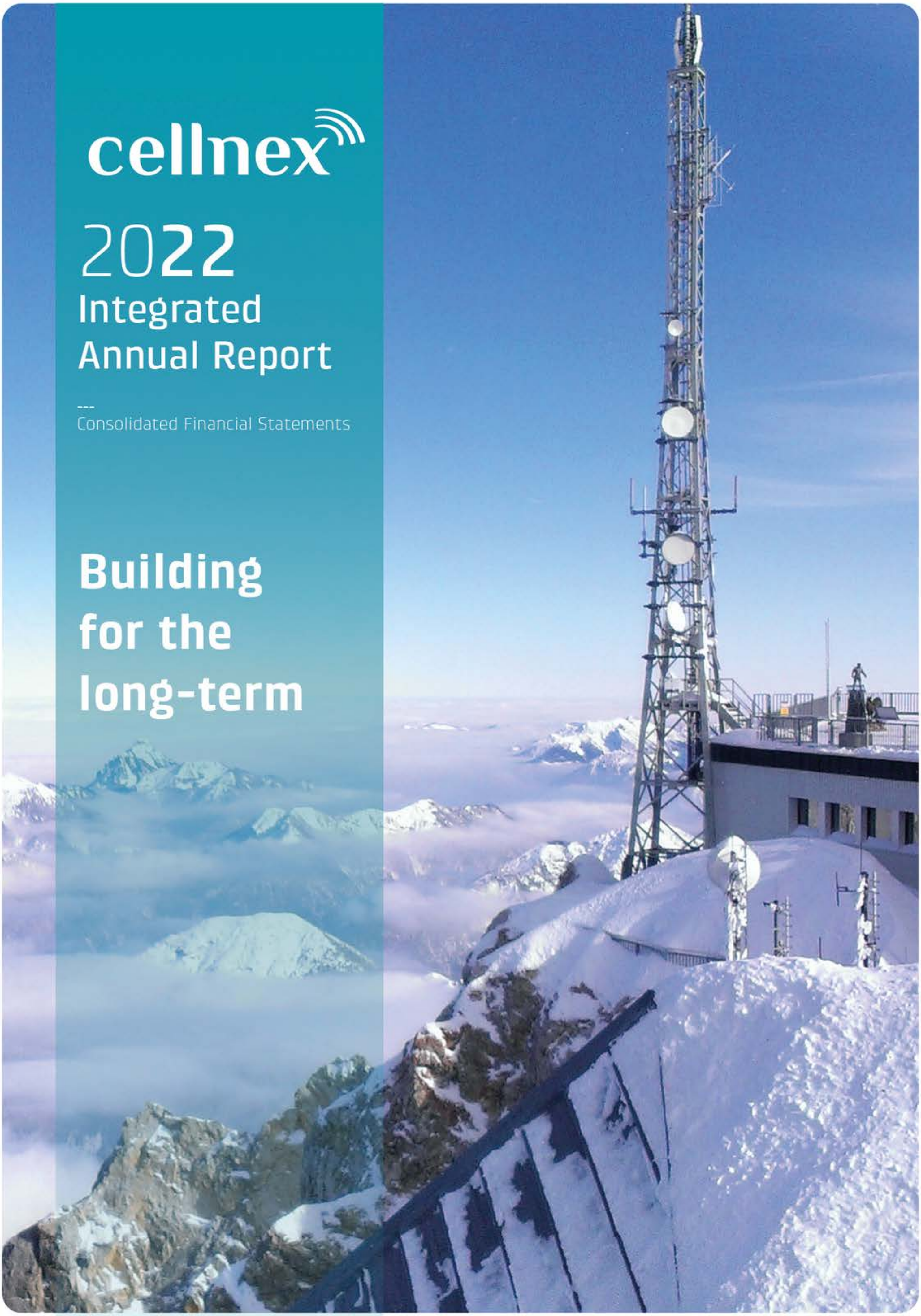
cellnex

2022 Integrated Annual Report

Consolidated Financial Statements

Building for the long-term



Cellnex Telecom, S.A. and Subsidiaries

Consolidated Financial Statements
for the year ended
31 December 2022 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 2022, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in net 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 2022, 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-IFRS) 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 8 and 9 to the accompanying consolidated financial statements as at 31 December 2022 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 telecogmmunications operators, and also of the cash-generating units (CGU) 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 needed investments, as well as other assumptions obtained from the business plan approved by the Parent's directors, 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, the understanding of the process followed by the Group for evaluating the recoverable value of goodwill, other intangible assets and property, plant and equipment. Furthermore, we performed substantive procedures, based on 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 plan approved by the Parent's directors. 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 CGU.

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.	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. Lastly, we checked that the disclosures included in Notes 3-c, 8 and 9 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 business combinations in 2022 and 2021, as described in Notes 2-h and 6 to the accompanying consolidated financial statements as at 31 December 2022. 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.	Our audit procedures included, among others, the understanding of the process followed by the Group of identifying and determining the acquisition-date fair value of the assets acquired, the liabilities and contingent liabilities assumed and the goodwill that arose.

Business combinations	
Description	**Procedures applied in the audit**
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. 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 2022, 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 2021 (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.	Furthermore, we performed substantive procedures, based on 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. For each business combination in 2022, 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 2021, the accounting of which was considered to have been completed in 2022, 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.

Business combinations	
Description	**Procedures applied in the audit**
	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. 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 2022, 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 2022 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 2022, which comprise the XHTML file including the consolidated financial statements 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 2022 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the Annual Corporate Governance Report and the Annual Director's Remuneration Report have been incorporated by reference in the management report.

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 28 February 2023.

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

28 February 2023

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DELOITTE, S.L.

2023 Núm.20/23/00261

Informe d'auditoria de comptes subjecte
a la normativa d'auditoria de comptes
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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.

Consolidated Financial Statements

Cellnex Telecom, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2022

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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 2022

(Thousands of Euros)

	Notes	31 December 2022	31 December 2021 (*)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	Note 8	10,694,339	8,354,543
Intangible assets	Note 9	26,841,727	24,280,539
Right-of-use assets	Note 16	3,437,710	3,346,187
Investments in associates	Note 10	33,232	3,265
Financial investments	Note 13.b	117,568	26,406
Derivative financial instruments	Note 11	161,523	30,116
Trade and other receivables	Note 12	75,259	50,830
Deferred tax assets	Note 18	635,662	673,024
Total non-current assets		**41,997,020**	**36,764,910**
CURRENT ASSETS			
Inventories		4,770	2,765
Trade and other receivables	Note 12	1,162,665	1,163,078
Receivables from associates	Note 24	25	384
Financial investments	Note 13.b	3,663	3,151
Derivative financial instruments	Note 11	—	77
Cash and cash equivalents	Note 13	1,038,179	3,926,578
Total current assets		**2,209,302**	**5,096,033**
Non-current assets held for sale	Note 7	51,427	—
TOTAL ASSETS		**44,257,749**	**41,860,943**

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated balance sheet at 31 December 2022.

(*) Restated figures. Certain amounts included in the consolidated balance sheet at 31 December 2021 do not relate to those included in the consolidated financial statements for the year ended 31 December 2021, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2022

(Thousands of Euros)

	Notes	31 December 2022	31 December 2021 (*)
NET EQUITY			
Share capital and attributable reserves			
Share capital	Note 14.a	176,619	169,832
Treasury shares	Note 14.a	(47,619)	(60,802)
Share premium	Note 14.b	15,522,762	14,580,762
Reserves	Note 14.c	(1,133,599)	(133,427)
Loss for the period	Note 14.g	(297,058)	(362,539)
		14,221,105	**14,193,826**
Non-controlling interests	Note 14.f	966,693	1,633,652
Total net equity		**15,187,798**	**15,827,478**
NON-CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 15	17,747,336	14,914,060
Lease liabilities	Note 16	2,501,896	2,402,021
Derivative financial instruments	Note 11	25,290	11,832
Provisions and other liabilities	Note 19.c	2,014,396	2,119,242
Employee benefit obligations	Note 19.b	51,727	70,453
Deferred tax liabilities	Note 18	4,444,316	3,826,048
Total non-current liabilities		**26,784,961**	**23,343,656**
CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 15	143,352	719,995
Lease liabilities	Note 16	583,594	503,741
Employee benefit obligations	Note 19.b	62,851	70,634
Payables to associates	Note 24	710	69
Trade and other payables	Note 17	1,472,669	1,395,370
Total current liabilities		**2,263,176**	**2,689,809**
Liabilities associated with non-current assets held for sale	Note 7	21,814	—
TOTAL NET EQUITY AND LIABILITIES		**44,257,749**	**41,860,943**

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated balance sheet at 31 December 2022.

(*) Restated figures. Certain amounts included in the consolidated balance sheet at 31 December 2021 do not relate to those included in the consolidated financial statements for the year ended 31 December 2021, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

(Thousands of Euros)

	Notes	2022	2021 (*)
Services		3,247,713	2,438,400
Other operating income		247,467	94,399
Operating income	**Note 20.a**	**3,495,180**	**2,532,799**
Staff costs	Note 20.b	(270,383)	(300,357)
Other operating expenses	Note 20.c	(658,518)	(485,404)
Change in provisions		(15,269)	(2,537)
Depreciation, amortisation and results from disposals of fixed assets	Notes 7, 8, 9, 16 and 20.e	(2,320,694)	(1,676,324)
Operating profit		**230,316**	**68,177**
Financial income	Note 20.f	22,519	4,416
Financial costs	Note 20.f	(424,073)	(375,591)
Interest expense on lease liabilities	Note 20.f	(327,405)	(234,088)
Net financial loss		**(728,959)**	**(605,263)**
Profit of companies accounted for using the equity method	Note 10	(4,239)	(3,222)
Loss before tax		**(502,882)**	**(540,308)**
Income tax	Note 18	189,946	154,124
Consolidated net loss		**(312,936)**	**(386,184)**
Attributable to non-controlling interests	Note 14.f	(15,878)	(23,645)
Net loss attributable to the Parent Company		**(297,058)**	**(362,539)**
Earnings per share (in euros per share):			
Basic	Note 14.e	(0.44)	(0.59)
Diluted	Note 14.e	(0.29)	(0.43)

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 2022.

(*) Restated figures. Certain amounts included in this consolidated income statement for the year ended on 31 December 2021 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2021, 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 2022

(Thousands of Euros)

	Notes	2022	2021 (*)
LOSS FOR THE PERIOD		**(312,936)**	**(386,184)**
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	81,984	8,008
Hedges of net investments in foreign operations of the Parent Company and fully consolidated companies	Note 11	(1,554)	14,094
Foreign exchange differences	Note 14	(212,715)	90,042
Tax effect		(20,842)	(2,002)
Income and expenses recognised directly in net equity, not transferable to the consolidated income statement:			
Changes in the fair value of financial liabilities at fair value through equity	Note 14 and 19.c	(9,703)	—
Total income and expenses recognised directly in net equity		**(162,830)**	**110,142**
Income transferred to the consolidated income statement:			
Changes in cash flow hedges of the Parent Company and fully consolidated companies	Note 11	(929)	(3,586)
Tax effect		232	895
Total income transferred to the consolidated income statement		**(697)**	**(2,691)**
Total consolidated comprehensive profit / (loss)		**(476,463)**	**(278,733)**
Attributable to:			
- Company shareholders		(464,261)	(263,947)
- Non-controlling interests		(12,202)	(14,786)
Total consolidated comprehensive profit / (loss)		**(476,463)**	**(278,733)**

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 2022.

(*) Restated figures. Certain amounts included in this consolidated statement of comprehensive income for the year ended on 31 December 2021 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2021, 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 2022

(Thousands of Euros)

	Notes	Share capital	Treasury shares	Share premium	Reserves	Profit for the period	Non-controlling interests	Net equity
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	(362,539)	(14,786)	**(278,733)**
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**
Other		—	—	—	(3,097)	—	—	**(3,097)**
At 31 December 2021 (*)		**169,832**	**(60,802)**	**14,580,762**	**(133,427)**	**(362,539)**	**1,633,652**	**15,827,478**
At 1 January 2022 (*)		**169,832**	**(60,802)**	**14,580,762**	**(133,427)**	**(362,539)**	**1,633,652**	**15,827,478**
Comprehensive income for the year		—	—	—	(167,203)	(297,058)	(12,202)	**(476,463)**
Distribution of 2021 profit		—	—	—	(362,539)	362,539	—	**—**
Treasury shares	Note 14.a	—	13,183	—	(52,391)	—	—	**(39,208)**
Changes in the consolidation scope	Note 2.i	—	—	—	(418,139)	—	(672,844)	**(1,090,983)**
Final dividend	Note 14.d	—	—	(36,635)	—	—	—	**(36,635)**
Capital increase and other equity contributions	Note 14.a	6,787	—	978,635	—	—	15,929	**1,001,351**
Employee remuneration payable in shares	Note 19.b	—	—	—	(5,759)	—	—	**(5,759)**
Other		—	—	—	5,859	—	2,158	**8,017**
At 31 December 2022		**176,619**	**(47,619)**	**15,522,762**	**(1,133,599)**	**(297,058)**	**966,693**	**15,187,798**

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 2022.

(*) Restated figures. Certain amounts included in this consolidated statement of changes in net equity for the year ended on 31 December 2021 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2021, 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 2022

(Thousands of Euros)

	Notes	2022	2021 (*)
Profit/(loss) for the year before tax		**(502,882)**	**(540,308)**
Adjustments to profit-			
Depreciation, amortisation and results from disposals of fixed assets	Note 20.e	2,320,694	1,676,324
Changes in provisions		15,269	2,537
Interest and other income		(22,519)	(4,416)
Interest and other expenses		751,478	609,679
Share of results of companies accounted for using the equity method	Note 10	4,239	3,222
Other income and expenses		3,442	3,269
Changes in current assets/current liabilities-			
Inventories		(1,291)	(607)
Trade and other receivables		34,169	(253,343)
Other current assets and liabilities		(49,681)	253,882
Cash flows generated by operations			
Interest paid		(626,125)	(441,974)
Interest received		20,702	4,174
Income tax received/(paid)		(88,586)	(87,170)
Non-recurring Income tax paid	Note 18	(7,342)	(78,400)
Current provisions, employee benefit obligations and others		(22,425)	(5,701)
Total net cash flow from operating activities (I)		**1,829,142**	**1,141,168**

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 2022.

(*) Restated figures. Certain amounts included in this consolidated cash flow statement for the year ended on 31 December 2021 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2021, 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 2022

(Thousands of Euros)

	Notes	2022	2021 (*)
Business combinations and changes in the scope of consolidation	Notes 2.i and 6	(3,390,169)	(12,358,365)
Purchases of property, plant and equipment and intangible assets	Notes 8 and 9	(2,568,516)	(1,521,429)
Payments for financial investments and associates		(157,827)	(23,722)
Collections for financial investments and associates	Note 10	56,388	—
Proceeds from Non-current assets held for sale		110,448	—
Total net cash flow from investing activities (II)		**(5,949,676)**	**(13,903,516)**
Issue of equity instruments, Acquisition of Treasury Shares and Dividends paid	Note 14	(322,917)	6,765,675
Proceeds from issue of bank borrowings	Note 15	2,047,334	393,529
Bond issue	Note 15	982,525	5,869,731
Repayment and redemption of bond issues and other loans	Note 15	(600,000)	—
Repayment and redemption of bank borrowings	Note 15	(288,137)	(505,399)
Net repayment of other borrowings	Note 15	1,957	327
Net payment of lease liabilities	Note 16	(597,046)	(447,594)
Total net cash flow from financing activities (III)		**1,223,716**	**12,076,269**
Foreign exchange differences (IV)		**8,419**	**(39,370)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)+(IV)		**(2,888,399)**	**(725,449)**
Cash and cash equivalents at beginning of year	Note 13	3,926,578	4,652,027
Cash and cash equivalents at end of year	**Note 13**	**1,038,179**	**3,926,578**

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 2022.

(*) Restated figures. Certain amounts included in this consolidated cash flow statement for the year ended on 31 December 2021 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2021, 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 2022

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 2022, 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 28 February 2023.

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 condition of the Cellnex Group at 31 December 2022 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 2022 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 stand-alone 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 2021 were approved by the shareholders of the Parent Company on 28 April 2022.

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 2022:

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 IAS 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

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.

(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	
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
	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 2024
Amendments to IFRS 16 - Lease liability in a sale with subsequent leasehold)	These amendments define how to present the lease liabilities that arise in the sale transactions and subsequent leasehold.	1 January 2024

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 VII.

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 = 4.651 to EUR 1 in relation to the Iliad Poland Acquisition (see Note 6); ii) SEK = 10.06 to EUR 1 in relation to the CK Hutchison Holdings Transactions in Sweden, iii) PLN = 4.522 to EUR 1 in relation to the Polkomtel Acquisition (see Note 6), and iv) GBP = 0.879 to EUR 1 in relation to the CK Hutchison Holdings Transactions in the United Kingdom (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 Board of Directors 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 2021 and 2022 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, as well as the global economy, impacting global growth. During 2022, while the actions of the central banks in response to the Coronavirus Pandemic, however, allowed an overall context of favourable financing conditions and the macro-financial outlook for the global economy improved mainly as a result of vaccines having been rolled out, some vulnerabilities continue to remain, such as the weak financial situation of some segments of households and companies, and the growing public indebtedness of the low profitability of entities. Moreover, the appearance and spread of new COVID-19 variants may result in the reintroduction of containment measures. While the Coronavirus Pandemic has not had a significant effect on the Group's business, financial condition or results of operations nor in prior periods neither as of 31 December 2022 and, therefore, has not had a significant effect on the consolidated financial statements for the year ended 31 December 2022, its future evolution will depend on future developments, which are 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 Coronavirus 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 United Kingdom 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).

Russian invasion of Ukraine

Adverse economic conditions may be further accentuated in the markets where the Group operates and in others due to the full-scale invasion of Ukraine launched by Russia on 24 February 2022. As a result of the invasion, the European Union (the "EU"), EU member states, Canada, Japan, the United Kingdom and the United States, among others, have developed and continue to develop coordinated sanctions and export-control measure packages. The uncertain nature, magnitude and duration of Russia's war in Ukraine and potential effects of it and of actions taken by Western and other states and multinational organisations in response thereto (including, amongst other things, sanctions, export-control measures, travel bans and asset seizures) as well as of any Russian retaliatory actions (including, amongst other things, restrictions on oil and gas exports and cyber-attacks), on the world economy and markets, have contributed to increased market volatility and uncertainty. Such geopolitical risks may have a material adverse impact on macroeconomic factors which could affect the Group's business, results of operations, cash flows, financial condition and prospects.

In addition, both the military conflict between Russia and Ukraine and the associated sanctions are contributing to further increases in the prices of energy, oil and other commodities, and further disrupting supply chains. This has led to a significant increase in costs that will put pressure on business margins and ultimately affect the evolution of investment. Such an increase in commodity prices adds to a context of already extraordinarily high inflation rates, in Spain, in the rest of the European markets where the Group operates and in most developed countries. In this situation, central banks have started to abandon the low interest rate environment, increasing or discussing the possibility of increasing interest rates progressively in order to address and reduce inflation, which could trigger an environment of increased risk aversion, a tightening of financial conditions globally, reduced economic growth and/or result in regional or global recessions. Inflationary pressures could further increase if the Russian invasion of Ukraine is prolonged, escalates or expands (including if additional countries become involved), if additional economic sanctions or other measures are imposed, or if volatility in commodity prices or disruptions to supply chains worsen.

Events such as the above could severely affect macroeconomic conditions and financial markets and exacerbate the risk of regional or global recessions or "stagflation" (i.e. recession or reduced rates of economic growth coupled with high inflation rates).

The conflict has not had a significant effect on the Group's results for the period ended as of 31 December 2022 and, additionally, the Group has considered the uncertainty caused by the current situation and, as a conclusion, to date they have not affected the estimates that were being made and, consequently, they have not affected the book value of the assets (especially considering 2022 impairment test headroom as described in Notes 8 and 9) and liabilities as well as certain financial risks (see Note 15). The evolution of the conflict will depend on future developments, which are highly uncertain and cannot be predicted, including the economic conditions, and the actions to contain the conflict or treat its impact, among others.

