings Transaction in respect of the United Kingdom is subject to the satisfaction or waiver of applicable conditions precedent, including in relation to anti-trust and national security clearances, as required. As of the date hereof, certain conditions precedent are pending to be satisfied or waived, and are expected to be satisfied during 2022. On 16 December 2021, the United Kingdom Competition and Markets Authority ("CMA"), published its provisional findings and notice of possible remedies in relation to the CK Hutchison Holdings Transaction in respect of the United Kingdom, whereby it provisionally found that the CK Hutchison Holdings Transaction in respect of the United Kingdom would lead to a substantial lessening of competition in the market for the supply of access to developed macro sites and ancillary services to mobile network operators and other wireless communication providers in the United Kingdom. The Group publicly responded to the provisional findings and notice of possible remedies in January 2022 and, whilst the Group maintains that the CK Hutchison Holdings Transaction in respect of the United Kingdom will not result in any substantial lessening of competition, it has proposed a divestment remedy comprised of a limited subset of the infrastructures currently operated by Cellnex in the United Kingdom to resolve any potential concerns the CMA may continue to have at the time of its final decision. The deadline for publication of the CMA's final decision is 7 March 2022. If the CK Hutchison Holdings Transaction in respect of the United Kingdom is cleared subject to remedies, the deadline for implementation of remedies is 30 May 2022 (which may be extended by the CMA to 11 July 2022). If the CK Hutchison UK SPA terminates due to the failure to obtain antitrust authorization, the CK Hutchison UK SPA contemplates a break fee payable by the Group to Hutchison in certain circumstances.

Pursuant to the CK Hutchison UK SPA, it was also agreed that a Hutchison group company and a Group company would enter into a master services agreement whereby the Group will provide co-location services to Hutchison at the sites controlled by the Group (the "CK Hutchison UK MSA") in terms similar to those of the CK Hutchison Europe MSAs. The price to be paid by Hutchison in exchange for the above services in accordance with the CK Hutchison UK MSA will be annually adjusted to the CPI, taking into consideration that the increase shall not exceed 2.25% per year and the decrease cannot be less than 0%. The initial term of the CK Hutchison UK MSA is 15 years, with possible extensions for a further 15-year period and subsequent 5-year periods, on an "all-or-nothing" basis. Additionally, the CK Hutchison UK MSA sets forth the terms under which the Group will build up to approximately 600 sites by 2022, for an estimated total consideration of up to approximately EUR 340 million (which the Group expects to finance with cash generated by the portfolio), including further initiatives to be executed by 2030.

Additionally, it was agreed that Cellnex UK (or another Group company) and/or Networks Co UK will also enter into a transitional services agreement with a Hutchison group company, both substantially in the same form as those signed in the context of the CK Hutchison Europe agreements, as contemplated above.

Agreements with MEO in Portugal

In addition to the transaction closed with MEO in the second half of 2021 (see Note 2.h and 6), in November 2021, PT Portugal has reached an agreement on another tower business unit consisting of a portfolio of 102 sites to be acquired by Cellnex for an implied enterprise value of approximately EUR 70 Million, subject to working capital and finance debt adjustments, if any. The closing of this transaction, which remains subject to satisfaction of certain conditions precedent, is expected to occur in the first quarter of 2022.

Other purchase commitments

As at 31 December 2021, the purchase commitments for tangible and intangible assets are those detailed in Notes 7 and 8 of the accompanying consolidated financial statements.

22. Environmental information

Group's key objective is to generate sustained value in the short, medium and long term, through responsible management of the business, incorporating the interests and expectations of the Parent Company's stakeholders. References to countries in this section correspond to the operations of the Group in the relevant geography.

In this sense, in 2021, the Board of Directors approved the Group's Environmental, Social and Governance (ESG) Policy and the Environment and Climate Change Policy. Both policies outline Cellnex's commitment to the application of best practices in the countries in which the Group operates and based on international benchmark standards. It is the Group's policy to pay maximum attention to environmental protection and conservation, and it seeks to adopt the necessary measures to minimize the environmental impact of the infrastructure and the telecommunications networks that it manages and ensure the maximum degree of integration into the surrounding area.

Within Cellnex's Environmental, Social and Governance Policy (ESG), three basic principles are established whose application is transversal in all lines of action and commitments, where one of the principles is the Environment and Climate Change: the protection and preservation of the environment, preserving the surroundings and its biodiversity, in which the Group's activities are carried out, through the use of renewable energies, mitigating and adapting to climate change, and contributing to sustainable development through the efficient use of resources.

Additionally, within the environmental management system already implemented and certified, Cellnex periodically updates the identification and evaluation of its environmental aspects, risks and opportunities related to the Group's activity and the derived environmental impacts, as well as the significance criteria. The most significant impacts are extracted from these evaluations, to which end a monitoring system is established and actions are planned to mitigate them.

The Group has worked in 2021 to assess the risks and opportunities derived from climate change, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These risks and opportunities will be included in the Environmental functional unit so that they form part of the company's general risk management. Thus, the potential impact of a risk and the probability of its occurrence are evaluated, considering the substantial impacts, based on the following areas: i) Economic: (in the income statement and / or investments), ii) organizational (level of involvement in the organization for monitoring and resolution) and iii) reputation (media impact and possible liability action), and where the assessment of the impact varies from low, medium, important and critical. After the impact assessment, the likelihood of the risk occurring must be assessed.

Additionally, the Group has carried out a climate scenario analysis, as recommended by the TCFD, which allows the Group to understand and define the level of resilience against different future states related to climate change. Based on these scenarios, Cellnex has defined a series of time horizons, which are determined by the probabilities and the reaction time by Cellnex (short, medium and long term). The results obtained from the analysis allow Cellnex to anticipate possible impacts and inform and influence its strategy and commercial objectives, thus further increasing its resilience and having the necessary tools to face possible future climate risks.

As a result of the climate-related risk assessments performed, some climate risks have been identified in relation with potential future regulation, reputation, acute physical (floods, storms, fires), among others. Owing to the nature of Cellnex's business, the most important material environmental aspect is energy. In this context, the Group monitors its energy consumption to achieve maximum efficiency and the lowest possible impact on the environment and hence on society. From an economic point of view, in the vast majority of contracts with the MNO and costumers, the energy costs are passed through to them since the Group only manage the necessary infrastructure and access to energy, and transparently pass energy costs on to customers.The Group incurred environmental expenses on civil engineering projects, equipment and environmental permit projects. The acquisition cost of these activities at year-end 2021 amounted to EUR 14,768 thousand (EUR 7,447 thousand in 2020), with accumulated depreciation and amortisation of EUR 8,567 thousand (EUR 3,312 thousand in 2020).