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 2021 contained in these consolidated financial statements for 2022 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 2021 (included in these consolidated financial statements) were restated (with regard to the information contained in the Group's consolidated financial statements at 31 December 2021) as a result of the final purchase price allocation for Iliad Poland Acquisition, T-Mobile Infra Acquisition, Polkomtel Acquisition, the CK Hutchison Transaction in respect of Italy, Infratower Acquisition and Hivory Acquisition (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 2022.

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"), Nexloop France, S.A.S. (“Nexloop”), Cellnex Netherlands subgroup, Cellnex Switzerland subgroup, Adesal, S.A., Metrocall, S.A. (“Metrocall”) and Cellnex France Infrastructure, S.A.S. ("Cellnex France Infrastructure") 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 2022.

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 2022.

(II) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(III) 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.

(IV) 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.

(V) 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.

(VI) 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.

(VII) 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.

(VIII) 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 2022

Acquisitions and incorporations

The most significant changes in the scope of consolidation and in the ownership of the companies included in it during the 2022 financial year were as follows:

Name of the company	Company with direct shareholding and % acquired/diluted		Consolidation method
Acquisitions/incorporations:			
On Tower Poland sp z.o.o. (1)	Cellnex Poland sp z.o.o	10%	Full
On Tower France, S.A.S. (2)	Cellnex France Groupe, S.A.S.	30%	Full
Hivory Portugal, S.A. (3)	CLNX Portugal, S.A.	100%	Full
CK Hutchison Networks (UK) Limited (4)	Cellnex UK Limited	100%	Full
Cellnex Netherlands BV (5)	Cellnex Telecom, S.A.	5%	Full
Towerlink Netherlands BV (5)	Cellnex Netherlands BV	5%	Full
Breedlink BV (5)	Cellnex Netherlands BV	5%	Full
Shere Masten BV (5)	Cellnex Netherlands BV	5%	Full
Alticom BV (5)	Cellnex Netherlands BV	5%	Full
On Tower Netherlands subgroup (5)	Cellnex Netherlands BV	5%	Full
Cignal Infrastructure Netherlands BV (5)	Cellnex Netherlands BV	5%	Full

(1) 02/03/2022; (2) 02/03/2022; (3) 31/03/2022; (4) 10/11/2022; (5) 08/08/2022 and 13/09/2022.

I) Acquisition of an additional stake in On Tower Poland

In the first quarter of 2022, Cellnex Poland and Iliad Purple entered into an agreement pursuant to which, Cellnex (through Cellnex Poland, of which Cellnex owns 100%) acquired an additional 10% interest in the share capital of On Tower Poland, for an amount of approximately PLN 615 million (with a Euro value of EUR 131 million as of the date of completion), exclusive of taxes. This price implies the same valuation of On Tower Poland applied at the closing of the Iliad Poland Acquisition. Pursuant to this acquisition, Cellnex Poland held 70% of On Tower Poland as of 31 December 2022. Thus, the indirect stake that Cellnex holds in On Tower Poland has increased from 60% to 70% as at 31 December 2022.

Since the aforementioned transaction did not modify the controlling position in On Tower Poland, it has been treated as an equity transaction carried out with a non-controlling interest (see Note 14.f). 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 an additional stake in On Tower France, S.A.S.

In the first quarter of 2022, Cellnex France Groupe, Iliad, On Tower France and Free Mobile entered into an agreement pursuant to which Cellnex (through Cellnex France Groupe, of which Cellnex owns 100%) acquired an additional 30% interest in the share capital of On Tower France, S.A.S ("On Tower France") from Iliad, S.A. ("Iliad"), for an amount of EUR 950 million, exclusive of taxes (the price of this acquisition has been very inflationary, affected by the performance of the underlying assets). Following this acquisition, Cellnex France Groupe held 100% of On Tower France as of 31 December 2022. Thus, the indirect stake that Cellnex holds in On Tower France has increased from 70% to 100% as at 31 December 2022. Additionally, at the same date, Cellnex France Groupe, Iliad, On Tower France and Free Mobile entered into another agreement pursuant to which Cellnex has enhanced the build-to-suit programmes with 2,000 new sites (additional to the minimum 2,500 sites already committed) (see Note 5 of the consolidated financial statements ended as of 31 December 2019) until 2027, with an Enterprise Value of EUR 639 million.

Since the aforementioned transaction did not modify the controlling position in On Tower France, it has been treated as an equity transaction carried out with a non-controlling interest (see Note 14.f). 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 Hivory Portugal

In addition to the transaction closed with MEO in the second half of 2021 (see Notes 2.h and 6 of the 2021 consolidated financial statements), in the second quarter of 2022, Cellnex has acquired, (through its fully owned subsidiary CLNX Portugal) 100% of the share capital of Hivory Portugal S.A. ("Hivory Portugal"), another portfolio of 102 sites in Portugal. The transaction involves an estimated total consideration (Enterprise Value) of approximately EUR 70 million.

The transaction was completed in 2022 following the receipt of customary regulatory authorizations. Thus, Hivory Portugal has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2022 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 2022. The transaction has been accounted for as an asset acquisition rather than as a business combination, as these assets and liabilities acquired are a residual vestige from a previous transaction accounted for as a Business Combination under IFRS 3 (see Note 6), where inputs and processes were identified, and a purchase price allocation exercised was performed.

IV) The Hutchison United Kingdom Acquisition

The CK Hutchison Holdings Transactions in respect of United Kingdom was completed in the last quarter of 2022, following satisfaction or waiver of all applicable conditions precedent, including in connection with customary anti-trust and foreign investment clearances (the "Hutchison United Kingdom Acquisition"). This business combination has been structured through the contracts described in Note 6 and, as a result of the operation, as of 31 December 2022, the Group fully owns the CK Hutchison UK tower business unit comprising: i) 100% of the share capital of CK Hutchison Networks (UK) Limited ("Networks Co UK"), which owns 1,550 sites as well as the commitment of 1,225 additional sites that will be built and transferred to Cellnex and ii) the rights and obligations in relation to 7,324 of the sites (including any accompanying passive infrastructure) currently managed by a joint operation between Hutchison and a third party (such joint operation currently manages both active and passive infrastructure), as well as up to 342 sites that Hutchison may acquire from that third party (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 sites but up to a maximum of 3,833 sites will be transferred to a member of the Group without cost for the Cellnex Group).

The total consideration upon closing by the Group under the CK Hutchison Agreements was partially paid in cash, EUR 2.3 billion, and the remaining consideration was satisfied by the issuance of 27,147,651 new Cellnex shares (see Note 14) and the transfer of 6,964,144 treasury shares (see Note 14) whose fair value amounted to an aggregate of EUR 1,237 million at the competition date. The Cellnex shares subscribed by Hutchison are subject to a 12-month lock-up on customary terms.

As a result of the aforementioned, the CK Hutchison UK tower business has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2022 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 2022.

V) Dilution of the stake in Cellnex Netherlands subgroup

As detailed in Note 10, during 2022, after the entry of new shareholders into the share capital of Digital Infrastructure Vehicle I SCSp ("DIV"), Cellnex received contributions returns of its initial investment in DIV (therefore fully related to T-Mobile Infra Acquisition and, consequently, to the participation in Cellnex Netherlands subgroup) for a total amount of EUR 52 million. Thus, Cellnex's initial investment in DIV has been diluted by 12.71%, from 33.33% to 20.62%.

As a result of the above, at 31 December 2022, Cellnex's stake in the Cellnex Netherlands subgroup has decreased by 5%, from 75% to 70% (see Note 14.f. of the accompanying consolidated financial statements).

Transactions between companies in the scope of consolidation

Furthermore, in 2022, 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
Liquidations:			
Gestora del Espectro, S.L.		Liquidation of the company	08/03/2022
Mergers:			
CK Hutchison Italia, S.r.L.	Cellnex Italia, S.p.A.	Merger by absorption of Cellnex Italia, S.p.A. (absorbing company), with CK Hutchison Italia S.r.L. (absorbed company).	01/04/2022
Hivory II, S.A.S.	Cellnex France Groupe, S.A.S.	Merger by absorption of Cellnex France Groupe, S.A.S.. (absorbing company), with Hivory II, S.A.S. (absorbed company).	21/10/2022
Towerco, S.p.A.	Cellnex Italia, S.p.A.	Merger by absorption of Cellnex Italia, S.p.A. (absorbing company), with Towerco, S.p.A. (absorbed company).	01/07/2022

Furthermore, in 2022, the subsidiary formerly called Herbert in Building Wireless Limited changed its name to Cellnex UK In-Bulding Solutions Limited and the subsidiary formerly called Network Co UK changed its name to Cignal Infrastructure UK Limited.

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) Acquisition 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) acquired 100% of the share capital of HI3G Networks AB, owner of approximately 2,500 sites located in Sweden. Additionally, Cellnex 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) was 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 was 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) 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 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) was 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 was 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 were 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 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 was 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.) 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 was 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 were 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 were 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 were 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[61].

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 were 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,

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

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 was 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 were 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

Also, 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

In addition, during 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.

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 11, 12 and 16) 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 2022, 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.

Above mentioned 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 2022 and 2021 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 3-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 3-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.

I) 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 2019, 2020, 2021 and 2022 with the objective to retain key personnel and incentivise the sustainable creation of value for the shareholders, is based on the variables described below. These LTIPs are rolling which means that every year a new plan is set up for the next three years. Therefore, those LTIPs formalised in 2019, 2020, 2021 and 2022 will remunerate management in 2022, 2023, 2024 and 2025, respectively, after the approval of annual accounts by the Annual General Shareholders' Meeting which will take place in the first half of the corresponding year.

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 was 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 were assessed by the Nominations, Remuneration and Sustainability Committee and paid after the approval of the annual consolidated financial statements of the Group as of and for the year ended 31 December 2021 by the Annual 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 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 cost of the 2019-2021 LTIP was EUR 11 million, which has been paid during the first half of 2022.

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 Annual 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 rest of the beneficiaries must receive 100% of their LTIP remuneration in shares. 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 2022, the estimated cost of the 2020-2022 LTIP is approximately EUR 11.7 million. The objectives set for this plan have not been met and therefore no pay-out will be made to management.

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 Annual 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 rest of the beneficiaries must receive 100% of their LTIP remuneration in shares. 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 2022, the estimated cost of the 2021-2023 LTIP amounts to approximately EUR 15.5 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 fulfillment 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 Annual General Shareholders' Meeting.

For all the beneficiaries of the 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 depending on the job levelling of each employee. The decision to receive the options part in additional shares, in cash or pension benefits is an agreement between the Group and the employee.

As of 31 December 2022, the estimated cost of the 2022-2024 LTIP amounts to approximately EUR 11 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, Engineering Services and housing of different clients of broadcasters). 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 or broadcasters 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 optical fiber 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 identified 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.

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 service 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).

IFRS 16 allows a lessee not to separate non-lease components, therefore any lease and associated non-lease components can be accounted 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 8 and 9).

t) Related Party Transactions

The Group carries out all of 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 operates and holds assets in the United Kingdom, Switzerland, Denmark, Sweden and Poland, all of which are outside the Eurozone. It is therefore exposed to foreign currency risks and in particular to the risk of currency fluctuation in connection with exchange rate between the euro and the pound sterling, the Swiss franc, the Danish krone, the Swedish krona and the Polish zloty, respectively, on the other. The Group’s strategy for hedging foreign currency risk in investments in non-euro currencies does not necessarily attempt to fully hedge this risk, considering that the Group is a long term investor in the above mentioned currencies and tends towards a balanced hedge of this risk. In fact, the Group is open to assessing different hedging strategies, based on, inter alia, the depth of the market for local currency finance and hedging and its corresponding cost. These strategies could eventually allow the Group to have significant positions not covered. These different hedging strategies might be implemented over a reasonable period depending on the market and the prior assessment of the effect of the hedge. Hedging arrangements 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 the 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 2022

Company	Thousands of Euros		
	Functional currency	Income	%
Cellnex UK subgroup	GBP	386,203	11%
Cellnex Switzerland subgroup	CHF	157,520	5%
Cellnex Sweden subgroup	SEK	55,919	2%
Cellnex Denmark subgroup	DKK	36,166	1%
Cellnex Poland subgroup	PLN	412,578	12%
Contribution in foreign currency		**1,048,386**	**30%**
Total Cellnex Group		**3,495,180**	

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**	

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 2022

Company	Thousands of Euros				
	Functional currency	Total assets	%	Equity	%
Cellnex UK subgroup	GBP	7,883,066	18%	(48,739)	—%
Cellnex Switzerland subgroup	CHF	1,950,680	4%	175,634	1%
Cellnex Denmark subgroup	DKK	613,293	1%	(15,245)	—
Cellnex Sweden subgroup	SEK	878,346	2%	(74,895)	—
Cellnex Poland subgroup	PLN	3,780,547	9%	276,166	2%
Contribution in foreign currency		**15,105,932**	**34%**	**312,921**	**2%**
Total Cellnex Group		**44,257,749**		**15,187,798**	

31 December 2021 restated

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	3,753,254	9 %	482,544	3 %
Contribution in foreign currency		**11,173,131**	**27 %**	**560,473**	**4 %**
Total Cellnex Group		**41,860,943**		**15,827,478**	

The estimated sensitivity of the consolidated income statement and of the consolidated equity to a 10% depreciation 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
		2022
Functional currency	**Income**	**Equity** [(1)]
10% change:		
GBP	(35,109)	(346,516)
CHF	(14,320)	(61,818)
DKK	(3,288)	(30,433)
SEK	(5,084)	(50,737)
PLN	(37,507)	(256,234)

(1) Impact on equity from translation differences arising in the consolidation process.

		Thousands of Euros
		2021 restated
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)	(263,335)

(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 EUR 57,989 thousand in 2022 (EUR 36,825 thousand in 2021, restated figures, before considering the post balance sheet event described in Note 26), 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 2022 and 2021 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 partially 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 4.5 billion, considering cash and available credit lines, as at 31 December 2022, 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, inflation is on the increase around the world during 2022, with food, energy and petrol prices hitting record highs. 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. In this sense, those contracts with customers that are not inflationary capped may not be sustainable over time for our customers, which could result in renegotiation requests, bad debt increase, legal disputes and a worsened relationship between the Group and its customers, causing potential future opportunities loses.

Additionally, in the current high inflationary environment the Group may be not able to benefit from the operating leverage nature of its business in normalized conditions as a result of a mismatch between Operating Income and Operating Expenses (Opex) and Net payment of lease liabilities (leases) in terms of exposure to inflation.

This mismatch arises due to the relationship of the Group's Operating Income to inflation which is capped in certain of its contracts with anchor customers or has fixed terms escalators (please see 1.2 Connectivity solutions, Technology and connectivity Solutions, Telecommunications Infrastructure Services (TIS)), whereas Opex and leases are generally uncapped, this requires strong Opex and lease control that is not always under the control of the Group, and could result in a potential margin erosion and a worsened liquidity position.

VI) Risks related to Group Indebtedness

The Group's present indebtedness, which has increased significantly in recent years as the Group has expanded its business, or future indebtedness could have significant negative consequences on its business, prospects, results of operations, financial condition, corporate rating and cash flows, and there can be no assurance that the Group will generate sufficient cash flows from operations to service its present or future indebtedness or that future borrowing will be available in an amount sufficient to enable the Group to pay its indebtedness or to fund other liquidity needs.

Additionally, the Group's future performance and its ability to generate sufficient cash flows from operations, to refinance its indebtedness or to fund capital and development expenditures or opportunities that may arise is, to a certain extent, subject to general economic, financial, competitive, legislative, legal and regulatory factors, as well as to other of the factors discussed above, many of which are beyond the Group's control.

In particular, if future cash flows from operations and other capital resources are insufficient to pay its obligations as they mature, the Group may be forced to, among others, (i) issue equity capital or other securities or restructure or refinance all or a portion of its indebtedness, (ii) accept financial covenants in the Group's financing contracts such as limitations on the incurrence of additional debt, restrictions in the amount and nature of the Group's investments or the obligation to pledge certain Group's assets, or (iii) sell some of its core assets, possibly not on the best terms, to meet payment obligations. There can be no assurance that the Group would be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, in the event that any change of control clause contained in the Group financings is triggered, the Group may be required to early repay its outstanding debt. Any of these aspects could impact in a potential downgrade in the Group's credit ratings from a rating agency, which can also make obtaining new financing more difficult and expensive.

On the other hand, if as a result of its present or future indebtedness the Group is required to dedicate a substantial portion of its cash flows from operations to service Group debt, it would have to also reduce or delay its business activities and/or the amount of cash flows available for other liquidity needs or purposes, including, among others, dividends or capital expenditures. This could, in turn, force the Group to forego certain business opportunities or acquisitions and place it at a possible competitive disadvantage to less leveraged competitors and competitors that may have better access to capital resources.

As mitigation of the above-mentioned risk, the Group has taken, inter alia, the following actions: (i) signing long-term Revolving Credit Facilities, by which, banks commit to make funds available immediately to the Group for any potential cash needs, and (ii) entering into new capital markets such as the entry into the American market in 2021. Finally, in November 2022 the Group publicly announced its commitment to reduce the leverage and maintain it consistently below a certain level, with the objective to become Investment Grade by Standard & Poors as well as maintaining the current Investment Grade by Fitch.

In terms of interest rate risk, the Group is exposed 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 77% of its debt at fixed rate. Thus, at 31 December 2022 and 2021 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 2022 and 2021 of the Group's assets and liabilities measured at fair value based on the aforementioned levels being as follows:

31 December 2022

	Thousands of Euros			
	Level 1	Level 2	Level 3	2022
Assets				
Derivative financial instruments:				
Cash flow hedges	—	150,131	—	150,131
Hedges of a net investment in a foreign operation		11,392		11,392
Total derivative financial instruments	**—**	**161,523**	**—**	**161,523**
Total assets	**—**	**161,523**	**—**	**161,523**
Liabilities				
Derivative financial instruments:				
Fair value hedge	—	25,290	—	25,290
Total derivative financial instruments	**—**	**25,290**	**—**	**25,290**
Total liabilities	**—**	**25,290**	**—**	**25,290**

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**

In 2022 and 2021 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 2022 and 2021 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, Metrocall, On Tower Poland and Cellnex France Infrastructure, or even executing a potential capital increase. In order to do so, the management of the Parent Company takes into consideration both market conditions and its capacity on delivering organic growth, leveraging on its neutral operator character.

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.

The leverage ratios at 31 December 2022 and 2021 were as follows:

		Thousands of Euros
	31 December 2022	31 December 2021 restated
Bank borrowings (Note 15)	3,838,178	2,064,351
Bonds issues (Note 15)	14,045,410	13,565,690
Lease liabilities (Note 16)	3,085,490	2,905,762
Cash and cash equivalents (Note 13.a)	(1,038,179)	(3,926,578)
Other financial assets (Note 13.b)	(93,242)	—
Net Financial Debt (1)	**19,837,657**	**14,609,225**
Net equity (Note 14)	15,187,798	15,827,478
Total capital (2)	**35,025,455**	**30,436,703**
Leverage ratio (1)/(2)	**57 %**	**48 %**

At 31 December 2022, Cellnex holds a long-term BBB- with stable outlook with agency Fitch Ratings Ltd as confirmed by a report issued on 17 January 2023, and a long-term "BB+" with positive outlook according to the agency Standard & Poor's Financial Services LLC as confirmed by a report issued on 11 November 2022. On November 2022, Cellnex published a new financial policy and an unconditional commitment to reduce leverage, in order to become Investment grade (BBB-) with Standard & Poor's within two years and to maintain BBB- with Fitch.

5. Matters arising from the completion of the business combinations of the 2021 year end

The comparative financial information for 2021 has been restated, in accordance with IFRS 3, as a result of the completion of the purchase price allocation for Iliad Poland Acquisition, T-Mobile Infra Acquisition, Polkomtel Acquisition, the CK Hutchison Transaction in respect of Italy, Infratower Acquisition and Hivory Acquisition (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 2021, 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 2021

	Thousands of Euros		
	31 December 2021 Approved	Impact of IFRS 3 (See Note 6)	31 December 2021 restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7,632,307	722,236	8,354,543
Goodwill	5,980,071	208	5,980,279
Other intangible assets	19,033,653	(733,393)	18,300,260
Right-of-use assets	3,282,641	63,546	3,346,187
Investments in associates	3,265	—	3,265
Financial investments	26,406	—	26,406
Derivative financial instruments	30,116	—	30,116
Trade and other receivables	50,830	—	50,830
Deferred tax assets	673,024	—	673,024
Total non-current assets	**36,712,313**	**52,597**	**36,764,910**
CURRENT ASSETS			
Inventories	2,765	—	2,765
Trade and other receivables	1,152,079	10,999	1,163,078
Receivables from associates	384	—	384
Financial investments	3,151	—	3,151
Derivative financial instruments	77	—	77
Cash and cash equivalents	3,926,578	—	3,926,578
Total current assets	**5,085,034**	**10,999**	**5,096,033**
TOTAL ASSETS	**41,797,347**	**63,596**	**41,860,943**

			Thousands of Euros
	31 December 2021 Approved	Impact of IFRS 3 (See Note 6)	31 December 2021 restated
NET EQUITY			
Share capital and attributable reserves			
Share capital	169,832	—	169,832
Treasury shares	(60,802)	—	(60,802)
Share premium	14,580,762	—	14,580,762
Reserves	(130,330)	(3,097)	(133,427)
Profit for the year	(351,365)	(11,174)	(362,539)
	14,208,097	**(14,271)**	**14,193,826**
Non-controlling interests	1,633,591	61	1,633,652
Total net equity	**15,841,688**	**(14,210)**	**15,827,478**
NON-CURRENT LIABILITIES			
Bank borrowings and bond issues	14,914,060	—	14,914,060
Lease liabilities	2,306,190	95,831	2,402,021
Derivative financial instruments	11,832	—	11,832
Provisions and other liabilities	2,124,609	(5,367)	2,119,242
Employee benefit obligations	70,453	—	70,453
Deferred tax liabilities	3,805,049	20,999	3,826,048
Total non-current liabilities	**23,232,193**	**111,463**	**23,343,656**
CURRENT LIABILITIES			
Bank borrowings and bond issues	719,995	—	719,995
Lease liabilities	529,894	(26,153)	503,741
Derivative financial instruments	—	—	—
Employee benefit obligations	70,634	—	70,634
Payables to associates	69	—	69
Trade and other payables	1,402,874	(7,504)	1,395,370
Total current liabilities	**2,723,466**	**(33,657)**	**2,689,809**
TOTAL NET EQUITY AND LIABILITIES	**41,797,347**	**63,596**	**41,860,943**

Consolidated income statement for the year ended 31 December 2021

Thousands of Euros

	31 December 2021 Approved	Impact of IFRS 3 (See Note 6)	31 December 2021 restated
Services	2,438,400	—	2,438,400
Other operating income	94,399	—	94,399
Operating income	**2,532,799**	**—**	**2,532,799**
Staff costs	(300,357)	—	(300,357)
Other operating expenses	(485,404)	—	(485,404)
Change in provisions	(2,537)	—	(2,537)
Depreciation, amortisation and results from disposals of fixed assets	(1,687,564)	11,240	(1,676,324)
Operating profit	**56,937**	**11,240**	**68,177**
Financial income	4,416	—	4,416
Financial costs	(375,591)	—	(375,591)
Interest expense on lease liabilities	(216,644)	(17,444)	(234,088)
Net financial profit/(loss)	**(587,819)**	**(17,444)**	**(605,263)**
Profit of companies accounted for using the equity method	(3,222)	—	(3,222)
Profit/(loss) before tax	**(534,104)**	**(6,204)**	**(540,308)**
Income tax	159,031	(4,907)	154,124
Consolidated net profit/(loss)	**(375,073)**	**(11,111)**	**(386,184)**
Attributable to non-controlling interests	(23,708)	63	(23,645)
Net profit attributable to the Parent Company	**(351,365)**	**(11,174)**	**(362,539)**
Earnings per share (in euros per share):			
Basic	(0.59)		(0.59)
Diluted	(0.43)		(0.43)

Consolidated statement of changes in net equity for the year ended 31 December 2021

Thousands of Euros

Total Net Equity at 31/12/2021	Share capital	Treasury shares	Share premium	Reserves	Profit for the year	Non-controlling interests	Net equity
Net Equity before IFRS 3 impact	**169,832**	**(60,802)**	**14,580,762**	**(130,330)**	**(351,365)**	**1,633,591**	**15,841,688**
Impact of IFRS 3	—	—	—	(3,097)	(11,174)	61	(14,210)
Net Equity after IFRS 3 impact	**169,832**	**(60,802)**	**14,580,762**	**(133,427)**	**(362,539)**	**1,633,652**	**15,827,478**

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 2021

Thousands of Euros

	31 December 2021 Approved	Impact of IFRS 3 (See Note 6)	31 December 2021 restated
Profit/(loss) for the year before tax	**(534,104)**	**(6,204)**	**(540,308)**
Adjustments to profit-			
Depreciation, amortisation and results from disposals of fixed assets	1,687,564	(11,240)	1,676,324
Changes in provisions	2,537	—	2,537
Interest and other income	(4,416)	—	(4,416)
Interest and other expenses	592,235	17,444	609,679
Share of results of companies accounted for using the equity method	3,222	—	3,222
Other income and expenses	3,269	—	3,269
Changes in current assets/current liabilities-			
Inventories	(607)	—	(607)
Trade and other receivables	(253,343)	—	(253,343)
Other current assets and liabilities	253,882	—	253,882
Cash flows generated by operations			
Interest paid	(441,974)	—	(441,974)
Interest received	4,174	—	4,174
Income tax received/(paid)	(87,170)	—	(87,170)
Non-recurring Income tax paid	(78,400)	—	(78,400)
Current provisions and Employee benefit obligations	(5,701)	—	(5,701)
Total net cash flow from operating activities (I)	**1,141,168**	**—**	**1,141,168**

			Thousands of Euros
	31 December 2021 Approved	Impact of IFRS 3 (See Note 6)	31 December 2021 restated
Business combinations and changes in the scope of consolidation	(12,358,365)	—	(12,358,365)
Purchases of property, plant and equipment and intangible assets	(1,521,429)	—	(1,521,429)
Payments for financial investments	(23,722)	—	(23,722)
Total net cash flow from investing activities (II)	**(13,903,516)**	**—**	**(13,903,516)**
Issue of equity instruments, Acquisition of Treasury Shares and Dividends paid	6,765,675	—	6,765,675
Proceeds from issue of bank borrowings	393,529	—	393,529
Bond issue	5,869,731	—	5,869,731
Repayment and redemption of bank borrowings	(505,399)	—	(505,399)
Net repayment of other borrowings	327	—	327
Net payment of lease liabilities	(447,594)	—	(447,594)
Total net cash flow from financing activities (III)	**12,076,269**	**—**	**12,076,269**
Foreign exchange differences	**(39,370)**	**—**	**(39,370)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)	**(725,449)**	**—**	**(725,449)**
Cash and cash equivalents at beginning of year	4,652,027	—	4,652,027
Cash and cash equivalents at end of year	**3,926,578**	**—**	**3,926,578**

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 period ended 31 December 2022 from the date of respective acquisition. The date of acquisition, and by extension the point at which the Group begins to recognize 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 a business combination in accordance with IFRS 3 and the ESMA guidelines or if they correspond to a purchase of assets, irrespective of 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 the purchase price allocation process, the Group generally performs the latter 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 were as follows: CK Hutchison Sweden 5.25%; Iliad Poland 6.00%; T-Mobile Infra 5.00%; CK Hutchison Italy 6.00%; Polkomtel 6.25%, Hivory 5.50%, and Infratower 6.2%. The CAGRs fluctuate in range from 1.30% to 5.00%. T-Mobile Infra and Iliad Poland 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 2022 and 2021, 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 deprecation or amortization. Thus, the resulting goodwill corresponds in the vast majority of cases to the net deferred tax recognized 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 (whose 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 2022

The main relevant business combinations for the 2022 year end is 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. (it or its related companies, hereinafter "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 CK Hutchison Europe tower business unit which operates 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 5,375 in the United Kingdom and approximately 2,500 in Sweden.

The CK Hutchison Holdings Transactions contemplates a total consideration (subject to certain adjustments) of approximately EUR 10 billion, of which approximately EUR 1.2 billion has been paid in new and/or treasury shares.

The CK Hutchison Holdings Transactions in respect of Austria, Denmark and Ireland were completed at the end of December 2020, and 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.

Hutchison United Kingdom Acquisition

The CK Hutchison Holdings Transactions in respect of United Kingdom was completed in the last quarter of 2022, following satisfaction or waiver of all applicable conditions' precedent, including in connection with customary anti-trust and foreign investment clearances (the "Hutchison United Kingdom Acquisition"). Consequently, as of 31 December 2022, the Group fully owns the CK Hutchison UK tower business unit through the agreements described below.

Agreements in respect of the United Kingdom

Pursuant to a sale and purchase agreement dated 12 November 2020, the Hutchison United Kingdom Acquisition has been structured through the following agreements (together the "CK Hutchison agreements"):

i. a share purchase agreement between Hutchison and Cellnex UK (a fully-owned subsidiary of Cellnex, which acts as guarantor) to acquire the 100% of the share capital of Cignal Infrastructure UK Limited and the debt rights in respect of certain amounts owed to Hutchison by Cignal Infrastructure UK Limited (the "CK Hutchison UK SPA"). Under the terms of the CK Hutchison UK SPA, upon completion of the acquisition contemplated thereby, 1,550 sites have been transferred to the Group and 1,225 additional sites will be built and transferred to Cellnex.

ii. certain agreements (including, among others, the CK Hutchison EEBA, services agreement and advisory agreement) (the "CK Hutchison New Agreements") between Hutchison and Cellnex UK, pursuant to which, Hutchison irrevocably has transferred to On Tower UK the rights and obligations in relation to 7,324 sites (in relation to the passive infrastructure) currently managed by a joint operation, Mobile Broadband Network Limited (MBNL) between Hutchison and a third party (this joint operation currently manages both active and passive infrastructure), as well as up to 342 sites that Hutchison may acquire from that third party, in return for On Tower UK having undertaken Hutchison's obligations in relation to those sites. As a result of all the agreements taken as a whole, Cellnex occupies the same position as Hutchison had in MBNL in relation to the passive infrastructure and, consequently, the business combination recognises Cellnex's interest in MBNL as a joint operator. Finally, following the termination of this joint operation, which is expected to occur in 2031, the legal title to a minimum of 3,000 sites but up to a maximum of 3,833 sites that are subject to the CK Hutchison New Agreements will be transferred to the Group without any additional consideration. The specific sites, for which legal title will be transferred, will be determined at the termination of the joint operation as per current MBNL's joint operation agreement.

The total consideration upon closing by the Group under the CK Hutchison Agreements was partially paid in cash, EUR 2.3 billion, and the remaining consideration was satisfied by the issuance of 27,147,651 new Cellnex's shares (see Note 14) and the transfer of 6,964,144 treasury shares (see Note 14) whose fair value amounted to an aggregate of EUR 1,237 million at the competition date. The Cellnex hares subscribed by Hutchison are subject to a 12-month lock-up on customary terms.

The completion of the Hutchison United Kingdom Acquisition occurred after satisfaction of applicable conditions precedent in the CK Hutchison UK SPA, in particular, the condition precedent relating to antitrust clearance in the United Kingdom. This condition precedent was satisfied once the separate conditions precedent specified in the Final Undertakings accepted by the United Kingdom Competition and Markets Authority (“CMA”) on 12 May 2022 (the “Final Undertakings”) were satisfied. On 3 March 2022, the CMA approved the Hutchison United Kingdom Acquisition subject to divestiture by Cellnex of approximately 1,100 sites operated by Cellnex in the United Kingdom that geographically overlapped with the sites owned or operated by the Hutchison Group in the United Kingdom (the “Divestment Remedy”). On 24 October 2022, Cellnex announced that it had reached an agreement for the Divestment Remedy with United Kingdom telecommunications infrastructure operator Wireless Infrastructure Group (“WIG”) in accordance with the Final Undertakings. The Divestment Remedy with WIG was completed in the last quarter of 2022 (see Note 7).

Pursuant to the CK Hutchison agreements, a Hutchison group company and Cignal Infrastructure UK Limited have entered 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 1,225 sites, 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, Cignal Infrastructure UK Limited entered into a transitional services agreement with a Hutchison group company, substantially in the same form as those signed in the context of the CK Hutchison Europe agreements, as contemplated above.

The transaction was completed in the last quarter of 2022, following the settlement of several administrative authorizations. Thus, the Hutchison United Kingdom Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2022 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 2022. The operating income and net loss contribution since acquisition amounted to EUR 30 million and EUR 3 million, respectively, corresponding to the impact of 100% of the financial results of the Hutchison United Kingdom Acquisition in the accompanying consolidated income statement. If the Hutchison United Kingdom Acquisition had been completed on 1 January 2022 and it had been fully consolidated for the year ended on 31 December 2022, it would have contributed an operating income and net loss for an amount of approximately EUR 253 million and EUR 3 million, respectively.

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

	Thousands of Euros
Total acquisition price	3,561,201
Fair value of the net assets acquired	2,743,983
Resulting goodwill	**817,218**

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 United Kingdom 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 Hutchison United Kingdom Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	**Carrying value**	**Revaluation**
Other intangible assets	3,045,011	—	3,045,011
Right-of-use-assets	157,531	16,671	140,860
Property, plant and equipment	442,307	225,952	216,355
Trade and other receivables short term	1,732	1,732	—
Cash and cash equivalents	100,764	100,764	—
Lease liabilities long term	(126,372)	(13,684)	(112,688)
Provisions and other liabilities long term	(22,547)	(842)	(21,705)
Lease liabilities short term	(31,592)	(3,421)	(28,171)
Provisions and other liabilities short term	(8,503)	(8,503)	—
Net deferred tax assets /(liabilities)	(814,348)	994	(815,342)
Net assets acquired	**2,743,983**	**319,663**	**2,424,320**

Total acquisition price	3,561,201
Payment through Cellnex Telecom SA shares	(1,237,421)
Cash and cash equivalents	(100,764)
Cash outflow in the acquisition	**2,223,016**

Given the date on which the Hutchison United Kingdom Acquisition has been completed, at the date of signing these consolidated financial statements for the year ended on 31 December 2022, 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 2021

The initial accounting for the business combination involving the Iliad Poland Acquisition, T-Mobile Infra Acquisition, Hutchison Italy Acquisition, Polkomtel Acquisition, Infratower and Hivory described in Note 6 of the consolidated financial statements for the 2021 financial year, are now 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 31 December 2021 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).

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) 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, was restated as of December 31, 2021 and was considered to be completed as of the date of signing of the 2021 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 was 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

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	2,806,155
Resulting goodwill	**593,915**

The review of the purchase price allocation of the Hutchison Italy Acquisition gave rise to a EUR 83,859 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 2,509,335 thousand (EUR 2,859,135 thousand in the 2021 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 884,300 thousand (EUR 651,646 thousand in the 2021 consolidated financial statements). The review also gave rise to a decrease in both Right-of-use-assets and Lease liabilities, after adapting the calculations to the Group's criteria, as described in Note 16 and Note 3 of these consolidated financial statements, which ultimately amounted to EUR 321,811 thousand (EUR 342,892 thousand in the 2021 consolidated financial statements), and EUR 288,460 thousand (EUR 309,541 thousand in the 2021 consolidated financial statements), respectively.

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, Kroll Advisory, S.L. (formerly Duff & Phelps, S.L.U.), whose final PPA report was issued on 29 June 2022 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	2,509,335	715,441	1,793,894
Right-of-use-assets	321,811	321,811	—
Property, plant and equipment	884,300	600,200	284,100
Trade and other receivables short term	19,511	19,511	—
Cash and cash equivalents	76,976	76,976	—
Lease liabilities long term	(220,638)	(220,638)	—
Provisions and other liabilities long term	(65,605)	(40,104)	(25,501)
Lease liabilities short term	(67,822)	(67,822)	—
Provisions and other liabilities short term	(905)	(905)	—
Trade and other payables	(46,951)	(46,951)	—
Net deferred tax assets /(liabilities)	(603,857)	543	(604,400)
Net assets acquired	**2,806,155**	**1,358,062**	**1,448,093**
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**	

Iliad Poland Acquisition

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)]	1,458,114
Fair value of the net assets acquired	1,227,492
Resulting goodwill	**230,622**

[(1)] Corresponds to the total amount paid by On Tower Poland for the 100% of the telecommunications passive infrastructures business unit of P4, containing an initial portfolio of approximately 7,428 sites (including the initial 6,911 sites and 517 additional sites completed before the Iliad Poland Completion Date. The Group has a 60% stake in On Tower Poland (see Note 2.h). 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 1,458,114 thousand.

The review of the purchase price allocation of the Iliad Poland Acquisition gave rise to a EUR 2,573 thousand decrease in both Right-of-use-assets and Lease liabilities, after adapting the calculations to the Group's criteria, as described in Note 16 and Note 3 of these consolidated financial statements, which ultimately amounted to EUR 109,475 thousand (EUR 112,048 thousand in the 2021 consolidated financial statements), and EUR 109,300 thousand (EUR 111,873 thousand in the 2021 consolidated financial statements), respectively. In addition, the acquisition price has increased slightly by EUR 100 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 Iliad Poland Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Kroll Advisory, S.L. (formerly Duff & Phelps, S.L.U.), whose final PPA report was issued on 16 March 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	Revaluation
Other intangible assets	1,017,954	—	1,017,954
Right-of-use-assets	109,475	—	109,475
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	(76,104)	—	(76,104)
Provisions and other liabilities long term	(18,647)	—	(18,647)
Lease liabilities short term	(33,196)	—	(33,196)
Trade and other payables	(31,888)	—	(31,888)
Net assets acquired	**1,227,492**	**—**	**1,227,492**
Total acquisition price	1,458,114		
Cash in from other shareholders	(533,993)		
Cash and cash equivalents	(33,787)		
Cash outflow in the acquisition	**890,334**		

T-Mobile Infra Acquisition

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	206,602
Resulting goodwill	**189,898**

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

The review of the purchase price allocation of the T-Mobile Infra Acquisition gave rise to a EUR 8,550 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 572,700 thousand (EUR 584,100 thousand in the 2021 consolidated financial statements), and an increase in both Right-of-use-assets and Lease liabilities, after adapting the calculations to the Group's criteria, as described in Note 16 and Note 3 of these consolidated financial statements, which ultimately amounted to EUR 91,982 thousand (EUR 68,108 thousand in the 2021 consolidated financial statements), and EUR 79,475 thousand (EUR 55,601 thousand in the 2021 consolidated financial statements), respectively.

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, Kroll Advisory, S.L. (formerly Duff & Phelps, S.L.U.), whose final PPA report was issued on 27 May 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	572,700	154,646	418,054
Right-of-use-assets	91,982	91,982	—
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	(67,850)	(67,850)	—
Provisions and other liabilities long term	(77,313)	(35,488)	(41,825)
Lease liabilities short term	(11,625)	(11,625)	—
Provisions and other liabilities short term	(2,112)	(2,112)	—
Trade and other payables	(1,656)	(1,656)	—
Net deferred tax assets /(liabilities)	(152,307)	520	(152,827)
Net assets acquired	**206,602**	**(55,408)**	**262,010**
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**	

Polkomtel Acquisition

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	1,249,455
Resulting goodwill	**302,909**

[(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 review of the purchase price allocation of the Polkomtel Acquisition gave rise to a EUR 24,544 thousand decrease 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 683,887 thousand (EUR 1,002,560 thousand in the 2021 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 877,566 thousand (EUR 538,770 thousand in the 2021 consolidated financial statements). The review also gave rise to an increase in both Right-of-use-assets and Lease liabilities, after adapting the calculations to the Group's criteria, as described in Note 16 and Note 3 of these consolidated financial statements, which ultimately amounted to EUR 186,428 thousand (EUR 169,713 thousand in the 2021 consolidated financial statements), and EUR 186,428 thousand (EUR 179,446 thousand in the 2021 consolidated financial statements), respectively.