Expenses incurred to protect and improve the environment recognised directly in the income statement amounted to EUR 471 thousand (EUR 507 thousand in 2020) and related mainly to expenses arising from consultancy services and external waste management.

The Group considers that in the context of its operations it complies with applicable environmental protection laws and the Company has procedures designed to encourage and ensure such compliance. For the years ended December 31, 2021 and

2020, the Group did not account for any provision to address potential environmental risks since it considered that there were no significant contingencies associated with potential lawsuits, indemnities or other items, as its operations comply with environmental protection laws and as procedures are in place to foster and ensure compliance.

Finally, potential contingencies, indemnities and other environmental risks which the Group could incur are sufficiently covered by its third-party liability insurance policies.

23. Segment reporting

The Group's business segment information included in this note is presented in accordance with the disclosure requirements set forth in IFRS 8, Operating Segments. This information is structured, firstly following a geographic distribution and secondly, by business segment.

Cellnex has recently expanded its business in Europe and its strategic objectives include the continuation of this growth initiative through the acquisition of assets and businesses, along with other growth opportunities both in the countries in which it is currently present and others. In this regard, as the Group continues to acquire sites in existing markets and is continuing to expand into new ones, the Group Management manages the results obtained by geographical location.

In addition, the business segments described below were established based on the organisational structure of the Cellnex Group prevailing as at 31 December 2021 and have been used by Group management to analyse the financial performance of the different operating segments.

The Group has organised its business into three different customer focused units, supported by an operations division and central corporate functions. Income from the provision of services relates mainly to:

- Telecom Infrastructure Services: this is the Group's largest segment by turnover. It provides a wide range of integrated network infrastructure services to enable access to the Group's telecom infrastructure by MNOs, other wireless telecommunications, broadband network operators, among others, allowing such operators to offer their own services to their customers. Telecom Infrastructure Services are generated from a number of sources: i) annual base fee from telecommunications customers (both anchor and secondary tenants), ii) escalators or inflation as the annual update of the base fee and, iii) New colocations and Associated revenues (which include new third party colocations as well as further initiatives carried out in the period such as special connectivity projects, indoor connectivity solutions based on DAS, mobile edge computing, fiber backhauling, site configuration changes as a result of 5G rollout and other Engineering Services). The perimeter, therefore the number of tenants, may also be increased as a result of both acquisitions and BTS programs executions.

  Additionally the consolidated income statement for the period includes income from re-charging costs related to infrastructure services activities for mobile telecommunications operators to third parties.

- Broadcasting Infrastructure: this is the Group's second largest segment by turnover. Corresponding to broadcasting services in Spain, where it is the only operator offering nationwide coverage of the digital terrestrial television ("DTT") service (source: CNMC). Its services consist of the distribution and transmission of television and radio signals, the operation and maintenance of broadcasting networks, the provision of connectivity for media content and over-the-top ("OTT") broadcasting and other services. Through the provision of broadcasting services in Spain, the Group has developed unique know-how that has helped to develop other services within its portfolio.

- Other Network Services: the Group provides the infrastructure required to develop a connected society by providing network services such as data transport, security and control, Smart communication networks including Internet of Things ("IoT"), Smart services, managed services and consulting, as well as optic fiber services. As a telecom infrastructure operator, the Group can facilitate, streamline and accelerate the deployment of these services through the efficient connectivity of objects and people, in both rural and urban environments, helping to build territories enabled by genuine Smart infrastructure services. This constitutes a specialized business that generates relatively stable cash flows with potential for further growth.

  The Group classifies Other Network Services into five groups: (i) connectivity services; (ii) PPDR services; (iii) operation and maintenance; (iv) Smart Cities/IoT ("Internet of Things"); and (v) other services.

Methodology and bases for Segment Reporting

The segmental reporting below is based on monthly reports drawn up by Group management and is generated by the same information system used to obtain all the accounting data at Group level.

Operating income of the corresponding segment corresponds to the ordinary revenues directly attributable to each segment and do not include interest income or dividends.

The majority of assets employed and underlying costs are derived from a shared network common to all operating business units. An allocation of such assets and costs to the business areas is not performed as part of the normal financial information reporting process used by the Group's Management for decision-making, and Management is of the opinion that additional segmental reporting would not provide meaningful information for decision making.

The Management Committees are the maximum decision making authority. These committees evaluate the Group's performance based on the operating profit of each company, which are not the same as the above business areas.

The assets and liabilities of each segment at 31 December 2021 and 2020 are as follows:

Thousands of Euros

											31 December 2021
	Spain [1]	Italy	France	UK	Switzerland	Portugal	Austria	Poland	Netherlands	Other countries	Total
Intangible assets	253,403	4,294,987	7,727,590	2,907,072	1,419,044	1,504,440	1,030,221	2,508,675	1,293,503	2,074,789	25,013,724
Right-of-use assets	348,263	758,415	860,720	431,655	245,372	80,944	101,628	273,771	68,650	113,223	3,282,641
Tangible fixed assets	850,711	1,280,899	3,153,484	324,705	209,462	247,382	207,763	826,194	152,665	379,042	7,632,307
Other non-current assets	282,873	73,897	91,918	70,625	5,213	20,327	139,670	44,637	2,611	51,870	783,641
Total non-current assets	**1,735,250**	**6,408,198**	**11,833,712**	**3,734,057**	**1,879,091**	**1,853,093**	**1,479,282**	**3,653,277**	**1,517,429**	**2,618,924**	**36,712,313**
Total current assets	**3,705,049**	**172,327**	**567,407**	**201,406**	**67,204**	**114,333**	**19,212**	**124,259**	**35,690**	**78,147**	**5,085,034**
TOTAL ASSETS	**5,440,299**	**6,580,525**	**12,401,119**	**3,935,463**	**1,946,295**	**1,967,426**	**1,498,494**	**3,777,536**	**1,553,119**	**2,697,071**	**41,797,347**
Borrowings and bond issues	13,154,150	—	208,920	708,527	564,473	—	—	—	277,989	1	14,914,060
Lease liabilities	269,496	487,580	738,258	122,734	221,814	54,129	89,195	198,187	42,298	82,499	2,306,190
Other non-current liabilities	890,113	755,979	1,523,470	840,440	323,860	293,422	268,555	333,079	358,122	424,903	6,011,943
Total non-current liabilities	**14,313,759**	**1,243,559**	**2,470,648**	**1,671,701**	**1,110,147**	**347,551**	**357,750**	**531,266**	**678,409**	**507,403**	**23,232,193**
Borrowings and bond issues	717,402	—	—	1,789	1,565	70	(236)	(128)	(323)	(144)	719,995
Lease liabilities	42,758	104,842	175,022	23,639	17,003	18,347	16,635	90,772	18,012	22,864	529,894
Other current liabilities	(5,992,356)	664,343	4,761,022	393,525	175,061	506,891	198,281	252,092	(10,687)	525,405	1,473,577
Total current liabilities	**(5,232,196)**	**769,185**	**4,936,044**	**418,953**	**193,629**	**525,308**	**214,680**	**342,736**	**7,002**	**548,125**	**2,723,466**
TOTAL LIABILITIES	**9,081,563**	**2,012,744**	**7,406,692**	**2,090,654**	**1,303,776**	**872,859**	**572,430**	**874,002**	**685,411**	**1,055,528**	**25,955,659**