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, Kroll Advisory, S.L. (formerly Duff & Phelps, S.L.U.), whose final PPA report was issued on 7 July 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	683,887	6,938	676,949
Right-of-use-assets	186,428	186,428	—
Property, plant and equipment	877,566	538,771	338,795
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	(148,426)	(148,426)	—
Provisions and other liabilities long term	(100,745)	(23,052)	(77,693)
Trade and other payables long term	(39,902)	(39,902)	—
Lease liabilities short term	(38,002)	(38,002)	—
Provisions and other liabilities short term	(12,944)	(12,944)	—
Trade and other payables	(38,196)	(38,196)	—
Net deferred tax assets /(liabilities)	(178,707)	14,284	(192,991)
Net assets acquired	**1,249,455**	**504,395**	**745,060**
Total acquisition price	1,552,364	1,552,364	
Cash in from other shareholders	(155)	(155)	
Cash and cash equivalents	(21,401)	(21,401)	
Cash outflow in the acquisition	**1,530,808**	**1,530,808**	

Infratower Acquisition

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	174,790
Resulting goodwill	**40,456**

The review of the purchase price allocation of the Infratower Acquisition gave rise to a EUR 31,223 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 153,800 thousand (EUR 205,925 thousand in the 2021 consolidated financial statements), and an increase in tangible fixed assets, which ultimately amounted to EUR 14,941 thousand (EUR 3,174 thousand in the 2021 consolidated financial statements).

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 decided to perform a purchase price allocation with the participation of an independent third party expert, Kroll Advisory, S.L. (formerly Duff & Phelps, S.L.U.), whose final PPA report was issued on 6 September 2022 and the report did not contain any limitations. 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	153,800	23,283	130,517
Right-of-use-assets	3,246	3,246	—
Property, plant and equipment	14,941	186,541	(171,600)
Trade and other receivables short term	5,558	5,558	—
Lease liabilities long term	(1,588)	(1,588)	—
Provisions and other liabilities long term	(9,698)	(2,810)	(6,888)
Lease liabilities short term	(1,657)	(1,657)	—
Trade and other payables	(110)	(110)	—
Net deferred tax assets /(liabilities)	10,298	438	9,860
Net assets acquired	**174,790**	**212,901**	**(38,111)**
Total acquisition price	215,246		
Cash outflow in the acquisition	**215,246**		

Hivory Acquisition

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	5,271,011
Fair value of the net assets acquired	3,749,667
Resulting goodwill	**1,521,344**

The review of the purchase price allocation of the Hivory Acquisition gave rise to a EUR 99,288 thousand decrease in goodwill following the recognition of a lower revaluation of other intangible assets (“Customer Network Services Contracts” and “Network Location”) and tangible fixed assets, which ultimately amounted to EUR 4,114,163 thousand (EUR 4,137,963 thousand in the 2021 consolidated financial statements), and 626,385 thousand (EUR 458,641 thousand in the 2021 consolidated financial statements), as well as an increase in both Right-of-use-assets and Lease liabilities, after adapting the calculations to the Group's criteria, as described in Note 16 and Note 3 of these consolidated financial statements, which ultimately amounted to EUR 308,711 thousand (EUR 240,356 thousand in the 2021 consolidated financial statements), and EUR 292,116 thousand (EUR 223,699 thousand in the 2021 consolidated financial statements), respectively. Finally, the acquisition price has decreased by EUR 11 million, 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 Hivory Acquisition, the Group decided to perform a purchase price allocation with the participation of an independent third party expert, Kroll Advisory, S.L. (formerly Duff & Phelps, S.L.U.), whose final PPA report was issued on 21 October 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	4,114,163	46,463	4,067,700
Right-of-use-assets	308,711	308,711	—
Property, plant and equipment	626,385	484,785	141,600
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	(211,492)	(211,492)	—
Provisions and other liabilities long term	(86,380)	(57,329)	(29,051)
Lease liabilities short term	(80,624)	(80,624)	—
Provisions and other liabilities short term	(62,616)	(62,616)	—
Trade and other payables	(79,213)	(79,213)	—
Net deferred tax assets /(liabilities)	(1,053,353)	(1,028)	(1,052,325)
Net assets acquired	**3,749,667**	**621,743**	**3,127,924**
Total acquisition price	5,271,011		
Cash and cash equivalents	(69,679)		
Cash outflow in the acquisition	**5,201,332**		

7. Non-current assets held for sale

Non-current assets held for sale in relation to the Hutchison United Kingdom Acquisition

In relation with the completion of the Hutchison United Kingdom Acquisition (see Note 6), on 3 March 2022, the United Kingdom Competition and Markets Authority ("CMA") approved the Hutchison United Kingdom Acquisition subject to divestiture by Cellnex of approximately 1,000 sites currently operated by Cellnex in the United Kingdom that geographically overlap with the sites owned or operated by the Hutchison Group in the UK (the "Divestment Remedy").

During 2022, the sale was highly probable, as the management has committed to a plan to sell and a buyer was actively being sought. In addition, the sites were already identified and actively marketed for sale at a price that was reasonable in relation to its current fair value. In this sense, during 2022, the Group considered that the requirements established in IFRS 5 had been met to classify these assets and their associated liabilities as "Assets held for sale". Consequently, based on the IFRS 5 - "Non-current assets held for sale and discontinued operations", since 30 April 2022, the assets and liabilities related to these Divestment Remedies were presented as assets and liabilities of disposal groups held for sale. Additionally, according to IFRS 5, Cellnex has not depreciated (or amortised) any non-current assets classified as held for sale, but income, interest and other expenses attributable to the liabilities of the disposal group classified as held for sale continued to be recognised.

On 24 October 2022, Cellnex announced that it had reached an agreement for the Divestment Remedy with UK telecommunications infrastructure operator Wireless Infrastructure Group ("WIG") in accordance with the Final Undertakings. The Divestment Remedy with WIG as well as the Hutchison United Kingdom Acquisition were completed in the last quarter of 2022 (see Note 6). The sites have been transferred for an amount of approximately GBP 135 million, without significant impact in the accompanying consolidated income statement recognized in "Depreciation, amortization and results from disposals of fixed assets" of the accompanying consolidated income statement (see Note 20.e). Thus, as of 31 December 2022, the headings "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" on the consolidated balance sheet are not including the amounts related to the aforementioned Divestment Remedy.

Non-current assets held for sale in relation to the Hivory Acquisition

In order to fulfill Hivory Acquisition (see Note 6) closing requirements established by the French Competition Authority ("FCA") in the first quarter of 2022 the Group entered into: i) a business transfer agreement which sets forth the terms and conditions under which Cellnex France will sell to Phoenix France Infrastructures (or to any company controlled by Phoenix France Infrastructures that Phoenix France Infrastructure would substitute) 2,000 sites located in very dense areas of France for an expected amount of approximately EUR 600 million, net of taxes; ii) a share purchase agreement which sets forth the terms and conditions under which Hivory will transfer to Phoenix Tower France II 1,226 sites located in very dense areas of France for an expected amount of approximately EUR 235 million, net of taxes. Both agreements are part of the Divestment Remedy required by the FCA in the Hivory Acquisition (see Note 6 of the 2021 Consolidated Financial Statements) and are subject to its approval.

The sale is structured in six lots of sites and the completion of the Divestment Remedy is expected to take place during 2023 and 2024. The first lot of sites is already identified and actively marketed for sale at a price that is reasonable in relation to its current fair value. The process is progressing correctly and the transaction is expected to be completed soon. In this sense, as of 31 December 2022, the Group considers that the requirements established in IFRS 5 have been met to classify this first lot of assets and their associated liabilities as "Assets held for sale" in the accompanying consolidated balance sheet. Consequently, based on the IFRS 5 - "Non-current assets held for sale and discontinued operations", since 31 October 2022, the assets and liabilities related to these Divestment Remedies are presented as assets and liabilities of disposal groups held for sale. Additionally, according to IFRS 5, Cellnex has not depreciated (or amortised) any non-current assets classified as held for sale, but income, interest and other expenses attributable to the liabilities of the disposal group classified as held for sale continue to be recognised. The assets and liabilities rising at the time of their new classification (accounting effect 31 October 2022) amounting to EUR 51 million and EUR 22 million, respectively. In accordance with IFRS 5.40, the above presentation requirements are applied only prospectively, without reclassification of comparative information. In relation with the remaining lots, although the sale is probable and management has committed a plan to sell and buyer is actively being sought, the lots to sell are not definitive and could significantly change, as both seller and buyer are carrying out due diligence processes in order to identify those sites that meet certain required conditions. Consequently, the Group's considers that as of 31 December 2022 the requirements established in IFRS 5 for this other lots of sites have not been met yet in order to classify these assets and their associated non-current liabilities as "Non-current assets held for sale".

The main financial figures related to the non-current assets held for sale and the liabilities associated with non-current assets held for sale in relation to the Hivory Acquisition at the period ended 31 December 2022 are as follows:

	Thousands of Euros
	31 December 2022
NON-CURRENT ASSETS	
Property, plant and equipment	35,060
Right-of-use assets	16,367
Total non-current assets	**51,427**
TOTAL ASSETS	**51,427**
Non-current assets held for sale	**51,427**

	31 December 2022
NON-CURRENT LIABILITIES	
	20,286
Total non-current liabilities	**20,286**
CURRENT LIABILITIES	
Lease liabilities	1,528
Total current liabilities	**1,528**
TOTAL LIABILITIES	**21,814**
Liabilities associated with non-current assets held for sale	**21,814**

8. Property, plant and equipment

The changes in this heading in the consolidated balance sheet during 2022 and 2021 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 2022 restated				
Cost	8,231,776	1,104,526	723,648	**10,059,950**
Accumulated depreciation	(1,212,652)	(492,755)	—	**(1,705,407)**
Carrying amount	**7,019,124**	**611,771**	**723,648**	**8,354,543**
Carrying amount at beginning of period	**7,019,124**	**611,771**	**723,648**	**8,354,543**
Changes in the consolidation scope (Note 6)	384,349	1,470	127,725	**513,544**
Additions	1,527,232	154,433	991,229	**2,672,894**
Disposals (net)	(341)	(4,038)	(25,543)	**(29,922)**
Transfers	282,943	(24,626)	(258,317)	**—**
Transfers to non-current assets held for sale (see Note 7)	(30,716)	(2,743)	(32,317)	**(65,776)**
Foreign exchange differences	(37,672)	(1,889)	(8,893)	**(48,454)**
Depreciation charge	(640,537)	(61,953)	—	**(702,490)**
Carrying amount at close	**8,504,382**	**672,425**	**1,517,532**	**10,694,339**
At 31 December 2022				
Cost	10,357,571	1,227,133	1,517,532	**13,102,236**
Accumulated depreciation	(1,853,189)	(554,708)	—	**(2,407,897)**
Carrying amount	**8,504,382**	**672,425**	**1,517,532**	**10,694,339**

Thousands of Euros

	Land and buildings	Plant and machinery and other fixed assets	Property, plant and equipment under construction	Total
At 1 January 2021				
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)	2,741,253	83,420	36,610	**2,861,283**
Additions	1,000,829	159,491	499,132	**1,659,452**
Disposals (net)	(3,474)	(953)	(3,619)	**(8,046)**
Transfers	204,409	(45,744)	(158,665)	**—**
Foreign exchange differences	19,361	1,006	2,272	**22,639**
Depreciation charge	(424,031)	(59,328)	—	**(483,359)**
Carrying amount at close	**7,019,124**	**611,771**	**723,648**	**8,354,543**
At 31 December 2021 restated				
Cost	8,231,776	1,104,526	723,648	**10,059,950**
Accumulated depreciation	(1,212,652)	(492,755)	—	**(1,705,407)**
Carrying amount	**7,019,124**	**611,771**	**723,648**	**8,354,543**

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 2022 and 2021 due to changes in the scope of consolidation and business combinations mainly correspond to the impact of:

2022

- the Hivory Portugal Acquisition (EUR 70,296 thousand, see Notes 2.h).
- Hutchison United Kingdom Acquisition (EUR 442,307 thousand, see Notes 2.h and 6).

2021 Restated

- the On Tower Sweden Acquisition, considered completed in the 2021 consolidated financial statements (EUR 138,115 thousand, see Notes 2.h and 6).
- the Iliad Poland Acquisition (EUR 226,090 thousand, see Notes 2.h and 6).
- the T-Mobile Infra Acquisition (EUR 90,626 thousand, see Notes 2.h and 6).
- Hutchison Italy Acquisition (EUR 884,300 thousand, see Notes 2.h and 6).
- Polkomtel Acquisition (EUR 877,566 thousand, see Notes 2.h and 6).
- Infratower Acquisition (EUR 14,941 thousand, see Notes 2.h and 6).
- Hivory Acquisition (EUR 626,385 thousand, see Notes 2.h and 6).

Signed acquisitions and commitments

France

As of 31 December 2022, 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 8,460 sites before considering the approximately 5,300 sites to be divested that will be gradually transferred to Cellnex until 2030, of which 1,877 have been transferred to Cellnex as of 31 December 2022 (1,408 as of 31 December 2021), 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 2022, 442 sites were acquired (457 sites in 2021) and optic fibre network was deployed in relation to the aforementioned agreements, for an amount of approximately EUR 327 million and 277 million, respectively (EUR 333 million and 290 million as of 31 December 2021, respectively). Therefore, the total investment during 2022 and 2021, in relation to the agreements described above, amounted to approximately EUR 604 million and EUR 623 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 4,500 sites that will be gradually transferred to Cellnex until 2029, of which 870 and 1,303 sites have been transferred to Cellnex as of 31 December 2022 and 2021 with an investment in 2022 and 2021 amounting to approximately EUR 213 million and EUR 243 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 2030, of which 456 and 155 sites have been transferred as of 31 December 2022 and 2021 with an investment in 2022 and 2021 amounting to approximately EUR 69 million and EUR 28 million, respectively. 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 delivered a prepayment in the first half of 2022 in respect of the investment and acceleration relating to the construction of these sites for an amount of EUR 521 million.

Therefore, the total investment in France during 2022 and 2021, in relation to the agreements described above, amounted to approximately EUR 1,407 million and EUR 893 million, respectively.

Poland

During 2021 Cellnex reached an agreement in Poland with Iliad 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 Iliad 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 610 and 36 have been transferred as of 31 December 2022 (188 and 35 as of 31 December 2021), as well as other updates in active equipment with an investment in 2022 and 2021 amounting to approximately EUR 147 million and EUR 19 million as of 31 December 2022 (EUR 44 million and EUR 61 million as of 31 December 2021).

Italy

During 2022 and 2021, in the context of the Iliad Italy Acquisition, 998 and 413 sites have been transferred for an amount of approximately EUR 140 million and EUR 93 million, respectively.

Portugal

In addition to the transaction closed with MEO in the second half of 2021 (see Notes 2.h and 6 of the 2021 consolidated financial statements), in the second quarter of 2022, Cellnex has acquired another portfolio of 102 sites in Portugal for approximately EUR 70 million (see Note 2.h.). Additionally, 143 and 136 sites have been transferred to Cellnex as of 31 December 2022 and 2021 with an investment in 2022 and 2021 amounting to approximately EUR 20 million and EUR 18 million, respectively.

Additionally, in the first quarter of 2022, Cellnex reached an agreement with Nos Comunicações, S.A. in order to expand its BTS program for up to 150 sites to be transferred by Cellnex for approximately EUR 50 million, as part of its long-term partnership established in 2020. After this transaction, that was completed in the last quarter of 2022, the BTS program leads to a total of up to 550 sites to be completed by 2026, in exchange of a total capex of up to EUR 225 million, of which 278 sites have been transferred as of 31 December 2022 with an investment of EUR 163 million.

Others

In addition to the movements described above, during 2022 investments have also been carried out by the Group in relation to “Built-to-Suit” agreements reached with several anchor tenants in Netherlands, Switzerland, Ireland, Austria, Denmark and Sweden for a total amount of approximately EUR 76 million (EUR 54 million as of 31 December 2021), and other additions related to the business expansion and improvements of the Group's assets, for an amount of approximately EUR 350 million (EUR 233 million as of 31st December 2021). The total additions for the period ended on 31 December 2022 described above, include the investments 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) amounting to approximately EUR 311 million (EUR 154 million during 2021), mainly in France, UK, Switzerland and Portugal, amounting to EUR 106 million, EUR 123 million, EUR 21 million and EUR 15 million, respectively (EUR 43 million, EUR 59 million, EUR 12 million and EUR 9 million, respectively, during 2021).

At 31 December 2022 and 2021 the Group had not entered into additional relevant framework agreements with other customers.

Property, plant and equipment abroad

At 31 December 2022 and 2021 the Group had the following investments in property, plant and equipment located abroad:

		Thousands of Euros
	31 December 2022	31 December 2021 restated
Italy	1,605,244	1,502,542
France	4,571,681	3,320,048
UK	858,018	324,705
Switzerland	227,934	209,462
Portugal	515,896	256,454
Austria	225,546	207,763
Poland	1,233,886	1,151,151
Others	570,443	531,705
TOTAL	**9,808,648**	**7,503,830**

Fully depreciated assets

At 31 December 2022, fully depreciated property, plant and equipment amounted to EUR 1,074 million (EUR 916 million at 31 December 2021).

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, and in certain cases, 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.

Purchase commitments at year-end

As of 31 December 2022 the Group held purchase agreements for property, plant and equipment assets amounting to EUR 5,393 million (EUR 6,108 million in 2021). 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 (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 Iliad Poland and Polkomtel, where, Cellnex, though its subsidiaries On Tower Poland and Towerlink Poland, has committed to acquire or for Iliad 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, Sweden, and the United Kingdom, as well as other "Build-to-Suit" agreements reached with several anchor tenants in Italy, Switzerland, Portugal, Ireland and the Netherlands.

Impairment

As of 31 December 2022 and 2021, 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 recoverable value, which has been determined in accordance with the general criteria and assumptions described in Notes 3.c and 9 of the accompanying consolidated financial statements, of the corresponding cash generating unit prepared.

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 2022 and 2021. 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 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 described in Note 9, changes in the discount rates; in terminal growth rate “g”; and in activity could be made without recognising any impairment in the assets recognised by the Group at 31 December 2022 and 2021. 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 to changes in the key assumptions used (see Note 9 for further details).

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 2022 and 2021, the Group’s Directors considered that the insurance coverage was sufficient to cover the risks relating to its activities.

Other disclosures

As a result of the Hutchison United Kingdom Acquisition (see Notes 2 and 6) and pursuant the agreements between Cellnex and Hutchison, Cellnex is joint operator in MBNL in relation with the passive infrastructure. In this regard, 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 agreements will be transferred to the Group without any additional disbursement. Irrespectively of the number of sites transferred, the revenues, EBITDA and cash flows should not be impacted.

At 31 December 2022 and 2021, the Group did not have significant property, plant and equipment subject to restrictions or pledged as collateral on liabilities.