[1] In addition to the Spanish business, it also includes the Corporation and the finance company.

Thousands of Euros

31 December 2020 restated

	Spain [1]	**Italy**	**France**	**UK**	**Switzerland**	**Portugal**	**Austria**	**Other countries**	**Total**
Intangible assets	237,948	1,045,363	2,088,353	2,831,424	1,418,587	1,349,723	1,068,546	1,918,042	11,957,986
Right-of-use assets	319,216	347,960	535,857	428,232	231,937	64,076	118,754	101,358	2,147,390
Tangible fixed assets	865,317	507,655	1,815,502	235,587	193,190	218,038	201,282	266,003	4,302,574
Other non-current assets	165,411	29,978	58,249	57,763	5,295	16,339	144,571	56,473	534,079
Total non-current assets	**1,587,892**	**1,930,956**	**4,497,961**	**3,553,006**	**1,849,009**	**1,648,176**	**1,533,153**	**2,341,876**	**18,942,029**
Total current assets	**4,487,285**	**148,245**	**180,401**	**90,526**	**82,955**	**108,614**	**28,240**	**35,433**	**5,161,699**
TOTAL ASSETS	**6,075,177**	**2,079,201**	**4,678,362**	**3,643,532**	**1,931,964**	**1,756,790**	**1,561,393**	**2,377,309**	**24,103,728**
Borrowings and bond issues	8,062,637	—	62,742	658,104	532,346	—	—	1	9,315,830
Lease liabilities	245,533	182,116	500,798	117,458	213,334	41,327	103,049	79,039	1,482,654
Other non-current liabilities	541,083	215,582	512,466	687,068	321,105	296,054	279,337	453,425	3,306,120
Total non-current liabilities	**8,849,253**	**397,698**	**1,076,006**	**1,462,630**	**1,066,785**	**337,381**	**382,386**	**532,465**	**14,104,604**
Borrowings and bond issues	73,036	—	(734)	2,946	1,622	71	—	—	76,941
Lease liabilities	46,463	51,454	72,811	32,065	20,481	16,395	14,786	18,936	273,391
Other current liabilities	(1,937,583)	703,361	684,404	320,678	74,767	395,321	214,831	262,594	718,373
Total current liabilities	**(1,818,084)**	**754,815**	**756,481**	**355,689**	**96,870**	**411,787**	**229,617**	**281,530**	**1,068,705**
TOTAL LIABILITIES	**7,031,169**	**1,152,513**	**1,832,487**	**1,818,319**	**1,163,655**	**749,168**	**612,003**	**813,995**	**15,173,309**

[1] In addition to the Spanish business, it also includes the Corporation and the finance company.

Segmental reporting is set out below:

Thousands of Euros

2021

	Spain [1]	**Italy**	**France**	**Switzerland**	**UK**	**Portugal**	**Poland**	**Netherlands**	**Other countries**	**Total (*)**
Operating income	530,052	512,454	413,586	146,141	311,814	103,254	212,754	96,704	206,040	2,532,799
Operating expenses	(324,488)	(139,305)	(58,054)	(18,462)	(91,683)	(15,953)	(70,249)	(26,571)	(43,533)	(788,298)
Depreciation and amortization	(177,586)	(298,456)	(369,448)	(120,548)	(210,304)	(95,588)	(159,324)	(75,480)	(180,830)	(1,687,564)
Net Interest	(235,768)	(76,729)	(120,937)	(31,919)	(37,241)	(20,162)	(18,465)	(9,189)	(37,409)	(587,819)
Profit of companies accounted for using the equity method	(19)	—	—	—	—	—	—	(3,203)	—	(3,222)
Income tax	53,239	97,505	79,328	4,002	(93,348)	2,716	3,096	5,827	6,666	159,031
Consolidated net profit	**(154,570)**	**95,469**	**(55,525)**	**(20,786)**	**(120,762)**	**(25,733)**	**(32,188)**	**(11,912)**	**(49,066)**	**(375,073)**
Attributable non-controlling interest	(349)	—	(11,056)	(5,689)	—	—	(4,579)	(2,035)	—	(23,708)
Net profit attributable to the Parent Company	**(154,221)**	**95,469**	**(44,469)**	**(15,097)**	**(120,762)**	**(25,733)**	**(27,609)**	**(9,877)**	**(49,066)**	**(351,365)**

(*) Corresponds to the contribution of each country segment to the Group's consolidated income statement. Therefore, these figures may include the impact of the intercompany transactions that have been carried out during the year ended on 31 December 2021. Additionally, this income statement by country may incorporate all of the non-recurring and non-cash items detailed in section 20.d of the consolidated financial statements.

(1) In addition to the Spanish business, it also includes the Corporation and the finance company.