9. Intangible assets

The changes in this heading in the consolidated balance sheet during 2022 and 2021 were as follows:

Thousands of Euros

	Goodwill	Intangible assets for telecom infrastructure services	Computer software and other intangible assets	Total
At 1 January 2022 restated				
Cost	5,980,279	19,311,532	403,270	**25,695,081**
Accumulated amortisation	—	(1,321,811)	(92,731)	**(1,414,542)**
Carrying amount	**5,980,279**	**17,989,721**	**310,539**	**24,280,539**
Carrying amount at beginning of period	5,980,279	17,989,721	310,539	**24,280,539**
Changes in the scope of consolidation (Note 6)	828,830	3,076,424	1,392	**3,906,646**
Additions	—	—	41,101	**41,101**
Disposals (net)	—	—	(12,007)	**(12,007)**
Transfers to non-current assets held for sale	(32,304)	(102,529)	—	**(134,833)**
Foreign exchange differences	(58,853)	(141,660)	(1,679)	**(202,192)**
Amortisation charge	—	(992,318)	(45,209)	**(1,037,527)**
Carrying amount at close	**6,717,952**	**19,829,638**	**294,137**	**26,841,727**
At 31 December 2022				
Cost	6,717,952	22,143,767	432,077	**29,293,796**
Accumulated amortisation	—	(2,314,129)	(137,940)	**(2,452,069)**
Carrying amount	**6,717,952**	**19,829,638**	**294,137**	**26,841,727**

Thousands of Euros

	Goodwill	Intangible assets for telecom infrastructure services	Computer software and other intangible assets	Total
At 1 January 2021				
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)	3,193,737	9,477,754	67,127	**12,738,618**
Additions	—	—	52,714	**52,714**
Disposals (net)	—	—	(2,049)	**(2,049)**
Foreign exchange differences	52,737	172,603	20,219	**245,559**
Amortisation charge	—	(681,956)	(30,333)	**(712,289)**
Carrying amount at close	**5,980,279**	**17,989,721**	**310,539**	**24,280,539**
At 31 December 2021 restated				
Cost	5,980,279	19,311,532	403,270	**25,695,081**
Accumulated amortisation	—	(1,321,811)	(92,731)	**(1,414,542)**
Carrying amount	**5,980,279**	**17,989,721**	**310,539**	**24,280,539**

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 2022	31 December 2021 restated
Concession intangible assets	63,314	67,420
Customer network services contracts	16,091,517	14,534,539
Network location	3,674,807	3,387,762
Total	**19,829,638**	**17,989,721**

Goodwill

Gross goodwill and the accumulated losses in value recognised at 31 December 2022 and 2021, respectively, are detailed as follows:

		Thousands of Euros
	31 December 2022	31 December 2021 restated
Gross goodwill	6,717,952	5,980,279
Accumulated valuation adjustments	—	—
Net goodwill	**6,717,952**	**5,980,279**

The detail of goodwill, classified by cash-generating unit, at 31 December 2022 and 2021 is as follows:

		Thousands of Euros
	31 December 2022	31 December 2021 restated
Cellnex Italia SpA	821,462	224,551
Tradia Telecom	42,011	42,011
Towerlink Netherlands	35,307	35,307
Shere Masten	66,089	66,089
Shere Group UK (1)	28,420	29,998
Swiss Towers (1)	171,490	163,456
Infracapital Alticom subgroup	75,431	75,431
On Tower Netherlands BV	10,525	10,525
Swiss Infra Services (1)	169,348	161,412
Cignal Infrastrucsture subgroup	40,066	40,066
On Tower France	471,528	471,528
On Tower UK subgroup (1)	1,196,060	678,708
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)	108,176	108,178
On Tower AT	311,299	311,299
On Tower SE	270,388	293,377
On Tower Poland	229,287	233,203
Cignal infrastructure Netherlands	189,898	189,898
Towerlink Poland	292,597	297,967
Hivory, SAS	1,521,344	1,521,344
CK Hutchison Italy	—	593,915
Infratower Portugal	40,456	40,456
Cignal Infrastructure UK Limited	226,611	—
Others	26,341	17,742
Goodwill	**6,717,952**	**5,980,279**

(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 2022 and 2021 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 2022 and 2021 due to changes in the scope of consolidation and business combinations in intangible assets for telecom infrastructure services mainly correspond to the impact of:

2022

- Hutchison United Kingdom Acquisition (EUR 3,045,011 thousand, see Notes 2.h and 6).

2021 Restated

- the On Tower Sweden Acquisition, considered definitive in the 2021 consolidated financial statements (EUR 471,960 thousand, see Notes 2.h and 6).
- the Iliad Poland Acquisition (EUR 1,017,954 thousand, see Notes 2.h and 6).
- the T-Mobile Infra Acquisition (EUR 572,700 thousand, see Notes 2.h and 6).
- Hutchison Italy Acquisition (EUR 2,509,335 thousand, see Notes 2.h and 6).
- Polkomtel Acquisition (EUR 683,887 thousand, see Notes 2.h and 6).
- Hivory Acquisition (EUR 4,114,163 thousand, see Notes 2.h and 6).
- Infratower Acquisition (EUR 153,800 thousand, see Notes 2.h and 6).

Signed acquisitions and commitments

During 2022 and 2021, the Group had not entered into additional relevant framework agreements with customers, other than those included in the Notes 6 and 8.

Intangible assets abroad

At 31 December 2022 and 2021, the Group had the following net book value of intangible assets located in the following countries:

		Thousands of Euros
	31 December 2022	31 December 2021 restated
Italy	3,858,399	4,037,791
Netherlands	1,238,748	1,290,985
France	7,312,641	7,604,454
United Kindom	6,316,416	2,907,072
Portugal	1,405,208	1,483,899
Switzerland	1,421,456	1,419,045
Ireland	853,925	882,971
Austria	992,372	1,030,221
Poland	2,069,512	2,178,881
Others	1,095,149	1,191,818
TOTAL	**26,563,826**	**24,027,137**

Fully depreciated assets

At 31 December 2022, fully depreciated intangible assets amounted to EUR 132,835 thousand (EUR 44,442 thousand at 31 December 2021).

Purchase commitments at year-end

At 31 December 2022, the Group held purchase agreements for intangible assets, amounting to EUR 9,372 thousand (EUR 1,223 thousand at 31 December 2021).

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 (hereinafter, "CGU") as their value in use 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 comparison with 2021 impairment tests, 2022 impairment results shown no significant variances.

The recoverable value was calculated as follows:

- The period over which the related investment is expected to generate cash flows was determined. Projections covers a period higher than five years of cash flows after the year end, due to the duration of the existing service contracts with customers. In this regard, the projections consider a projected period (33 years in average) until the tenancy ratio reaches normal mature market standards and, at that time, the residual value is 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 CGU of the consumer price index (CPI) in each country as well as the conditions agreed with the MNOs (floors, caps and escalators where applicable) in which the assets are used or the business operates as well as increases activity through collocation of new MNOs until a standard tenancy of mature markets is achieved.

    - For expenses, trends were considered in light of expected changes in the respective CPIs and the projected performance of the business. as well as expected cost reductions from the efficiency programs launched by the Group.

    - 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.10%, respectively.

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

The cash flow 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 2022 year end, the 2023 budget and on the most recent medium-term projection (2024-2025).

Finally, in relation to the CGU's 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 regard, 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 recoverable value of the main CGU's in 2022 and 2021 with the most relevant intangible assets and goodwill were as follows:

- The discount rate is initially calculated using the weighted average cost of capital (WACC) determined applying the Capital Asset Pricing Model. In this regard, the WACC determined in 2022 for Tradia Telecom, On Tower, Metrocall, 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, On Tower IE, On Tower SE, On Tower PL, Towerlink PL, T-Mobile Infra, Hivory and Infratower was 6.5%, 6.5%, 6.5%, 6.9%, 5.5%, 5.9%, 5.5%, 4.9%, 5.5%, 5.5%, 5.7%, 5.7%, 4.9%, 5.9%, 6.1%, 6.1%, 5.9%, 5.5%, 5.7%, 5.9%, 5.8%, 7.4%, 7.4%, 5.5%, 5.7% and 6.1%, respectively (WACC 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). Subsequently, as per IFRS and ESMA requirements, the discount rate to be applied in the impairment test is evaluated to reflect the impact of IFRS 16 on the composition of the carrying amount of the CGUs and how leased assets are financed by the Group. In this regard, the discount rate applied in 2022 for Tradia Telecom, On Tower, Metrocall, 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, On Tower IE, On Tower SE, On Tower PL, Towerlink PL, T-Mobile Infra, Hivory and Infratower was 6.2%, 5.9%, 6.5%, 6.4%, 5.3%, 5.9%, 5.4%, 4.1%, 5.3%, 5.3%, 4.7%, 5.1%, 4.3%, 5.9%, 5.7%, 5.8%, 5.6%, 5.1%, 5.3%, 5.6%, 5.7%, 7.2%, 6.7%, 5.3%, 5.4% and 6.1%, respectively.

- The compound annual growth rate for all CGUs was between 1% and 5% per annum in 2022 and 3.5% in 2021.

- The 'terminal g', considered for all CGUs in 2022 was between 1% and 2% and in 2021 was 2.5% for all CGUs apart from Tradia Telecom which represented 1.0% due to the broadcasting component.

As indicated above, there have been no significant variations in the discount rate considered between 2022 and 2021.

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 2022 and 2021. 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 recoverable 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 2022 and 2021. Thus, the recoverable amount obtained exceeds the carrying amount of the assets and, additionally, the sensitivity analyses conducted on the projections evidence clearly a high tolerance (between 10% and 20%) to changes in the key assumptions used.

Other disclosures

At 31 December 2022 and 2021, the Group did not have significant intangible assets subject to restrictions or pledged as collateral on liabilities.

10. Investments in associates

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

	Thousands of Euros	
	2022	2021
At 1 January	**3,265**	**3,431**
Profit of the year	(4,239)	(3,222)
Changes in perimeter	30,134	—
Others	4,072	3,056
At 31 December	**33,232**	**3,265**

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

	Thousands of Euros	
	Value of the shareholding	
	31 December 2022	31 December 2021
Torre Collserola, S.A.	1,960	1,958
Nearby Sensors	241	280
Nearby Computing	119	249
Consorcio de Telecomunicaciones Avanzadas, S.A. (COTA)	778	778
Digital Infrastructure Vehicle I SCSp (DIV)	30,134	—
Total	**33,232**	**3,265**

Digital Infrastructure Vehicle I SCSp ("DIV")

As part of the T-Mobile Infra Acquisition (see Note 6 of 2021 Consolidated Financial Statements), Cellnex, together with DTAG, as fund's initial limited partners, signed a commitment letter, pursuant to which Cellnex committed to invest EUR 200 million in DIV. In this regard, during 2022, DIV drew approximately EUR 32 million, which Cellnex additionally paid with available cash. Such funds were used mainly to finance the acquisition by DIV of small fiber companies in the Netherlands. Thus, these new subsequent investments made by DIV, as per IFRS 10:B94 "Equity Method as One-line Consolidation", have been evaluated separately and have been consolidated within the Cellnex Group through the equity method as of 31 December 2022.

Additionally, during this year new partners have become part of DIV's shareholders and, in accordance with the Limited Partnership Agreement, the founding partners, Cellnex and DTAG have recovered part of the initial investment and, in turn, have received a financial compensation. In this regard, note that the part corresponding to the reimbursement of contributions of its initial investment in DIV (therefore fully related to T-Mobile Infra Acquisition and, consequently, to the participation in Cellnex Netherlands subgroup), amounting to EUR 52 million, has been recorded as an equity transaction carried out with a non-controlling interest in the subsidiary that did not modify the controlling position in Cellnex Netherlands subgroup (see Note 14.f). The financial compensation, amounting to EUR 4 million, has been recognized in the Financial Income heading of the accompanying consolidated income statement. As a result, Cellnex's initial investment in DIV has been diluted by 12.71%, from 33.33% to 20.62% and, consequently, at 31 December 2022, Cellnex's stake in the Cellnex Netherlands subgroup has decreased by 5%, from 75% to 70% (see Notes 2.h and 14.f. of the accompanying consolidated financial statements). Finally, as of 2022 year-end the Cellnex's remaining investment commitment in DIV amounts to EUR 83 million.

Impairment

The Group carried out an impairment 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 impairment in Note 9, and no impairment was found for the 2022 financial year.

11. Derivative financial instruments

The detail of the fair value of the derivative financial instruments at 31 December 2022 and 2021 is as follows:

	Thousands of Euros			
	31 December 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps:				
Cash flow hedges	54,404	—	3,764	2,622
Fair value hedges	—	25,290	—	—
Interest rate and/or cross currency swaps and/or forwards:				
Cash flow hedges	95,727	—	26,352	—
Hedges of a net investment in a foreign operation	11,392	—	—	9,210
Derivatives not designated as hedges	—	—	77	—
Derivative financial instruments	**161,523**	**25,290**	**30,193**	**11,832**
Interest rate and/or cross currency swaps and/or forwards:				
Cash flow hedges	150,131	—	30,116	2,622
Fair value hedges	—	25,290	—	—
Hedges of a net investment in a foreign operation	11,392	—	—	9,210
Non-current	**161,523**	**25,290**	**30,116**	**11,832**
Current	**—**	**—**	**77**	**—**

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 2022 and 2021, by type of instrument, showing their notional or contractual values, expiry dates and fair values, is as follows:

	Thousands of Euros							
	31 December 2022							
	Notional amount	2023	2024	2025	2026	2027	Subsequent years	Net fair value
Interest rate swaps:								
Cash flow hedges	136,235	8,914	12,779	12,989	12,866	6,497	927	54,404
Fair value hedges	1,000,000	(6,961)	(11,265)	(8,084)	1,336	—	—	(25,290)
Interest rate and/or cross currency swaps:								
Cash Flow Hedges	504,817	9,310	8,708	8,221	7,889	7,559	55,581	95,727
Hedges of a net investment in a foreign operation	450,000	(4,853)	(4,605)	(4,313)	(4,089)	29,548	—	11,392
Total	**2,091,052**	**6,410**	**5,617**	**8,813**	**18,002**	**43,604**	**56,508**	**136,233**

	Notional amount	2022	2023	2024	2025	2026	Subsequent years	Net fair value
								Thousands of Euros
								31 December 2021
Interest rate swaps:								
Cash flow hedges	131,097	(1,617)	(774)	262	858	1,445	890	1,142
Interest rate and/or cross currency swaps:								
Cash Flow Hedges	504,817	7,790	7,596	7,318	6,963	6,670	(15,281)	26,352
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**

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).

On April 2022, the Group entered into an interest rate swap agreement for EUR 500,000 thousand, partially transforming the latest EUR 1,000 million bond issuance from fix-to-floating rate (see Note 15). In this regard, this interest rate swap has been treated as a fair-value hedge. This hedge is referred to 6M EURIBOR and the reference rate is 0.935% Finally, on October 2022 the reference to 6M EURIBOR was changed to 1M EURIBOR trough new interests rate swaps.

Cross currency interest rate swaps

During 2020, Cellnex Telecom, S.A. arranged a CCS for EUR 450 million and an equivalent sterling value of GBP 382 million which was designated together with the bond issue of EUR 450 million described in Note 15 of the 2020 Consolidated Financial Statements as a natural hedge of the net investment made in United Kingdom Group's subsidiaries.

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 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 became 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).

During the first quarter of 2022, the Group designated the cash maintained in zlotys (PLN) amounting to PLN 615 million to hedge the disbursement envisaged in relation to the investment commitment acquired in March 2022 in relation to the 10% stake of On Tower Poland acquisition (see Note 2.h). Consequently, exchange differences EUR-PLN amounting to EUR 5,835 thousand were recognised in the total acquisition price of the minority stake.

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 2022 and 2021, 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
		2022		2021
	1% change	-1% change	1% change	-1% change
Interest rate swaps:				
Cash Flow Hedges	72,151	34,779	21,557	(20,952)
Fair Value Hedges	(40,214)	(10,262)	—	—

As of 31 December 2022 and 2021, 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
		2022		2021
	10% change	-10% change	10% change	-10% change
Interest rate and/or cross currency swaps:				
Cash Flow Hedges	153,989	58,538	93,551	(50,392)
Hedges of a net investment in a foreign operation	(28,980)	51,830	(57,967)	39,421

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. The financial instrument has been cancelled in 2022 at maturity date.

12. Trade and other receivables

The breakdown of this heading in the accompanying consolidated balance sheet at 31 December 2022 and 2021 is as follows:

						Thousands of Euros
			31 December 2022			31 December 2021 restated
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables (gross)	—	814,865	814,865	—	837,913	837,913
Allowances for doubtful debts (impairments)	—	(24,003)	(24,003)	—	(20,021)	(20,021)
Trade receivables	**—**	**790,862**	**790,862**	**—**	**817,892**	**817,892**
Current tax assets	—	290,798	290,798	—	280,734	280,734
Receivables with other related parties (Note 24.d)	—	57	57	—	—	—
Other receivables	75,259	80,948	156,207	50,830	64,452	115,282
Trade and other receivables	**75,259**	**1,162,665**	**1,237,924**	**50,830**	**1,163,078**	**1,213,908**

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 2022 and 2021, the account had no significant past-due balances that were not provided for.

The balance of public-sector debtors as at 31 December 2022 and 2021, amounted to EUR 17,056 thousand and EUR 13,007 thousand, respectively.

At 2022 year-end, the amount utilized under the non-recourse factoring agreements, in relation to trade receivables, stood at EUR 38.6 million (no balance drawn as at 2021 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 2022 the limit under the non-recourse factoring agreements, in relation to trade receivables, stood at EUR 223 million (EUR 202.5 million as at 2021 year-end).

Allowances for doubtful debts (write-downs)

The changes in the allowance for doubtful debts during 2022 and 2021 were as follows:

	Thousands of Euros	
	2022	2021
At 1 January	**20,021**	**19,424**
Disposals	(2,206)	(3,615)
Change in scope	53	1,024
Net changes	6,135	3,188
At 31 December	**24,003**	**20,021**

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 2022	31 December 2021
Corporate income tax	26,905	31,437
VAT receivable	243,521	243,932
Other taxes	20,372	5,365
Current tax assets	**290,798**	**280,734**

At 31 December 2022, this line mainly included VAT receivable derived from the acquisition of mobile telecom infrastructures in France, Poland and Portugal (see Note 8) for an amount of EUR 221 million. At 31 December 2021, this line mainly included VAT receivable in France (see Note 8) for an amount of EUR 124 million, as well as the VAT receivable amounting to EUR 34 million corresponding to the payment in advance in consideration for the cancellation of certain outstanding lease payments.

During 2022 the Group reached a non-recourse agreement regarding a receivable balance relating to VAT, amounting to 445 million euros in relation to the Hutchison United Kingdom Acquisition (see Note 6). At 31 December 2022 the Group derecognised the VAT receivable sold on a non-recourse basis, based on this agreement, as it substantially transferred all the risks and rewards inherent to its ownership to a financial institution. At the date the accompanying consolidated financial statements were issued for approval, the VAT receivable indicated above had already been collected.

Other receivables

At 31 December 2022 and 2021 "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, cash equivalents and financial investments

a) Cash and cash equivalents

The breakdown of “Cash and cash equivalents” is as follows:

	Thousands of Euros	
	31 December 2022	31 December 2021
Cash on hand and at banks	709,853	2,726,713
Term deposits at credit institutions	328,326	1,199,865
Total	**1,038,179**	**3,926,578**

b) Current and non-current financial investments

The breakdown of this heading in the accompanying consolidated balance sheet at 31 December 2022 and 2021 is as follows:

	Thousands of Euros					
	31 December 2022			31 December 2021		
	Non-current	Current	Total	Non-current	Current	Total
Other financial assets	93,242	—	**93,242**	—	—	—
Advances to customers	24,326	3,663	**27,989**	26,406	3,151	**29,557**
Current and non-current financial investments	**117,568**	**3,663**	**121,231**	**26,406**	**3,151**	**29,557**

Other financial assets

As detailed in Note 19.a, in relation to the digitalization and expansion of the terrestrial television networks in remote rural areas in Spain during the digital transformation process, the European Commission issued a decision on 19 June 2013 concluding that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received state aid, in the amount of EUR 260 million, that is contrary to the Treaty on the Functioning of the European Union. In this regard, the governments of Extremadura, Catalonia, Valencia, Asturias and others initiated different proceedings to recover the aid, amounting to approximately EUR 100 million. The Group has already appealed such decisions and, in order to suspend the execution, it has set up escrow accounts for a total amount of approximately EUR 93.2 million as of 31 December 2022, which were registered in the heading “Non-current financial investments” of the accompanying consolidated balance sheet. On 5 November 2021, the Group filed an appeal before the General Court of the European Union requesting the annulment of the referred decision. To date, the General Court of the European Union has still not ruled on such appeal. In accordance with Note 19.a, it is not expected that the resolution of the procedures in progress will have a significant effect on the consolidated net assets of the Group to the extent that the aforementioned estimate of the actions to be exercised, the Company considers that it would entail the restitution of the amounts deposited in recovered "escrow" accounts.

Advances to customers

The changes in "advances to customers" during 2022 and 2021 were as follows:

	Thousands of Euros		
	2022		
	Non-current	Current	Total
At 1 January	**26,406**	**3,151**	**29,557**
Additions	277	—	277
Charge to the consolidated income statement	—	(3,442)	(3,442)
Transfer	(3,442)	3,442	—
Others	1,085	512	1,597
At 31 December	**24,326**	**3,663**	**27,989**

	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**

Current and non-current advances to customers 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 2022 and 2021, 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 2022 and 2021 this amount was recorded as a reduction to revenues amounting to EUR 3,442 thousand and EUR 3,269 thousand, respectively.

Transfers

The transfers from the 2022 and 2021 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.

14. Net equity

a) Share capital and treasury shares

Share capital

At 31 December 2022 and 2021, the share capital of Cellnex Telecom amounted to EUR 176,619 and 169,832 thousand, represented by 706,475,375 and 679,327,724 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, respectively, fully subscribed and paid.

Changes in 2022

In the context of the Hutchison United Kingdom Acquisition (see Note 6), on 28 April 2022, 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 settled in Shares, which was a renewal of its initial approval for such capital increase made on 29 March 2021. Consequently, on 10 November 2022, Cellnex issued 27,147,651 new shares at a subscription price (nominal value plus share premium) of 49.8121 for each new share. The shares have been admitted to listing on the Spanish Stock Exchanges, with actual trading beginning on 11 November 2022.

Thus, the share capital of Cellnex is of 31 December 2022 is 176,618,843.75 euros, divided into 706,475,375 shares, each with a face value of 0.25 euros, all belonging to the same class and series.

The New Shares offer the same political and economic rights as the ordinary shares of the Parent Company.

On 10 November 2022, the public deed for the Capital Increase, was duly registered.

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 were used to support the acquisition of Cellnex's 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.

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 2022 and 2021, are as follows:

% ownership

Company	31 December 2022	31 December 2021
Edizione, S.r.l. [(1)]	8.53 %	8.53%
The Children's Investment Master Fund [(2)]	7.09%	5.00%
GIC Private Limited [(3)]	7.03 %	7.03%
JP Morgan Chase	5.38%	—
Blackrock, Inc.	5.05%	5.21%
Canada Pension Plan Investment Board	4.97%	5.00%
CK HUTCHISON HOLDINGS LIMITED	4.83 %	—
Fundación Bancaria Caixa D' Estalvis i Pensions de Barcelona	4.77 %	4.77%
Norges Bank	3.00%	3.00%
FMR, LLC. [(4)]	—	3.22%
Wellington Management Group LLP [(5)]	—	4.28%
Capital Research and Management Company [(6)]	—	3.88%
	50.65 %	**49.92 %**

[(1)] Edizione S.r.l. ("Edizione") controls Sintonia S.p.A. ("Sintonia") which in turn controls ConnecT Due S.r.l.

[(2)] 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. TCI's stake (c.7.1%) consists of shares (c.1.6% share capital) and derivatives (c.5.5% share capital)

[(3)] 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.

[(4)] At the end of June 2022, FMR, LLC. decreased its position under 3% of the voting rights.

[(5)] 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.

[(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.

At 31 December 2022 and 2021, Edizione was positioned as a reference shareholder in Cellnex Telecom, S.A., holding a 8.53% stake in its share capital in both dates.

In addition, as partial consideration for the Hutchison United Kingdom Acquisition, Hutchison held at closing of the transaction an interest of approximately 4.8% in Cellnex's share capital. See Note 6 of the accompanying consolidated financial statements.

As of 31 December 2022 and 2021, none of the significant shareholders, whether individually or together, controls the Parent Company.

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. In this regard, on 21 November 2021, Cellnex communicated the termination of the purchase programme, having reached the maximum number of shares to be acquired.

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 2022, Cellnex carried out discretional purchases of treasury shares for an amount of EUR 302,207 thousand (57,755 thousand during 2021). 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 2022 and 2021, 291,258 and 123,969 treasury shares have been transferred to employees in relation to employee remuneration payable in shares, respectively. Moreover, in the context of Hutchison United Kingdom Acquisition (see Note 6), Cellnex transferred 6,964,144 treasury shares plus 27,147,651 new Shares issued as described in section a) of this Note. Thus, the total shares delivered to Hutchison was 34,111,795 Cellnex shares.

At 31 December 2022, the Parent Company has registered a loss of EUR 52,391 thousand (a profit of EUR 634 thousand at the end of 2021), 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 2022 and 2021 amounts to 1,119,007 and 1,202,351 shares, respectively and represents 0.158% of the share capital of Cellnex Telecom, S.A. (0.177% as at 31 December 2021).

The movement in the portfolio of treasury shares during 2022 and 2021 has been as follows:

2022

	Number (Thousands of Shares)	Average Price	Purchases/Sales (Thousands of Euros)
At 1 January 2022	**1,202**	**50.570**	**60,802**
Purchases	7,328	41.240	302,207
Sales / Others	(7,411)	42.550	(315,390)
At 31 December 2022	**1,119**	**42.541**	**47,619**

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**

b) Share premium

As at 31 December 2022 and 2021 the share premium of Cellnex Telecom increased by EUR 942 million and EUR 6,811 million, respectively, to EUR 16 billion and EUR 15 billion, respectively. This increase during 2022 and 2021 was due to the capital increases described in Note 14.a.

During 2022, a cash pay out to shareholders of EUR 36,635 thousand (32,216 thousand at 31 December 2021) 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 2022	31 December 2021 restated
Legal reserve	19,000	19,000
Reserves from retained earnings and other reserves	49,662	48,460
Reserves of consolidated companies	(1,115,831)	(271,958)
Hedge reserves	56,748	(2,142)
Foreign exchange differences	(143,178)	73,213
Reserves	**(1,133,599)**	**(133,427)**

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 2022 and 2021, because of the capital increases carried out during 2022 and 2021, 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 230,147 thousand and EUR 230,692 thousand as of 31 December 2022 and 2021.

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 decrease in “Reserves of consolidated companies” during 2022 is due to the impact recognised in equity due to: i) the distribution of 2021 losses for an amount of EUR 363 million, ii) the negative impact amounting to EUR 368 million in relation with the transaction with non-controlling interests of On Tower France in relation with the 30% of the share capital acquired from Iliad (see Note 2), iii) the negative impact amounting to EUR 1 million in relation with the transaction with non-controlling interests of On Tower Poland in relation with the 10% of the share capital acquired from Play (see Note 2), iv) the net negative impact on reserves amounting to EUR 50 million in relation to the reimbursement received from DIV (see Notes 2.h, 10 and 19.c) net of the update of the contingent commitment to purchase shares of Cellnex Netherlands in the context of the T-Mobile Infra Acquisition as a result of the change in the ownerships subject to the contingent commitment to purchase. In this regard, as of 31 December 2022, the value of the contingent commitment amounted to EUR 364 million (EUR 296 million as of 2021 year-end). See Note 19 c), and v) employee benefit payable in shares (see Note 19).

At 31 December 2022 and 2021, there are no significant non-distributable reserves from both the Parent Company and the subsidiaries, except from the Legal reserve described above.

V) 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 2022 and 2021 is as follows:

	Thousands of Euros	
	31 December 2022	31 December 2021 restated
Cellnex UK	(8,336)	92,854
Cellnex Telecom (USD)	927	610
Cellnex Switzerland (CHF)	12,792	15,001
Cellnex Denmark (DKK)	158	(192)
Cellnex Sweden (SEK)	(77,458)	(15,067)
Cellnex Poland (PLN)	(71,261)	(19,993)
Total	**(143,178)**	**73,213**

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.

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 instalments 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, (i) the shareholder remuneration corresponding to the fiscal year 2020 was equivalent to that of 2019 (EUR 26.6 million) increased by 10% (to EUR 29.3 million); (ii) the shareholder remuneration corresponding to the fiscal year 2021 was equivalent to that of 2020, increased by 10% (to EUR 32.2 million); and (iii) the shareholder remuneration corresponding to the fiscal year 2022 is equivalent to that of 2021, increased by 10% (to EUR 35.4 million).

In 2022, 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 0.01761 for each existing and outstanding share with the right to receive such cash pay-out. In addition, in 2022, the Board of Directors approved the distribution of a dividend charged to the share premium reserve of EUR 24,815 thousand, which represented 0.03518 euros for each existing and outstanding share with the right to receive such cash pay-out.

On 15 December 2022, the Board of Directors approved the following Shareholders' Remuneration Policy corresponding to the fiscal years 2023 and 2024: (i) the shareholder remuneration corresponding to fiscal year 2023 will be equivalent to that of 2022 (EUR 36.6 million) increased by 10% (EUR 40.3 million); (ii) the shareholder remuneration corresponding to fiscal year 2024 will be equivalent to that of 2023 increased by 10% (EUR 44.3 million).

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 Shareholders' Meeting the following proposal for the distribution of the results of the year ended 31 December 2022:

	Thousands of Euros
Basis of distribution Profit and (Loss)	(52,005)
Distribution:	
Reserves from retained earnings	(52,005)
Total	(52,005)

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 2022	**31 December 2021 restated**
Profit/(loss) attributable to the Parent Company	(297,058)	(362,539)
Weighted average number of shares outstanding (Note 14.a)	672,772,636	610,542,810
Basic EPS attributable to the Parent Company (euros per share)	(0.44)	(0.59)
Diluted EPS attributable to the Parent Company (euros per share)	(0.29)	(0.43)

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 2022 and 2021 is as follows:

Thousands of Euros

Non-controlling interests	Country	%(*) owned by Cellnex as of 31/12/2022	%(*) owned by Cellnex as of 31/12/2021	31 December 2022	31 December 2021 restated
Cellnex Switzerland	Switzerland	72%	72%	226,180	215,939
Swiss Towers	Switzerland	72%	72%	8,150	(12,927)
Swiss Infra	Switzerland	72%	72%	42,218	60,001
Grid Tracer	Switzerland	40%	40%	600	616
Adesal Telecom	Spain	60%	60%	2,506	2,514
OnTower France	France	100%	70%	(1,288)	583,148
Nexloop (1)	France	51%	51%	21,063	12,958
Metrocall	Spain	60%	60%	27,643	28,039
Cellnex Netherlands (2)	Netherlands	70%	75%	236,120	199,724
Towerlink Netherlands (2)	Netherlands	70%	75%	14,042	11,595
Breedlink (2)	Netherlands	70%	75%	(383)	(307)
Shere Masten (2)	Netherlands	70%	75%	(2,795)	(1,167)
Alticom (2)	Netherlands	70%	75%	(1,475)	47
On Tower Netherlands subgroup (2)	Netherlands	70%	75%	13,864	10,972
Cignal Infrastructure Netherlands (2)	Netherlands	70%	75%	(4,814)	(1,965)
On Tower Poland (3)	Poland	70%	60%	384,012	524,312
Towerlink Poland (4)	Poland	99.99%	99.99%	147	153
Cellnex France Infrastructure	France	51%	—	903	—
Total				**966,693**	**1,633,652**

(*) Corresponds to the stake owned by Cellnex in each subsidiaries, directly or indirectly.

(1) 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 call options over Nexloop's shares held by Cellnex France Groupe, upon the expiry of a given period of time (that is, a 20-year period from the execution of the shareholders' agreement) and subject to certain conditions which the Group believes makes its execution challenging, or in the event that a triggering event occurs (including the breach by Cellnex of the agreements between the shareholders). The 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.

(2) As detailed in Note 10, 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. This agreement is very similar to the put option agreement of Cellnex Switzerland with DTCP executed in 2019 (see 2019 Consolidated Financial Statements). Thus, as a consequence of the terms set forth in paragraph 23 of IAS 32, the Group maintains a liability (see Note 19.c) corresponding to the contingent commitment to purchase the 29.88% (25.10% as of 31 December 2021) of Cellnex Netherlands' shares from third-party shareholders, whose interests in this consolidated company are reflected as of 31 December 2022 under "Non-controlling interests".

(3) In relation to the Iliad Poland SHA, as amended, 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 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 2022, 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 2022. This situation will be revaluated in subsequent reporting periods.

(4) 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	**2022**	**2021**
At 1 January	**1,633,652**	**914,504**
Profit/(loss) for the period	(15,878)	(23,645)
Dividends	—	—
Changes in the scope of consolidation	(672,844)	733,934
Exchange differences	3,676	8,859
Hedges	—	—
Capital increase from minorities	15,929	—
Others	2,158	—
At 31 December	**966,693**	**1,633,652**

"Changes in the scope of consolidation" for 2022 amounting to EUR 672,844 thousand, mainly relates to the impact of:

I) Acquisition of an additional stake in On Tower France

As detailed in Note 2.h-II, in the first quarter of 2022, Cellnex France Groupe entered into an agreement with Iliad to acquire 30% of the share capital of On Tower France, after which Cellnex now indirectly holds a 100% shareholding in On Tower France. Following the aforementioned, a decrease amounting to EUR 583 million 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 On Tower France, the transaction has led to the recognition of a negative impact of EUR 368 million 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 an additional stake in On Tower Poland

As detailed in Note 2.h-II, in the first quarter of 2022, Cellnex Poland entered into an agreement with Iliad Purple to acquire 10% of the share capital of On Tower Poland, after which Cellnex now indirectly holds a 70% shareholding in On Tower Poland. Following the aforementioned, a decrease amounting to EUR 131 million 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 On Tower Poland, the transaction has led to the recognition of a negative impact of EUR 1 million 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.

III) Dilution of the stake in Cellnex Netherlands subgroup

During 2022, new partners have become part of DIV's shareholders and, in accordance with the Limited Partnership Agreement, the founding partners, Cellnex and DTAG have recovered part of the initial investment and, in turn, have received a financial compensation (see Note 10). In this regard, Cellnex's initial investment in DIV has been diluted by 12.71%, from 33.33% to 20.62% and, consequently, Cellnex's stake in the Cellnex Netherlands subgroup has decreased by 5%, from 75% to 70% (see Note 2.h). As a result of the aforementioned, an increase amounting to EUR 41 million has been recognised under "non-controlling interests" in the accompanying consolidated balance sheet.

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 Cellnex Netherlands subgroup, the transaction has led to the recognition of a positive impact of EUR 11 million 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.

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 2022

	Thousands of Euros					
	Cellnex Switzerland	Swiss Towers	Swiss Infra	Nexloop	On Tower Poland	Cellnex Netherlands
Non-current assets	722,827	1,202,214	269,076	739,888	1,626,660	914,741
Current assets	28,090	4,922	22,519	51,183	90,588	(56,554)
Total assets	**750,917**	**1,207,136**	**291,595**	**791,071**	**1,717,248**	**858,187**
Non-current liabilities	432	774,010	157,220	420,208	335,256	27,495
Current liabilities	29,660	78,982	61,364	300,096	91,025	4,344
Total liabilities	**30,092**	**852,992**	**218,584**	**720,304**	**426,281**	**31,839**
Net assets	**720,825**	**354,144**	**73,011**	**70,767**	**1,290,967**	**826,348**
Income	4,793	79,397	81,360	23,417	137,630	238
Expenses	(6,127)	(10,484)	(9,408)	(3,448)	(15,247)	(6,115)
Gross operating profit	**(1,334)**	**68,913**	**71,952**	**19,969**	**122,383**	**(5,877)**
Profit attributable to the shareholders	**(1,983)**	**83,925**	**30,331**	**(18,262)**	**(1,662)**	**(4,826)**
Operating activities	(625)	116,475	48,845	16,362	98,505	(8,711)
Investment activities	5	(3,050)	(22,521)	(288,261)	(155,642)	(381)
Financing activities	9,759	(104,769)	(26,373)	229,359	64,574	9,091
Cash flows	**9,139**	**8,656**	**(49)**	**(42,540)**	**7,437**	**(1)**

31 December 2021 restated

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.

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	
	2022	2021 restated
Cellnex Telecom, S.A.	(201,725)	(191,226)
Cellnex Telecom España, S.L.U.	(3,476)	(3,122)
Retevisión-I, S.A.U.	81,948	40,558
Tradia Telecom, S.A.U.	19,366	6,709
On Tower Telecom Infraestructuras, S.A.U.	19,737	4,117
Towerco, S.p.A.	(11)	6,654
Cellnex Italia, S.p.A.	(27,013)	112,341
Cellnex Netherlands, Group	(4,192)	(2,705)
Cellnex France, S.A.S.	(31,511)	(13,628)
Cellnex UK subgroup (formerly Shere Group subgroup)	(47,366)	(27,801)
Cellnex Switzerland AG	(1,432)	(1,264)
Swiss Towers AG	12,905	(4,960)
Cellnex France Groupe, S.A.S.	(43,109)	26,313
Xarxa Oberta de Comunicació i Tecnología de Catalunya, S.A.	4,507	3,237
Swiss Infra Services AG	(6,715)	(9,263)
Cignal subgroup	(845)	2,072
On Tower Netherlands subgroup	871	2,082
On Tower France	(67,534)	(21,943)
OMTEL, Estruturas de Comunicaçoes	17,999	2,874
On Tower Portugal	5,001	3,652
CLNX Portugal	(24,239)	(28,057)
Nexloop France, S.A.S.	(6,072)	(1,719)
On Tower UK subgroup	88,970	(92,959)
Finland subgroup	(1,401)	(2,963)
Cellnex Finance Company, S.A.	67,163	(14,306)
Metrocall, S.A.	(594)	(769)
Cellnex Austria Subgroup	(18,517)	(22,020)
Cellnex Denmark Subgroup	(4,692)	(8,547)
Cellnex Sweden Subgroup	2,239	(2,352)
Cellnex Poland Subgroup	(14,274)	(34,463)
Cellnex Ireland Subgroup	(5,192)	(15,259)
Cignal Infrastructure NL	4,054	(4,191)
Towerlink France	(18,570)	(18,998)
CK Hutchison Italia, S.p.A	1,511	(27,336)
Hivory	(81,113)	(21,747)
Spanish companies accounted using equity method	95	(18)
Others	(13,831)	(1,532)
Net profit attributable to the Parent Company	**(297,058)**	**(362,539)**

15. Borrowings

Overview

The breakdown of borrowings at 31 December 2022 and 2021 is as follows:

						Thousands of Euros
	31 December 2022			31 December 2021		
	Non-current	Current	Total	Non-current	Current	Total
Bond issues and other loans	13,939,425	105,985	14,045,410	12,865,039	700,651	13,565,690
Loans and credit facilities	3,803,414	34,764	3,838,178	2,045,779	18,572	2,064,351
Other financial liabilities	4,497	2,603	7,100	3,242	772	4,014
Borrowings	**17,747,336**	**143,352**	**17,890,688**	**14,914,060**	**719,995**	**15,634,055**

During the year ended at 31 December 2022, the Group increased its borrowings from bond issues, 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 2,253,547 thousand to EUR 17,883,588 thousand.

The net increase in “Bond issues and other loans” was mainly due to the bond issuance of EUR 1,000,000 thousand that was carried out during the first half of 2022. This was partially compensated by the maturity of the first bond issued by the Group of EUR 600,000 thousand, as detailed in section “Bond issues and other loans” below.

The net increase in “Loans and credit facilities” is mainly due:

- In relation with CK Hutchison Holdings Transactions (Note 6) on 13 November 2020 the Group agreed a EUR 10 billion financing consisting of (i) a EUR 7,500,000 thousand bridge loan facility; (ii) a EUR 1,250,000 thousand term loan with a 3 year maturity; and (iii) a EUR 1,250,000 thousand term loan with a 5 year maturity, during the year ended at 31 December 2021, the Group amended and restated the facilities agreement and cancelled the (i) 7,500,000 thousand bridge loan facility. On January 2022 the EUR 1,250,000 thousand term loan facility with a 3 year maturity was cancelled. As a result of Hutchison United Kingdom Acquisition (Note 6) on 8 November 2022, the Group drew down the EUR 1,250,000 thousand term loan with a 5 year maturity. Such facility was still outstanding as of 31 December 2022.