Thousands of Euros

	2020 restated							
	Spain (1)	Italy	France	Switzerland	UK	Portugal	Other countries	Total (*)
Operating income	530,328	336,296	309,759	137,467	144,339	69,286	77,297	1,604,772
Operating expenses	(235,852)	(95,769)	(38,666)	(16,756)	(44,604)	(8,133)	(32,637)	(472,417)
Depreciation and amortization	(174,716)	(173,391)	(270,366)	(121,794)	(106,938)	(81,494)	(45,272)	(973,971)
Net Interest	(179,860)	(52,531)	(57,800)	(28,459)	(24,476)	(14,049)	(3,039)	(360,214)
Profit of companies accounted for using the equity method	52	—	—	—	—	—	—	52
Income tax	23,878	5,369	11,817	3,813	(1,792)	5,308	324	48,717
Consolidated net profit	**(36,170)**	**19,974**	**(45,256)**	**(25,729)**	**(33,471)**	**(29,082)**	**(3,327)**	**(153,061)**
Attributable non-controlling interest	99	—	(9,415)	(8,320)	—	—	—	(17,636)
Net profit attributable to the Parent Company	**(36,269)**	**19,974**	**(35,841)**	**(17,409)**	**(33,471)**	**(29,082)**	**(3,327)**	**(135,425)**

(*) Corresponds to the contribution of each country segment to the Group's consolidated income statement. Therefore, these figures may include the impact of the intercompany transactions that have been carried out during the year ended on 31 December 2020. Additionally, this income statement by country may incorporate all of the non-recurring and non-cash items detailed in section 19.d of the consolidated financial statements of 2020 financial year.

(1) In addition to the Spanish business, it also includes the Corporation and the finance company.

The Group has two customers that exceeds 10% of its total revenue. The total income from these customers for the year ended on 31 December 2021 amounted to EUR 931,193 thousand. During 2020 financial year, the Group had two customers that exceeded 10% of its revenue and the amount ascended to EUR 466,500 thousand.

The information by business segment is set out below:

Thousands of Euros

	2021			
	Broadcasting infrastructure	Telecom Infrastructure Services	Network Services and others	Total
Services (Gross)	218,290	2,120,659	102,720	2,441,669
Other income	—	94,399	—	94,399
Advances to customers	—	(3,269)	—	(3,269)
Operating income	**218,290**	**2,211,789**	**102,720**	**2,532,799**

Thousands of Euros

	2020			
	Broadcasting infrastructure	Telecom Infrastructure Services	Network Services and others	Total
Services (Gross)	227,257	1,233,006	104,932	1,565,195
Other income	—	43,236	—	43,236
Advances to customers	—	(3,659)	—	(3,659)
Operating income	**227,257**	**1,272,583**	**104,932**	**1,604,772**

There have been no significant transactions between segments during 2021 and 2020.

24. Related parties

a) Directors and Senior Management

The remuneration earned by the Parent Company's directors as at 31 December 2021 and 2020 was as follows:

i. The members of the Board of Directors received EUR 1,706 thousand for exercising the duties in their capacity as directors of Cellnex Telecom, S.A. (EUR 1,630 thousand in 2020).

ii. For performing senior management duties, the CEO:

   a. received EUR 1,300 thousand, corresponding to fixed remuneration (EUR 1,000 thousand in 2020).

   b. accrued EUR 1,275 thousand corresponding to annual variable remuneration, estimated assuming 98.11% of accomplishment (EUR 1,335 thousand in 2020).

   c. accrued EUR 1,920 thousand for the achievement of the multi-annual objectives established in the "Long Term Incentive Plan" that consolidates in December 2021 (1,650 thousands in 2020).

   Note: The accounting provisions for all the LTIPs in progress (2019-2021, 2020-2022 and 2021-2023), for the year ended on 31 December 2021 amounted to EUR 2,546 thousand (EUR 1,373 thousand in 2020). See Note 19.a.

iii. In addition, the Chief Executive Officer of Cellnex Telecom, S.A. received, as other benefits, contributions made to cover pensions and other remuneration in kind in the amount of EUR 325 thousand and EUR 32 thousand, respectively (EUR 250 thousand and EUR 28 thousand in 2020).

Cellnex defines Senior Management as executives that perform management duties and report directly to the Chief Executive Officer. Fixed and variable remuneration for the year ended on 31 December 2021 for members of Senior Management amounted to EUR 5,323 thousand (EUR 4,547 thousand in 2020) and accrued EUR 4,165 thousand for the achievement of the multi-annual objectives established in all the "Long Term Incentive Plan" that consolidates in December 2021, estimated assuming 100% of accomplishment. Note: The accounting provisions for all the LTIPs in progress (2019-2021, 2020-2022 and 2021-2023), for the year ended on 31 December 2021 amounted to EUR 4,447 thousand (EUR 3,084 thousand in 2020).

In addition, members of Senior Management received, as other benefits, contributions made to cover pensions and other remuneration in kind to the amount of EUR 423 thousand and EUR 190 thousand, respectively (EUR 334 thousand and EUR 174 thousand in 2020).

The Parent Company has taken out executives and directors civil liability policy for the members of the Board of Directors, the Chief Executive Officer and all the Senior Management of the Cellnex Telecom group at a cost amounting to EUR 967 thousand at 31 December 2021 (EUR 538 thousand in 2020).

b) Other disclosures on Directors

In accordance with the article 229 of the Spanish Limited Liability Companies Law, the directors have reported that neither they nor any persons related to them are involved in any situations that may lead to a direct or indirect conflict with the Parent Company's interests

c) Associates companies

As of 31 December 2021 and 2020 the Group does not hold balances for significant amounts with associates companies.

For its part, during 2021 and 2020, no significant transactions have been undertaken with associates companies.

d) Other related parties

Other related parties, include shareholders (and their subsidiaries) of Cellnex Telecom, S.A. that exercise significant influence over it, those with a right to appoint a director and those with a stake above 3% (see Note 14.a).

On 12 July 2018, ConnecT S.p.A acquired 29.9% of the Parent Company's share capital. Currently, and after dissolution of ConnecT S.p.A,, part of this stake is no longer owned by ConnecT S.p.A, but ConnecT Due. ConnecT Due is controlled by Sintonia, a subholding company wholly-owned by Edizione and, in turn, Sintonia is the largest shareholder of Atlantia. As a result, as of the date of the accompanying consolidated financial statements, Edizione, together with its group of companies, is considered a related party to the Group.