- On 21 April 2022 the Group signed a EUR 500,000 thousand term loan facility with a 5 year bullet maturity that has been fully drawn.

Additionally, during 2022, the following financing agreement has been signed or modified: i) On 21 January 2022 Cellnex Finance amended and increased a EUR 1,500,000 thousand multicurrency revolving credit facility to EUR 2,500,000 thousand with maturity in 2027 and the possibility of a two-year extension, ii) the Group also amended undrawn credit facilities totalling an amount of EUR 404,500 thousand, extending its maturities till 2025 and adapting EUR 304,500 thousand of them to the LIBOR discontinuation, iii) on 27 October 2022 Cellnex France Infrastructures signed a EUR 135,000 thousand Senior Facility Agreement, consisting in a EUR 120,000 thousand term loan facility with a 8-year bullet maturity, to partially finance the deployment of new sites and a EUR 15,000 thousand revolving credit facility with a six year and 9 months bullet maturity to finance or reimburse VAT amounts related to Cellnex France Infrastructures’ project cost. As of 31 December 2022, only 57,000 thousands had been drawn of these financing agreements.

As part of the commitment to sustainability, Cellnex has designed this Sustainability-Linked Financing Framework (“the Framework”) to reinforce the role of sustainability as an integral part of the Group’s funding process. Obtaining funding under this Framework will help Cellnex to accomplish the ambitious sustainability targets which are consistent with the ESG Strategy. The Framework is aligned with the best practices as described by the International Capital Market Association’s (“ICMA”) Sustainability-Linked Bond Principles (“SLBP”) 2020 and the Loan Market Association’s (“LMA”) Sustainability-Linked Loan Principles 2021 (“SLLP”) and will also provide investors with further insights into the Group’s sustainability strategy and commitments. As described below in the accompanying Note 15, Cellnex has selected two environmental KPIs and one social KPI, which are core, relevant and material to its business and industry and are aligned with its ESG Strategy.

Borrowings by fixed/variable rate

As of 31 December 2022 and 2021, the Group's fixed rate notional debt amounted to EUR 13,890,563 thousand and EUR 13,855,768 thousand, representing 77% of its Gross Financial Debt excluding lease liabilities (EUR 3,091,895 thousand and EUR 2,905,762 thousand, respectively), whereas the Group's variable rate notional debt amounted to EUR 4,158,549 thousand and 1,990,470 thousand, representing 23% of its Gross Financial Debt excluding lease liabilities. As of 31 December 2022 and 2021, 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 41,585 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 37,572 thousand in the event of a 1% interest rate decrease, as some of the Group's financing contracts include an index floor clause.

Borrowings: Cash flow reconciliation

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 2022

						Thousands of Euros
	1/1/2022	Cash flows	Changes in the scope of consolidation	Exchange rate	Other [1]	31/12/2022
Bond issues	13,565,690	382,525	—	52,659	44,536	14,045,410
Loans and credit facilities and other financial liabilities[1]	2,068,365	1,761,154	—	(9,556)	25,315	3,845,278
Borrowings	**15,634,055**	**2,143,679**	**—**	**43,103**	**69,851**	**17,890,688**

[1] It mainly includes arrangement expenses accrued, change in interest accrued not paid and convertible bonds accretion.

31 December 2021

						Thousands of Euros
	1/1/2021	Cash flows	Changes in the scope of consolidation [1]	Exchange rate	Other [2]	31/12/2021
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.

As of 31 December 2022 and 2021, 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 12,067 million and EUR 14,446 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 2022 and 2021, 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 2022 and 2021 are shown in the table below:

31 December 2022

								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 (*)	14,215,194	135,400	752,431	602,167	2,462,029	1,698,520	8,575,650	**14,226,197**
Arrangement expenses	—	(29,415)	(28,507)	(27,962)	(22,257)	(17,464)	(55,182)	**(180,787)**
Loans and credit facilities (*)	7,178,743	41,625	1,257,220	1,344,467	254,974	512,666	448,261	**3,859,213**
Arrangement expenses	—	(6,861)	(3,988)	(1,611)	(8,575)	—	—	**(21,035)**
Other financial liabilities	2,986	2,603	1,836	434	322	333	1,572	**7,100**
Total	**21,396,923**	**143,352**	**1,978,992**	**1,917,495**	**2,686,493**	**2,194,055**	**8,970,301**	**17,890,688**

(*) These items are gross value and, consequently, do not include "Arrangement expenses".

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".

Borrowings by type of debt

						Thousands of Euros
	Notional as of 31 December 2022 (*)			Notional as of 31 December 2021 (*)		
	Limit	Drawn	Undrawn	Limit	Drawn	Undrawn
Bond issues and other loans	14,215,194	14,215,194	—	13,766,317	13,766,317	—
Loans and credit facilities	7,178,743	3,833,917	3,344,826	6,814,615	2,079,919	4,734,696
Total	**21,393,937**	**18,049,111**	**3,344,826**	**20,580,932**	**15,846,236**	**4,734,696**

(*) Includes the notional value of each borrowing type, and are not the gross or net value of the heading. See "Borrowings by maturity".

As of 31 December 2022, the total limit of loans and credit facilities available was EUR 7,178,743 thousand (EUR 6,814,615 thousand as of 31 December 2021), of which EUR 3,885,213 thousand in credit facilities and EUR 3,293,530 thousand in loans (EUR 2,740,059 thousand in credit facilities and EUR 4,074,556 thousand in loans as of 31 December 2021).

Furthermore, of the EUR 7,178,743 thousand of loans and credit facilities available (EUR 6,814,615 thousand as of 31 December 2021), EUR 4,110,625 thousand (EUR 2,079,919 thousand as of 31 December 2021) 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 2022 the total amount drawn down of the loans and credit facilities was EUR 3,833,917 thousand (EUR 2,079,919 thousand drawn down as of 31 December 2021).

Borrowings by currency

	Thousands of Euros	
	31 December 2022	**31 December 2021**
Euro	15,769,952	13,486,192
GBP	744,275	825,994
CHF	1,005,212	992,733
USD	573,071	539,675
Borrowings	**18,092,510**	**15,844,594**

(*) 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-I, 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 2022 and 2021, 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 152,331 thousand as of 31 December 2022), which add up to the two CHF bonds issued by the Group in 2020 (CHF 100,000 thousand (EUR 101,554 thousand) and CHF 185,000 thousand (EUR 187,874 thousand). The maturity of these bonds are in 2026, 2025 and 2027, respectively. Furthermore, the Group has also drawn down through its subsidiary Swiss Towers additional borrowings in CHF amounting to CHF 548,000 thousand with a Euro value of EUR 556,515 thousand (CHF 585,000 thousand with a Euro value of EUR 566,256 thousand as of 31 December 2021).These non-derivative financial instruments are assigned as net investment hedges against the net assets of Swiss subsidiaries.

As of 31 December 2022 and 2021, the Group maintains a Cross Currency Swap (“CCS”) with strong 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. In addition, the Group also maintained through its subsidiary Cellnex UK a GBP 600,000 thousand term loan facility with a Euro value of EUR 676,490 thousand (GBP 600,000 thousand with a Euro value of Euro 714,048 thousand as of 31 December 2021). These non-derivative financial instruments are assigned as net investment hedges against the net assets of subsidiaries in the United Kingdom.

Additionally, the Group also maintains a Cross Currency Swap ("CCS") for the bond issue of the USD 600 million which enabled the Group to obtain approximately EUR 505 million.

Bond issues and other loans

The detail of the bonds and other financing instruments at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	31 December 2022	**31 December 2021**
Bond issues	14,045,410	13,565,690
Promissory notes and commercial paper	—	—
Bond issues and other loans	**14,045,410**	**13,565,690**

I) EMTN Programme and the Guaranteed EMTN Programme

From 2015 to May 2020, the Group established and subsequently renewed 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 has been renewed in July 2022 for a period of 12 months with a maximum aggregate amount of EUR 15,000 million and its structured under the Sustainability-Linked Financing Framework designed by Cellnex at the beginning of 2022.

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 2022

Programme	Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Notional as of 31 December 2022 (Thousands of Euros)
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%	187,874
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%	101,553
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%	152,330
Guaranteed EMTN	08/06/2021	7 years	06/08/2028	BBB-/BB+	XS2348237871	1.50%	1,000,000
Guaranteed EMTN	09/06/2021	6 years	09/06/2027	BBB-/BB+	XS2385393405	1.00%	1,000,000
Guaranteed EMTN	09/06/2021	11 years	09/06/2032	BBB-/BB+	XS2385393587	2.00%	850,000
Guaranteed EMTN	30/03/2022	4 years	12/04/2026	BBB-/BB+	XS2465792294	2.25% (1)	1,000,000
Total							**10,507,257**

(1) Coupon rate hedged by Interest Rate Swaps (see Note 11).

Bond issuances during 2022

On 30 March 2022, 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 under its Euro Medium Term Note Program (EMTN Program) and guaranteed by Cellnex. The bond is maturing in April 2026, has a coupon of 2.25% and was issued at a price of 98.932% of its nominal value. In addition, the Group entered into an interest rate swap agreement for EUR 500,000 thousand in order to partially transform the issuance from fix-to-floating rate (see Note 11).

The bond issuances denominated in euro are listed on the Irish Stock Exchange (ISE), Plc. (ISE) 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.

In this regard, during the year ended 31 December 2022, the first bond issued in 2015 by the Group of EUR 600,000 thousand has matured and was fully repaid.

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	06/08/2028	BBB-/BB+	XS2348237871	1.50%	1,000,000
Guaranteed EMTN	09/06/2021	6 years	09/06/2027	BBB-/BB+	XS2385393405	1.00%	1,000,000
Guaranteed EMTN	09/06/2021	11 years	09/06/2032	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) 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 17,475 thousand as of 31 December 2022 (EUR 123,262 thousand as of 31 December 2021), 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 180,787 thousand and EUR 190,907 thousand was deducted from bond issues in the consolidated balance sheet as of 31 December 2022 and 31 December 2021, respectively. The arrangement expenses and advisor's fees accrued in the consolidated income statement for the period ended 31 December 2022 in relation to the bond issues amounted to EUR 27,595 thousand (EUR 20,756 thousand as of 31 December 2021).

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 2022 (Thousands of Euros)
07/07/2021	20 years	07/07/2041	BBB-/BB+	US15118JAA34 Reg S: USE2943JAA72	3.875%	562,535
Total						**562,535**

III) Convertible Bonds

The Group has issued the Convertible Bonds described in the table below, all of them addressed to qualified investors:

31 December 2022

Issue	Initial Duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 31 December 2022 (Thousands of Euros)
16/01/2018	8 years	16/01/2026	BBB-/NA	XS1750026186	1,50%	570,945
21/01/2019	7 years	16/01/2026	BBB-/NA	XS1750026186	1,50%	188,931
05/07/2019	9 years	05/07/2028	BBB-/NA	XS2021212332	0,50%	851,510
20/11/2020	11 years	20/11/2031	BBB-/NA	XS2257580857	0,75%	1,436,105
Total						**3,047,491**

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**

These convertible bonds have been treated as a compound instrument and have been split into its two components: a debt component amounting EUR 3,047 million (EUR 3,009 million as of 31 December 2021), 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.

As of 31 December 2022, an amount of EUR 4,600 thousand of the convertible bond with maturity date 2026 was converted into shares. According to these conversion notices, the Group has delivered 156,086 shares to the bondholders.

Clauses regarding changes of control

The terms and conditions of the bonds issued or 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 and/or its conversion into shares (in case of the Convertible Bonds only).

For the bonds issued under the EMTN Programme, the Guaranteed EMTN Programme and, the USD Bonds, the bondholders' 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 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 2022 and 2021, 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.

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.

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. During 2021, the Group ceased to renew the ECP Programme with the Parent Company as it was established by Cellnex Finance in the fourth quarter of 2021 (the “Guaranteed ECP Programme”), following the same steps than the Guaranteed EMTN Programme. The Guaranteed ECP Programme was renewed in July 2022 for a period of 12 months with a maximum aggregate amount of EUR 750 million or its equivalent in GBP, USD and CHF. As of 31 December 2022, the Guaranteed ECP Programme had not been used.

Loans and credit facilities

As of 31 December 2022, the total limit of loans and credit facilities available was EUR 7,178,743 thousand (EUR 6,814,615 thousand as of 31 December 2021), of which EUR 3,885,212 thousand in credit facilities and EUR 3,293,530 thousand in loans (EUR 2,740,058 thousand and EUR 4,074,556 thousand respectively as of 31 December 2021).

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. During the year ended on 31 December 2021, the Group amended and restated the facilities agreement and cancelled the 7,500,000 thousand bridge loan facility. On 21 January 2022 the (ii) EUR 1,250,000 thousand term loan facility was cancelled. On 8 November, the Group draw down the

EUR 1,250,000 thousand term loan with a 5 year maturity. As of 31 December 2022, the EUR 1,250,000 thousand term loan facility had been drawn.

On 21 January 2022 Cellnex Finance amended and increased a EUR 1,500,000 thousand multicurrency revolving credit facility to EUR 2,500,000 thousand with maturity in 2027 and the possibility of a two-year extension. Additionally, on 21 April 2022 the Group signed a EUR 500,000 thousand term loan facility with a 5 year bullet maturity. The Group also amended a EUR 404,500 thousand undrawn credit facility, extending its maturities till 2025 and adapting EUR 304,500 thousand of them to the LIBOR discontinuation. Such changes did not have a significant impact on the overall cost of the facilities. These facilities were structured under the Sustainability-Linked Financing Framework designed by Cellnex at the beginning of 2022. As of 31 December 2022, only EUR 557,000 thousand had been drawn.

On 27 October 2022 Cellnex France Infrastructures signed a EUR 135,000 thousand Senior Facility Agreement. The financing consists of a EUR 120,000 thousand term loan facility with a 8-year bullet maturity, to partially finance the deployment of new sites, and a EUR 15,000 thousand revolving credit facility with a six year and 9 months bullet maturity to finance or reimburse VAT amounts related to Cellnex France Infrastructures's project cost. As of 31 December 2022, no drawdowns had been made.

Furthermore, the Group also maintained through its subsidiaries a total amount of drawn debt of EUR 1,515,498 thousand, which included mainly a syndicated facility agreement in CHF amounting to CHF 548,000 thousand in Swiss Towers (CHF 582,000 thousand in 2021), a GBP 600,000 thousand term loan facility entered by Cellnex UK in 2019, and a EUR 280,200 thousand term loan facility entered by Cellnex Netherlands in 2021

Additionally, 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. As of 31 December 2022, the total amount drawdown of the facilities were EUR 310,767 thousand and EUR 19,999 thousand (EUR 199,267 thousand and EUR 19,999 thousand in 2021), respectively.

Clauses regarding changes of control

For the loans and credit facilities entered into by Cellnex and/or Cellnex Finance, the change of control trigger is at the Cellnex and Cellnex Finance 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, Cellnex Finance 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). For the Senior Facility Agreement of Cellnex France Infrastructures the change of control trigger is measured with respect to Cellnex France Infrastructures. At the Cellnex level, a "change of control event" is generally triggered when a third party, alone or together with others, acquires more than 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. At the subsidiaries level, a "change of control event" is generally triggered when such subsidiary ceases to be 100% owned or majority owned by the relevant Cellnex group entity.

Loans and credit facilities obligations and restrictions on use of available funds

As at 31 December 2022 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 Cellnex France Infrastructures Senior Facility, impose restrictions on the use of drawn amounts, as these can only be used to finance the payment of Project costs.

Security interests and other covenants and undertakings

As of 31 December 2022 and 2021, 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 or the Cellnex France Infrastructures Facility, 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 or Cellnex France Infrastructures Facility accordingly, 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) or Cellnex France Infrastructures Facility, accordingly.

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 and Cellnex France Infrastructures Senior Facilities and the syndicated facilities agreement entered into by Cellnex Netherlands and Swiss Towers, which include covenants restricting the distribution of dividends by Nexloop, Cellnex France Infrastructures, 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. For the Swiss Tower financing a pledge over Swiss Infra Service S.A has been exercised.

Sustainable Finance

As part of the commitment to sustainability, Cellnex has designed a Sustainability-Linked Financing Framework ("the Framework") to reinforce the role of sustainability as an integral part of the Group's funding process.

Obtaining funding under this Framework will help Cellnex to accomplish the ambitious sustainability targets which are consistent with the ESG Strategy. The Framework is aligned with the best practices as described by the International Capital Market Association's ("ICMA") Sustainability-Linked Bond Principles ("SLBP") 2020 and the Loan Market Association's ("LMA") Sustainability-Linked Loan Principles 2021 ("SLLP") and will also provide investors with further insights into the Group's sustainability strategy and commitments.

Cellnex has selected two environmental KPIs and one social KPI, which are core, relevant and material to its business and industry and are aligned with its ESG Strategy.

Environmental KPIs:

- KPI #1 - Environmental: Percentage reduction of Cellnex's GHG emissions:
    - KPI #1a: Absolute Scope 1, 2 and 3 from fuel and energy-related activities GHG emissions: i) Sustainability Performance Target 2025: 45% reduction in Scope 1, 2 and 3 from fuel and energy-related activities GHG emissions by 2025 vs 2020, and ii) Sustainability Performance Target 2030: 70% reduction in Scope 1, 2 and 3 from fuel and energy-related activities GHG emissions by 2030 vs 2020.
    - KPI 1#b: Absolute Scope 3 GHG emissions from purchased goods and services and capital goods. Sustainability Performance Target: 21% Reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 2025 vs 2020.
- KPI #2 - Environmental: Increase annual sourcing of renewable electricity. Sustainability Performance Target: Increase annual sourcing of renewable electricity to 100% by 2025.

Social KPIs:

- KPI #3 - Social: Increase the percentage of women in directors and senior management/managers roles in Cellnex Group. Sustainability Performance Target: Increase to 30% the percentage of women in directors and senior management/managers roles in Cellnex Group by 2025.

The selection of these KPIs has been driven by the extensive research carried out by Cellnex in 2020 to determine the ESG priorities of the telecommunication sector and the company's own. Further details about the ESG Financing Framework can be found at the Group's website.

As of 31 December 2022, the Group structured EUR 3.4 billion facilities linked to the Sustainability Framework for 5 years with two of the indicators included in the Framework:

- KPI #1a: 45% reduction in Scope 1, 2 and 3 from fuel and energy-related activities GHG emissions by 2025 vs 2020 and 70% in 2030 vs 2020. and

- KPI #3 - Social: Increase the percentage of women in directors and senior management/managers roles in Cellnex Group to 30% by 2025.

- The Group achievement or failure of the established KPIs will carry out a step down or step up of c.2.5Bps of the applicable interest rate respectively. In no case, a debt default.

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 2022, 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 17 January 2023 and a long-term "BB+" with positive outlook according to the international credit rating agency Standard & Poor's Financial Services LLC as confirmed by a report issued on 11 November 2022.

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 2022 and 2021, the amounts recognised in the consolidated balance sheet related to lease agreements are:

Right of use

		Thousands of euros
		Net book value
	31 December 2022	**31 December 2021 restated**
Right of use		
Sites	3,354,878	3,195,266
Offices	31,335	31,654
Satellites	47,473	115,086
Vehicles	964	1,062
Concessions	3,060	3,119
Total	**3,437,710**	**3,346,187**

The additions of rights of use during 2022 amounted to EUR 693,663 thousand (EUR 1,624,960 thousand in 2021), of which EUR 234,897 thousand (EUR 357,717 thousand in 2021) related to reassessments of existing lease contracts at the year end, and EUR 29,308 thousand corresponded to changes in the scope of consolidation during 2022 (EUR 966,908 thousand during 2021) (see Notes 2.h and 6).