In addition to the dividends paid to shareholders, the breakdown of the balances held and transactions performed with significant shareholders is as follows:

I) Services rendered and received

The Group, through its wholly-owned subsidiary TowerCo, entered into an agreement with Autoestrade pell'Italia SpA by virtue of which the Group can colocate certain assets to provide Telecom Infrastructure Services in Italian motorways that are under the concession of Atlantia until 2038. Pursuant to the terms of this agreement, the consideration for such location amounts to an annual fee of EUR 4 million. The consideration paid by TowerCo as of 31 December 2021 and 2020 amounted to EUR 2.9 million and EUR 3.9 million.

In addition to the aforementioned, during 2021 and 2020 no significant transactions with related parties have been undertaken.

The Group carries out all its transactions with related parties on an arm's length basis. Also, given that transfer prices are adequately documented, the Group's Directors consider that there are no significant risks that could give rise to material liabilities in the future.

II) Others

As of 31 December 2021 and 2020, the Group does not hold balances for significant amounts with related parties.

25. Other disclosures

The remuneration of the auditors for 2021 and 2020 is as follows:

Thousands of Euros

	2021					2020			
	Audit of financial statements	Services required by law	Verification services	Tax advisory services	Other services	Audit of financial statements	Verification services	Tax advisory services	Other services
Deloitte, S.L.	1,283	350	60	—	—	1,034	408	—	—
Rest of Deloitte	1,705	88	10	60	2,927	1,246	83	46	2,040
Total	**2,988**	**438**	**70**	**60**	**2,927**	**2,280**	**491**	**46**	**2,040**

26. Post balance sheet events

Agreement on the acquisition of shares increasing the stake in On Tower Poland

In the first quarter of 2022, Cellnex Poland and Iliad Purple entered into an agreement amending the exercise conditions of Iliad Purple's right on 10% of the share capital of On Tower Poland. Pursuant to the terms of this agreement, Cellnex Poland and Iliad Purple have agreed that such 10% interest in On Tower Poland will be purchased by Cellnex Poland before the end of the first quarter of 2022, for a price of PLN 615 million (approximately EUR 140 million at the current exchange rate) (exclusive of taxes). This price implies the same valuation of On Tower Poland applied at the closing of the Iliad Poland Acquisition.

Agreement on the acquisition of the remaining 30% of On Tower France S.A.S. and amendment of the master services agreement with Free Mobile

In the first quarter of 2022, Cellnex France Groupe, Iliad, On Tower France and Free Mobile entered into two agreements amending the exercise conditions of Iliad's right and the Iliad Master Agreements (defined in the consolidated financial statements ended as of 31 December 2019). Pursuant to the terms of such agreements, Cellnex France Groupe and Iliad have notably agreed that Iliad's remaining 30% non-controlling interest in On Tower France will be purchased by Cellnex France Groupe before the end of the first quarter of 2022, subject to the approval of Iliad's Board of Directors, that will take place after the formulation of these consolidated financial statements. The agreed consideration for the acquisitions of the 30% interest in On Tower France is EUR 950 million, exclusive of taxes, which have been calculated following the criteria defined in the Iliad SHA (defined in the consolidated financial statements ended as of 31 December 2019). On top of that, Cellnex has enhanced the build-to-suit programmes with 2,000 new sites (additional to the minimum 2,500 sites already commited -see Note 5 of the consolidated financial statements ended as of 31 December 2019-) until 2027, with an Enterprise Value of EUR 639 million.

Agreements with Bouygues Telecom for the deployment of new build-to-suit programs in France

In the first quarter of 2022, the Group and Bouygues Telecom entered into agreements in order to contractualize several new build-to-suit ("BTS") programs in France with a view to neutralize Capex and EBITDA expected impacts from Hivory required remedies, on a run rate basis. As such, the Group has contracted a BTS program of up to 1,350 sites in rural areas, to be deployed by 2029 with an estimated Capex of up to approximately EUR 310 million. This program will be structured in a similar way as Nexloop project (see Note 2.h and 7). Secondly, the Group has also contracted an extension of the existing BTS program in very dense areas of up to 1,500 sites with Bouygues Telecom to be deployed by 2029 with an estimated Capex of up to approximately EUR 490 million. Lastly, Cellnex has increased the scope of the BTS program with Bouygues Telecom that involves strategic sites with data processing capabilities by adding up to 2 additional Mobile Switching Centers, to be transferred by 2025 with an estimated BTS Capex of up to approximately EUR 70 million. This program will inherit similar conditions as Nexloop project (see Note 2.h and 7).

Cellnex France Groupe, Bouygues Telecom and Phoenix France Infrastructures have reached an agreements in principle to dispose approximately 2,000 urban sites in France

In the first quarter of 2022, Cellnex France Group, Bouygues Telecom and Phoenix France Infrastructures entered into an agreement in principle in order to dispose approximately 2,000 sites in France in very dense areas, subject to the French Competition Authority ("FCA") approval, in order to fulfill Hivory closing requirements for an expected amount of approximately EUR 620 million, net of taxes. Bouygues Telecom and Phoenix France Infrastructures will act together as a counterparty under a Joint Venture.

In addition, Cellnex France Group is finalizing an agreement in principle in order to dispose approximately 1,200 sites in France in very dense areas, subject to FCA approval, in order to fulfill Hivory closing requirements.

27. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.a). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform with other generally accepted accounting principles and rules.

Barcelona, 24 February 2022

APPENDIX I. Subsidiaries included in the scope of consolidation at 31.12.2021

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Company holding the interest	Consolidation method	Activity	Auditor
Direct ownership:							
Cellnex Italia, S.p.A.	Vía Cesare Giulio Viola, 43 CAP 00148 Roma	4,555,310	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Netherlands, BV	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	488,455	75 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex UK Limited	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	1,886,728	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex France Groupe, S.A.S.	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	4,524,391	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Telecom España, S.L.U.	Juan Esplandiú, 11-13 28007 Madrid	821,355	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Switzerland AG	Thurgauerstrasse, 136 8152 Opfikon	598,358	72 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cignal Infrastructure Services	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	178,636	100 %	Cellnex Telecom, S.A.	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
Ukkoverkot Oy	Gräsäntörmä 2, 02200 Espoo, Finland	25,696	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
CLNX Portugal, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, San Antonio 1050 121 Lisboa	1,153,384	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Finance Company, S.A.	c/Juan Esplandiú, 11-13, 28007 Madrid	1,000,060	100 %	Cellnex Telecom, S.A.	Full consolidation	Group Finance Company	Deloitte
Cellnex Sweden AB	Box 162 85, 103 25 Stockholm	633,002	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Austria Gmbh	Schubertring 6, 1010 Vienna	953,035	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Ireland Limited	Suite 311 Q House, 76 Furze Road Sandyford Industrial Estate, Dublin 18, D18 YV50	499,000	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Poland sp z.o.o.	Plac Marsz. Józefa Pilsudskiego 1 00-078 Warsaw	2,414,138	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Denmark ApS	Ørestads Boulevard 114, 4th floor, 2300 Copenhagen S	350,005	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Digital Infrastructure Vehicle SCSp SICAV-RAIF	5, Heienhaff in L-1736 Senningerberg	136,390	33 %	Cellnex Telecom, S.A.	See Note 6	Investment vehicle	—

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Indirect ownership interest:							
Retevision-I, S.A.U.	c/ Juan Esplandiú, 11-13 28007 Madrid	182,504	100 %	Cellnex Telecom España, S.LU.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Tradia Telecom, S.A.U.	Paseo de la Zona Franca 105 (Torre Llevant), 08038-Barcelona	165,983	100 %	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Telecom Infraestructuras, S.A.U.	c/ Juan Esplandiú, 11-13 28007 Madrid	459,010	100 %	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Gestora del Espectro, S.L. (1)	c/ Juan Esplandiú, 11-13 28007 Madrid	3	100 %	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Metrocall, S.A.	c/ Juan Esplandiú, 11-13 28007 Madrid	42,597	60 %	Cellnex Telecom España, S.L.U.	Full consolidation	Implementation, management and exploitation of the mobile network in Madrid's subway	Deloitte
Adesal Telecom, S.L.	Ausias March 20, Valencia	2,959	60 %	Tradia Telecom, S.A.U.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	Deloitte
Zenon Digital Radio, S.L. (1)	Paseo de la Zona Franca 105 (Torre Llevant), 08038-Barcelona	2,421	100 %	Tradia Telecom, S.A.U.	Full consolidation	Provision of telecommunications equipments	—
Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A.	Paseo de la Zona Franca 105 (Torre Llevant), 08038-Barcelona	32,795	100 %	Tradia Telecom, S.A.U.	Full consolidation	Construction and operation of optic fiber telecommunications infrastructure	Deloitte
Towerco, S.p.A.	Vía Cesare Giulio Viola, 43 CAP 00148 Roma	94,600	100 %	Cellnex Italia S.p.A	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
CK Hutchinson Networks Italia, S.p.A.	Largo Metropolitana 5, 20017 RHO (Milan)	3,398,459	100 %	Cellnex Italia, S.p.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Iaso Group Immobiliaire, S.r.L.	via Cesare Giulio Viola 43, Roma (RM)	1,165	100 %	Cellnex Italia, S.p.A.	Full consolidation	Building equipment contractors industry	Deloitte
Towerlink Netherlands, B.V. (1)	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	63,634	75 %	Cellnex Netherlands, BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Shere Masten B.V. (1)	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	278,085	75 %	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Breedlink BV (1)	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	599	75 %	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Alticom BV (1)	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	132,127	75 %	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
On Tower Netherlands, B.V (1)	Axelsestraat, 58, 4537 AL, Terneuzen, the Netherlands	42,876	75 %	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Springbok Mobility	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	600	75 %	Cellnex France Groupe, S.A.S.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	Deloitte
Cignal Infrastructure Netherlands BV (1)	Waldorpstraat 80, 2521 CD The Hague, The Netherlands	141,020	75 %	Cellnex Netherlands, BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Cellnex France, S.A.S.	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	908,341	100 %	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Towerlink France, SAS	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	20	100 %	Cellnex France, S.A.S	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Nexloop France, S.A.S	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	15,555	51 %	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower France SAS	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	1,403,599	70 %	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Compagnie Foncière ITM 1 (1)	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	504	100 %	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Hivory, SAS	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	2,695,075	100 %	Cellnex France Groupe, S.A.S. / Hivory II, SAS	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Hivory II, SAS	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	2,586,937	100 %	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellnex UK Midco Ltd	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	333,106	100 %	Cellnex UK Limited	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Watersite Limited	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	29,764	100 %	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Radiosite Limited	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	31,942	100 %	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
London Connectivity Partnership Limited	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	1	100 %	Cellnex UK Midco Ltd	Full consolidation	Fixed and mobile telecommunications services provider	—

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Cellnex Connectivity Solutions Limited	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	146,550	100 %	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellnex UK Consulting Limited	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	2,603	100 %	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK, Limited	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	2,467,702	100 %	Cellnex UK, Limited	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 1, Limited (1)	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	207,031	100 %	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	—
On Tower UK 2, Limited (1)	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	11,247	100 %	On Tower UK 1, Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	—
On Tower UK 3, Limited (1)	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	1	100 %	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	—
On Tower UK 4, Limited (1)	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	178	100 %	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	—
On Tower UK 5, Limited (1)	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	1	100 %	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Swiss Towers AG	Thurgauerstrasse, 136 8152 Opfikon	739,869	100 %	Cellnex Switzerland AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Infra Services SA	Thurgauerstrasse 136, 8152 Opfikon	830,684	90 %	Swiss Towers AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Grid Tracer AG (1)	Thurgauerstrasse, 136 8152 Opfikon	51,411	55 %	Swiss Towers AG	Full consolidation	Internet of Things	—

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
OMTEL, Estructuras de Comunicaçoes, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, Arroios 1050 121 Lisboa	587,733	100 %	CLNX Portugal, S.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Portugal, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, Arroios 1050 121 Lisboa	418,063	10 %	CLNX Portugal, S.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Infratower SA	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, Arroios 1050 121 Lisboa	215,246	100 %	CLNX Portugal, S.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Towerlink Portugal, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, Arroios 1050 121 Lisboa	4,000	100 %	CLNX Portugal, S.A.	Full consolidation	Fixed and mobile telecommunications services provider	Deloitte
Cignal Infrastructure Portugal, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, 1050 121 Lisboa	50	100 %	CLNX Portugal, S.A.	Full consolidation	Fixed and mobile telecommunications services provider	Deloitte
Cellcom Ireland Limited (In liquidation process)	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	11,575	100 %	Cignal Infrastructure Limited	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
Shannonside Communications Limited	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	2,079	100 %	Cignal Infrastructure Limited	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
On Tower Ireland Limited	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	612,667	100 %	Cellnex Ireland Limited	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
Wayworth Limited (1)	Suite 311 Q House, 76 Furze Road Sandyford Industrial Estate, Dublin 18, D18 YV50	2,563	100 %	Cignal Infrastructure Limited	Full consolidation	Provision of communication sites used by Mobile Network Operators	—
Edzcom Oy	Gräsäntörmä 2, 02200 Espoo, Finland	4,500	100 %	Ukkoverkot Oy	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
On Tower Austria Gmbh	Brünner Straβe 52, 1210 Vienna	933,220	100 %	Cellnex AustriaGmbh	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
OnTower Denmark Aps	Scandiagade 8, 2450 København SV	436,959	100 %	Cellnex Denmark, Aps	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
Towerlink Poland, S.p.z.o.o.	Konstruktorska 4, Warsaw 02-673, Poland	1,528,613	100 %	Cellnex Poland, S.p.z.o.o	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Poland, S.p.z.o.o.	Wynalazek 1, 02-677 Warszawa	802,614	60 %	Cellnex Poland, S.p.z.o.o	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Sapastre sp. z o.o.	Warsaw, at Plac Marszałka Józefa Piłsudskiego 1, 00-078 Warsaw	2,179	100 %	Cellnex Poland, S.p.z.o.o	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Sweden, AB	Box 7012, 121 07 Stockholm-Globen	804,679	100 %	Cellnex Sweden AB	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

(1) These companies have not submitted their financial statements for auditing as they are not required to do so.

This appendix forms an integral part of Note 2.h. to the 2021 consolidated financial statements with which it should be read.

APPENDIX I. Subsidiaries included in the scope of consolidation at 31.12.2020

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Direct ownership:							
Cellnex Italia, S.p.A.	Vía Cesare Giulio Viola, 43 CAP 00148 Roma	952,310	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Netherlands, BV	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	511,355	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex UK Limited	Office 132 Spaces Liverpool Street Station, 35 New Broad Street London, EC2M 1NH	1,856,984	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex France Groupe, S.A.S.	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	2,324,391	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Telecom España, S.L.U.	Juan Esplandiú, 11-13 28007 Madrid	2,807,500	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Switzerland AG	Thurgauerstrasse, 136 8152 Opfikon	581,117	72 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Towerlink Portugal, S.A.	Avenida Álvares Cabral, nº61 – 4º piso, 1250-017 Lisboa, Portugal	4,000	100 %	Cellnex Telecom, S.A.	Full consolidation	Fixed and mobile telecommunications services provider	—
Cignal Infrastructure Services	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	178,636	100 %	Cellnex Telecom, S.A.	Full consolidation	communication sites used by Mobile Network	Deloitte
Ukkoverkot Oy	Itämerentori 2, 00180 Helsinki, Finland	25,517	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
CLNX Portugal, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, San Antonio 1050 121 Lisboa	1,037,384	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Finance Company, S.A.	c/Juan Esplandiú, 11-13, 28007 Madrid	1,000,060	100 %	Cellnex Telecom, S.A.	Full consolidation	Group Finance Company	Deloitte
Cellnex Sweden AB	Box 162 85, 103 25 Stockholm	2	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Austria Gmbh	Schubertring 6, 1010 Vienna	953,035	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Ireland Limited	Suite 311 Q House, 76 Furze Road Sandyford Industrial Estate, Dublin 18, D18 YV50	499,000	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Poland sp z.o.o.	Plac Marsz. Józefa Pilsudskiego 1 00-078 Warsaw	3	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	—
Cellnex Denmark ApS	Sundkrogsgade 5, DK-2100 Copenhagen	350,005	100 %	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Indirect ownership interest:							
Retevision-I, S.A.U.	Juan Esplandiú, 11-13 28007 Madrid	182,504	100 %	Cellnex Telecom España, S.LU.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Tradia Telecom, S.A.U.	Av, Del Parc Logístic, 12-20 08040 Barcelona	165,983	100 %	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Telecom Infraestructuras, S.A.U.	Juan Esplandiú, 11-13 28007 Madrid	459,010	100 %	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Gestora del Espectro, S.L. (1)	Juan Esplandiú, 11-13 28007 Madrid	3	100 %	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Metrocall, S.A.	c/Juan Esplandiú, 11-13, 28007 Madrid	42,597	60 %	Cellnex Telecom España, S.L.U.	Full consolidation	Implementation, management and exploitation of the mobile network in Madrid's subway.	Deloitte
Adesal Telecom, S.L.	Ausias March 20, Valencia	2,959	60 %	Tradia Telecom, S.A.U.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	Deloitte
Zenon Digital Radio, S.L. (1)	C/ Lincoln, 11, 1º3º 08006 Barcelona	2,421	100 %	Tradia Telecom, S.A.U.	Full consolidation	Provision of telecommunications equipments	—
Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A.	Av, Del Parc Logístic, 12-20 08040 Barcelona	32,795	100 %	Tradia Telecom, S.A.U.	Full consolidation	Construction and operation of optic fiber telecommunications infrastructure	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Towerco, S.p.A.	Vía Cesare Giulio Viola, 43 CAP 00148 Roma	94,600	100 %	Cellnex Italia S.p.A	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Tower Lease, S.r.L.	Vía Cesare Giulio Viola, 43 CAP 00148 Roma	1,323	100 %	Cellnex Italia S.p.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
TowerLink Italia, S.r.L [(1)]	Vía Cesare Giulio Viola, 43 CAP 00148 Roma	20	100 %	Cellnex Italia, S.p.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Areaventi, S.r.L.	Via Cesare Giulio Viola, 43 CAP 00148 Roma	1,434	100 %	Cellnex Italia, S.p.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Towerlink Netherlands, B.V.	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	63,634	100 %	Cellnex Netherlands, BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Shere Masten B.V.	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	278,085	100 %	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Breedlink BV	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	599	100 %	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Alticom BV	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	132,127	100 %	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Netherlands, B.V	Axelsestraat, 58, 4537 AL, Terneuzen, the Netherlands	42,876	100 %	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Springbok Mobility (1)	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	600	100 %	Cellnex France Groupe, S.A.S.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	—
Cellnex France, S.A.S.	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	908,341	100 %	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Towerlink France, SAS (1)	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	20	100 %	Cellnex France, S.A.S	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Nexloop France, S.A.S	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	15,555	51 %	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower France SAS	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt.	1,403,599	70 %	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Compagnie Foncière ITM 1 (1)	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	504	100 %	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Cellnex UK Midco Ltd	Albion House High Street , Unit 6 Woking One (Woking) Surrey GU21 6BG	333,106	100 %	Cellnex UK Limited	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Watersite Limited	Albion House High Street , Unit 6 Woking One (Woking) Surrey GU21 6BG	29,764	100 %	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Radiosite Limited	Albion House High Street , Unit 6 Woking One (Woking) Surrey GU21 6BG	31,942	100 %	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
London Connectivity Partnership Ltd	Office 132 Spaces Liverpool Street Station 35 New Broad Street London EC2M 1NH	1	100 %	Cellnex UK Midco Ltd	Full consolidation	Fixed and mobile telecommunications services provider	—
Cellnex Connectivity Solutions Limited	Albion House High Street , Unit 6 Woking One (Woking) Surrey GU21 6BG	146,550	100 %	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellnex UK Consulting Limited	Albion House High Street , Unit 6 Woking One (Woking) Surrey GU21 6BG	2,603	100 %	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK, Ltd	Crawley Court, Winchester. SO21 2QA	2,467,702	100 %	Cellnex UK, Limited	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 1, Ltd	Crawley Court, Winchester. SO21 2QA	207,031	100 %	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 2, Ltd	Crawley Court, Winchester. SO21 2QA	11,247	100 %	On Tower UK 1, Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 3, Ltd	Crawley Court, Winchester. SO21 2QA	1	100 %	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 4, Ltd	Crawley Court, Winchester. SO21 2QA	178	100 %	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 5, Ltd	Crawley Court, Winchester. SO21 2QA	1	100 %	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Swiss Towers AG	Thurgauerstrasse, 136 8152 Opfikon	739,869	100 %	Cellnex Switzerland AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Infra Services SA	Rue du Caudray, 4,1020 Renens, Vaud	830,684	90 %	Swiss Towers AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Grid Tracer AG (1)	Thurgauerstrasse, 136 8152 Opfikon	51,411	55 %	Swiss Towers AG	Full consolidation	Internet of Things	—
OMTEL, Estructuras de Comunicaçoes, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, Arroios 1050 121 Lisboa	587,733	100 %	CLNX Portugal, S.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Portugal, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, Arroios 1050 121 Lisboa	418,063	10 %	CLNX Portugal, S.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellcom Ireland Limited (in settlement process)	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	11,575	100 %	Cignal Infrastructure Limited	Full consolidation	communication sites used by Mobile Network	Deloitte
Shannonside Communications Limited	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	2,079	100 %	Cignal Infrastructure Limited	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
On Tower Ireland Limited	28/29 Sir John Rogerson's Quay, Dublin 2, Dublin, Ireland (cambio de domicilio social en proceso) después será Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	612,196	100 %	Cellnex Ireland Limited	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
Edzcom Oy	Itämerentori 2, 00180 Helsinki, Finland	4,500	100 %	Ukkoverkot Oy	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
On Tower Austria Gmbh	Brünner Straβe 52, 1210 Vienna	934,507	100 %	Cellnex AustriaGmbh	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
OnTower Denmark Aps	Scandiagade 8, 2450 København SV	437,777	100 %	Cellnex Denmark, Aps	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte

(1) These companies have not submitted their financial statements for auditing as they are not required to do so.

This appendix forms an integral part of Note 2.h. to the 2021 consolidated financial statements with which it should be read.

APPENDIX II. Associates included in the scope of consolidation at 31.12.2021

Company	Registered office	Ownership interest									
		Cost	%	Assets	Liabilities	Income	Profit/(loss)	Company holding the interest	Consolidation method	Activity	Auditor
INDIRECT SHAREHOLDINGS											
Through Retevisión and Tradia Telecom											
Torre de Collserola, S.A.	Ctra. de Vallvidrera al Tibidabo, s/n. Barcelona	2,022	41.75 %	15,718	11,026	4,108	2	Retevision-I, S.A.U.	Equity method	Construction and operation of terrestrial telecommunications infrastructure	Deloitte
Consorcio de Telecomunicaciones avanzadas, S.A. (COTA)	C/ Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Polígono Industrial Oeste Alcantarilla (Murcia)	304	29.50 %	2,764	512	1,963	452	Tradia Telecom, S.A.U.	Equity method	Provision of related services for terrestrial telecommunications concessions and operators	Other auditors
Nearby Sensors, S.L.	Calle Berruguete, 60-62 08035 Barcelona	236	13.18 %	1,111	616	381	281	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	—
Nearby Computing, S.L.	Travessera de Gracia 18, 3º 3ª, 08021, Barcelona,	1,290	22.63 %	1,823	740	403	(358)	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	—

This appendix forms an integral part of Note 2.h. to the consolidated financial statements for 2021 with which it should be read.

APPENDIX II. Associates included in the scope of consolidation at 31.12.2020

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Assets	Liabilities	Income	Profit/(loss)	Company holding the interest	Consolidation method	Activity	Auditor
INDIRECT SHAREHOLDINGS											
Through Retevisión and Tradia Telecom											
Torre de Collserola, S.A.	Ctra. de Vallvidrera al Tibidabo, s/n. Barcelona	2,022	41.75 %	15,718	11,026	4,108	2	Retevision-I, S.A.U.	Equity method	Construction and operation of terrestrial telecommunications infrastructure	Deloitte
Consorcio de Telecomunicaciones avanzadas, S.A. (COTA)	C/ Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Polígono Industrial Oeste Alcantarilla (Murcia)	304	29.50 %	2,764	512	1,963	452	Tradia Telecom, S.A.U.	Equity method	Provision of related services for terrestrial telecommunications concessions and operators	Other auditors
Nearby Sensors, S.L.	Calle Berruguete, 60-62 08035 Barcelona	236	13.18 %	1,111	616	381	281	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	—
Nearby Computing, S.L.	Travessera de Gracia 18, 3º 3ª, 08021, Barcelona,	1,290	22.63 %	1,823	740	403	(358)	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	—

This appendix forms an integral part of Note 2.h. to the consolidated financial statements for 2021 with which it should be read.