Lease liabilities

		Thousands of euros
	31 December 2022	**31 December 2021 restated**
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	746,654	598,716
One to five years	2,431,267	2,464,514
More than five years	993,785	1,255,894
Total undiscounted lease liabilities at 31 December	**4,171,706**	**4,319,124**
Lease liabilities included in the statement of financial position		
Current	583,594	503,741
Non-Current	2,501,896	2,402,021
Total	**3,085,490**	**2,905,762**

During 2022, there have been no significant variations in the sensitivity detailed in Note 16 of the 2021 Consolidated Financial Statements.

Amounts recognised in the consolidated income statement

As of 31 December 2022 and 2021, the amounts recognised in the consolidated income statement related to lease agreements are:

	Thousands of euros	
	2022	2021 restated
Depreciation and amortisation		
Depreciation Right of Use:		
Sites	(599,624)	(461,607)
Offices	(5,145)	(5,250)
Satellites	(11,323)	(12,222)
Vehicles	(1,261)	(1,537)
Concessions	(977)	(59)
Total	**(618,330)**	**(480,675)**
Financial costs		
Interest expense on lease liabilities	**(327,405)**	**(234,088)**
Other operating expenses		
Expense related to contracts with low value asset	(3)	—
Expense related to variable lease payments	(2,020)	(2,354)
Total	**(2,023)**	**(2,354)**

During 2022 and 2021, 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 2022 amounts to EUR 924,451 thousand (EUR 664,238 thousand in 2021), of which EUR 132,708 thousand (EUR 70,640 thousand in 2021) relates to cash advances to landlords, EUR 327,405 thousand (EUR 216,644 thousand in 2021) relates to interest payments on lease liabilities and EUR 464,338 thousand (EUR 376,954 thousand in 2021) 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 2022 and 2021 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.

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 2022 and 2021, no significant sale-and-leaseback transactions have been performed.

17. Trade and other payables

The detail of this heading at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	31 December 2022	31 December 2021 restated
Trade payables	561,305	505,036
Current tax liabilities	214,804	277,239
Other payables to related parties (Note 24.d)	138	2,634
Other payables	696,422	610,461
Trade and other payables	**1,472,669**	**1,395,370**

There is no significant difference between the fair value and the carrying amount of these liabilities.

At 31 December 2022 and 2021, “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 asset suppliers.

Information on average supplier payment period

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	
	2022	2021
Total payments in the year	227,031	317,706
Total payments outstanding	13,499	31,257
Average payment period to suppliers (days)	20 days	18 days
Ratio of transactions paid (days)	19 days	19 days
Ratio of transactions outstanding (days)	22 days	12 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.

The monetary volume and number of invoices paid within the established legal term is detailed below:

	Thousands of Euros
	2022
Monetary volume	209,535
Percentage of total payments made	92%
Number of invoices	84,720
Percentage of total invoices	96%

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 a consolidated Italian corporation tax return. In addition, the Group companies resident in the Netherlands file consolidated Dutch tax returns. The UK companies apply Group Relief claims and surrenders as appropriate. Cellnex France Groupe 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 apply Group Relief claims and surrenders as appropriate. The Group companies resident in Portugal file consolidated Portuguese corporation tax returns except Towerlink, Infratower and Hivory. The Group companies resident in Denmark file consolidated corporation tax returns from 2021, as do the Group companies resident in Austria. 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 2022, 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.

Regarding the on-going tax inspections and litigations as of 31 December 2022, the Group is involved in the following processes:

- 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 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 considered that the Group's approach was reasonable and they expressly stated that no penalties were applied.

- In October 2020, the Italian Tax Authorities requested a copy of Transfer Pricing documentation relating to fiscal year 2016. Following this request, in May and June 2021, the Italian Tax Authorities requested additional documentation and, in July 2022, a further meeting with the tax inspectors took place. The Group is expecting to receive the final assessment from the Tax Authorities, although 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. During 2022, the Dutch Tax Authorities raised assessments relating to historic (2012) RETT transactions affecting Towerlink Netherlands B.V. and Shere Masten B.V. Cellnex has entered into litigation with the Dutch Tax Authorities regarding such assessments, but with no material impact expected to arise.

- In December 2022, the Portuguese Tax Authorities communicated to CLNX Portugal, SA the commencement of a general tax audit in relation to corporate income tax and VAT for the year 2020. 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:

	2022	2021
Spain	25%	25%
Italy (1)	28.57%	28.82%
Netherlands (2)	25.8%	25%
United Kingdom (3)	19%	19%
France (4)	25%	28%/31%
Switzerland (5)	18.1%	18.23%
Ireland (6)	12.5%/25%	12.5%/25%
Portugal (7)	21%	21%
Finland	20%	20%
Austria (8)	25%	25%
Denmark	22%	22%
Sweden	20.6%	20.6%
Poland	19%	19%

(1) The standard income tax rate was 28.57% 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 4.57%.

(2) On 21 December 2021, the Senate approved the 2022 Tax Plan package approving the increase of the Dutch standard CIT rate to 25.8% (2021: 25%). The lower CIT rate for 2022 of 15% remains unchanged for taxable income up to EUR 395 thousand (EUR 245 thousand in 2021) and the standard rate of 25.8% 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 2021 approved the Finance Bill for 2022, which does not affect the already enacted decrease of the French CIT rate from 33.3% to 25% by 2022. In this regard, for financial years beginning on or after 1 January 2022, a 25% CIT rate applies for all entities.

(5) The standard income tax rate is 18.10% in Switzerland, which is made up of federal, cantonal and communal (municipal) taxes.

(6) It is foreseen that the Irish government approves an increase in the corporate tax rate to 15% during 2023, which is likely to be applicable from 1 January 2024.

(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.

(8) On 14 February 2022, the Austrian government published the Eco-Social Tax Reform Act 2022 in the Official Gazzette, which incorporates a gradual reduction of the current CIT rate from 25% to 24% in 2023 and subsequently to 23% in 2024.

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 S.p.A (becoming Cellnex Italia S.p.A), and (b) reverse merger of Cellnex Italia S.r.l. into Cellnex Italia S.p.A (The "Reverse Merger Transaction"), with Cellnex Italia S.p.A 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 S.p.A’s individual financial statements, which are prepared under Italian generally accepted accounting standards (GAAS).

With regards to the goodwill generated by the Reverse Merger Transaction, Cellnex Italia S.p.A 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 2021 consolidated financial statements, 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 was recognized as it is probable that future taxable profits will be available against which the deductible temporary difference will be utilized.

On 1 April 2022, the merger of CK Hutchison Networks Italia S.p.A. and Towerlink Italia S.r.l. into Cellnex Italia S.p.A was completed, with Cellnex Italia S.p.A. being the surviving entity. Furthermore, on 1 July 2022, the merger of Towerco S.p.A. and Iaso Gruppo Immobiliare S.r.l. into Cellnex Italia S.p.A was completed (collectively the "Big Merger II Transaction"). The merger difference was determined at the effective accounting date (backdated to 1 January 2022) as the excess of (i) the cost of the investments and ii) their respective equity. The entire merger difference was allocated to goodwill in Cellnex Italia S.p.A's individual financial statements, which are prepared under Italian generally accepted accounting standards ("GAAS"). With regards to the goodwill generated by the Big Merger II Transaction, Cellnex Italia S.p.A will opt to step-up the tax basis of the goodwill, for which payment of the substitute tax ("imposta sostitutiva") is required in order to generate the corresponding tax deduction of the amortisation, with payments for three years in 2024, 2025 and 2026.

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	
	2022	2021 restated
Consolidated profit/(loss) before tax	(502,882)	(540,308)
Theoretical tax [(1)]	99,840	100,535
Impact on tax expense from (permanent differences):		
Non-deductible expenses	23,399	(11,358)
Other deductions	5,529	10,728
Income tax (expense)/credit for the year	**128,768**	**99,905**
Tax loss carryforwards	5,639	10,952
Changes in tax rates	4,385	(101,546)
Other tax effects	51,154	144,813
Other tax effects	**61,178**	**54,219**
Income tax (expense)/credit	**189,946**	**154,124**

[(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 2022 and 2021 include items that, in accordance with the tax legislation of the respective consolidated companies, are not taxable or deductible.

"Changes in tax rate" in 2022 included the impact of updating the tax rate in certain subsidiaries, which has resulted in a positive impact of EUR 4 million (negative impact of EUR 102 million in 2021), in the accompanying consolidated income statement. "Other tax effects", in 2022 include, among others, the reversion of tax provisions associated with Business Combinations of approximately EUR 92 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	
	2022	2021 restated
Current tax	(24,358)	(120,725)
Deferred tax	124,700	266,759
Tax from prior years / other	89,604	8,090
Income tax expense	**189,946**	**154,124**

"Deferred tax" in 2022 and 2021 mainly relates to the impact of the deferred tax liabilities associated with the business combinations detailed below (Note 18.d). "Tax from prior years / other" include mainly the reversion of tax provisions previously indicated.

Tax withholdings and payments on account totalled EUR 75,565 thousand (EUR 66,637 thousand in 2021).

c) Current tax liabilities

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

	Thousands of Euros	
	31 December 2022	31 December 2021
VAT payable	151,207	181,786
Corporate income tax	47,367	79,295
Social security payable	6,444	5,201
Personal income tax withholdings	3,861	3,532
Other taxes	5,925	7,425
Current tax liabilities	**214,804**	**277,239**

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			
	2022		2021 restated	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
At 1 January	**673,024**	**(3,826,048)**	**460,817**	**(1,782,548)**
Debits/(credits) in income statement	(34,594)	154,908	135,645	236,378
Debits/(credits) due to incorporation into scope and business combinations	(262)	(794,167)	51,147	(2,120,707)
Debits/(credits) to equity	(7,027)	(25,868)	9,435	(5,634)
Transfers	12,212	(2)	(3,256)	899
Changes in tax rates	(11,170)	15,555	16,438	(116,796)
Exchange differences and others	3,479	31,306	2,798	(37,640)
At 31 December	**635,662**	**(4,444,316)**	**673,024**	**(3,826,048)**

Deferred tax assets

The breakdown of the deferred tax assets is as follows:

	Thousands of Euros	
	31 December 2022	31 December 2021 restated
Deferred tax assets:		
Business combinations	49,024	88,610
Provision for third-party liabilities	68,201	61,165
Limit on depreciation and amortisation of fixed assets	8,622	17,110
Employee benefit obligations	10,391	8,832
Other provisions	61,581	103,384
Timing differences in revenue and expense recognition	69,254	4,696
Asset revaluation	182,108	216,160
Tax credits recognised:		
Tax loss carry forwards	84,806	79,272
Limit on deductibility of financial expenses	101,675	93,795
Total	**635,662**	**673,024**

Business combinations

It refers to the 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

Spanish 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 to other temporary differences. The main concept thereof refers to the deferred tax asset registered as a consequence of the tax credits to be applied in future years generated in Spain.

Timing differences in revenue and expense recognition

Tangible assets may be depreciated for UK tax purposes according to specific rules (“Capital Allowances”). Temporary differences arise upon the application of Capital Allowances, given the differences between the book values and tax values of such tangible assets.

Asset revaluation

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 heading 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" heading 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 2022 and 2021 the Group had tax losses generated by the Spanish entities available for carry forward against future profits amounting to EUR 203.4 million (EUR 209.8 million at 2021 year-end).

As at 31 December 2022 and 2021 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 10.9 million (EUR 11.3 million at 2021 year-end) which related to GBP 9.4 million (GBP 9.7 million at 2021 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 12.9 million (EUR 7.4 million at 2021 year-end) which related to GBP 11.2million (GBP 6.4 million at 2021 year-end) which is available to offset against future trading profits generated by the same company that incurred the loss.

With regards to other territories where the Group has presence, as at 31 December 2022, tax losses from French, Irish, Austrian, Portuguese, Finnish, Swiss and Polish companies available for carry forward against future profits, amounted to EUR 137 million, EUR 12.8 million, EUR 10 million, EUR 16.6 million, EUR 26.6 million, EUR 10.5 million and EUR 1.4 million. As at 31 December 2021, tax losses from French, Irish, Austrian, Portuguese, Finnish, Swiss, Polish and Dutch companies available for carry forward against future profits, amounted to EUR 86 million, EUR 12.8 million, EUR 8.9 million, EUR 14 million (restated), EUR 24.1 million, EUR 10.5 million and EUR 0.9 million. Thus, as at 31 December 2022, the total amount of tax losses available for carry forward against future profits in these territories amounted to EUR 434.8 million (EUR 383.68 million at at 2021 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 2022 amounting to EUR 51 million and EUR 34 million, respectively (EUR 43 million and EUR 36.3 million, respectively at 2021 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 2022 and 2021 (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). Nonetheless, 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 incorporation of Hivory into the consolidated tax group from 2022 onwards and, therefore, increasing the amount of tax loss carryforwards deducted by all the companies included in the tax group. The tax loss carryforwards generated prior to the creation of the consolidated tax group can only be deducted against the profits of the entity carrying forward such tax losses.

In the case of Spain, the incorporation of Cellnex Finance Company, S.A. 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.

Thus, as at 31 December 2022, the deferred tax asset arising on the losses carried forward in the group companies, recognised in the accompanying consolidated balance sheet, amounted to EUR 84.8 million (EUR 79.3 million at 2021 year-end).

Limit on deductibility of financial expenses

The Spanish CIT legislation limits the deductibility of the net financial expenses, for the periods beginning on 1 January 2012. This act establishes 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 following tax periods.

In this sense, with the activity of Cellnex Finance Company, S.A from 2020, the finance costs will foreseeably be deducted in full by 2028.

Deferred tax liabilities

The breakdown of the deferred tax liabilities is as follows:

	Thousands of Euros	
	31 December 2022	31 December 2021 restated
Deferred tax liabilities:		
Business combinations [(1)]	(4,346,630)	(3,785,880)
Accelerated depreciation and amortisation	(21,939)	(5,729)
Amortization and other temporary differences	(75,747)	(34,439)
Total	**(4,444,316)**	**(3,826,048)**

[(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 2022 and 2021 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 2022	31 December 2021 restated
Towerco	2014	—	19,079
Cellnex Italia	2015	576,966	—
Cellnex Netherlands subgroup	2016	65,784	56,375
Shere Group subgroup	2016	21,110	23,856
Swiss Towers	2017	53,615	54,607
Swiss Infra Services	2020	146,751	148,310
Iliad 7	2020	350,540	371,160
On Tower UK	2020	997,865	497,890
OMTEL, Estruturas de Comunicaçoes	2020	114,617	121,544
On Tower Portugal	2020	68,209	72,123
On Tower Ireland	2020	53,134	56,086
On Tower Denmark	2020	66,531	70,223
On Tower Austria	2020	169,471	194,441
Cignal Infrastructure Netherlands	2021	145,320	148,369
CK Hutchison Italy	2021	—	589,290
Towerlink Poland	2021	172,468	185,109
Hivory, SAS	2021	990,508	1,043,494
On Tower Sweden	2021	82,550	94,522
Cignal Infrastructure UK	2022	224,722	—
Others		46,469	39,402
Total		**4,346,630**	**3,785,880**

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 2022 and 2021 will be used as follows:

	Thousands of Euros		
			31 December 2022
	Less than one year	More than one year	**Total**
Deferred tax assets	9,060	626,602	**635,662**
Deferred tax liabilities	35,851	4,408,465	**4,444,316**

	Thousands of Euros		
			31 December 2021 restated
	Less than one year	More than one year	**Total**
Deferred tax assets	15,482	657,542	**673,024**
Deferred tax liabilities	3,914	3,822,134	**3,826,048**

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 2022, the Group has guarantees with third parties amounting to EUR 123,258 thousand (EUR 93,548 thousand at the end of 2021). 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.

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. The CNMC has issued its decision recalculating the aforementioned amount, reducing it to EUR 18.7 million and this decision was appealed against in the National High Court on 29 September 2016. On 27 July 2022, the appeal was dismissed and a new appeal has been filed against such decision. Based on the opinion of its legal advisers, the provision recorded in this regard at 31 December 2022, amounted to EUR 18.7 million in "current provisions and other liabilities" of the consolidated balance sheet (EUR 18.7 million at the end of 2021 in "non-current provisions and other liabilities").

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 2022, 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 2021).

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 2022, Cellnex Telecom, S.A. has provided three guarantees amounting to EUR 32.5 million (EUR 32.5 million at the end of 2021) to cover the disputed rulings with the CNMC explained above.

In relation to the digitalization and expansion of the terrestrial television networks in remote rural areas in Spain during the digital transformation process, the European Commission issued a decision on 19 June 2013 concluding that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received state aid, in the amount of EUR 260 million, that is contrary to the Treaty on the Functioning of the European Union. The ruling ordered Spain to recover the amount of the aid received. Retevisión-I, S.A.U. lodged an appeal on October 2013 against such decision which was dismissed on 26 November 2015. On 5 February 2017, a further appeal was filed. On 20 December 2017, the Court of Justice of the European Union (CJEU) issued a judgment by which it annulled the decisions of 19 June 2013 and 26 November 2015 aforementioned. After such annulment, the European Comission reopened its investigation and issues a new decision on 10 June 2021, concluding that the aid system was against the European Union's legislation and, therefore, the aid had to be recovered. Based on this, the governments of Extremadura, Catalonia, Valencia, Asturias and others initiated different proceedings to recover the aid, amounting to approximately EUR 100 million. The Group has already appealed such decisions and, in order to suspend the execution, it has set up escrow accounts for a total amount of approximately EUR 93.2 million as of 31 December 2022 (see Note 13.b). On 5 November 2021, the Group filed an appeal before the General Court of the European Union requesting the annulment of the referred decision. To date, the General Court of the European Union has still not ruled on such appeal. In the event that, in any of the aforementioned proceedings, there is a court ruling requesting the recovery of the amounts claimed, or any part thereof, by the respective Administration or Public Organism, following our advisors' criteria, the Supreme Court's requirements would undoubtfully be met in order to achieve the success of the legal claims that would be lodged by the respective company of the Cellnex Group based on the infringement of the elementary principles of unjust enrichment prohibition and contractor's indemnity. Consequently, it is not expected that the resolution of the procedures in progress will have a significant effect on the consolidated net assets of the Group to the extent that the aforementioned estimate of the actions to be exercised, the Company considers that it would entail the restitution of the amounts deposited in recovered "escrow" accounts.

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 filed 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. Such resolution was declared firm on 4 October 2021.

b) Current and non-current employee benefit obligations

The detail of “Employee benefit obligations” at 31 December 2022 and 2021 is as follows:

	Thousands of Euros					
	31 December 2022			31 December 2021		
	Non-current	Current	Total	Non-current	Current	Total
Defined benefit obligations	2,060	486	**2,546**	3,724	—	**3,724**
Employee benefit obligations	49,667	62,365	**112,032**	66,729	70,634	**137,363**
Employee benefit obligations	**51,727**	**62,851**	**114,578**	**70,453**	**70,634**	**141,087**

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 2,060 thousand (EUR 3,724 thousand in 2021) under “Non-current provisions” and EUR 486 thousand (EUR 0 thousand in 2021) 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 2022 and 2021 for these obligations as a decrease in staff costs were EUR 2,444 thousand and EUR 3,504 thousand and, as a finance cost, were EUR 4 thousand and EUR 5 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	
	2022	2021
At 1 January	**3,724**	**6,163**
Current service cost	1,274	1,060
Interest cost	4	5
Actuarial losses/(gains)	(2,444)	(3,504)
Benefits paid	(12)	—
At 31 December	**2,546**	**3,724**

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	
	2022	2021
At 1 January	**2,829**	**1,237**
Sponsor contributions	(1,166)	1,736
Benefits paid	(12)	(144)
At 31 December	**1,651**	**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:

	2022	2021
Annual discount rate	3.50 %	0.19%-0.25%
Salary increase rate	5.53 %	0.77%-2.00%

II) Current and non-current employee benefit obligations

Long Term Incentive Plan ("LTIP")

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 were 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 Annual 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. The decision to receive the options part in additional shares, in cash or pension benefits is an agreement between the Group and the employee.

As at 31 December 2022, the cost of the 2019-2021 LTIP was EUR 11 million, which has been paid during the first half of 2022.

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 Annual 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 rest of the beneficiaries must receive 100% of their LTIP remuneration in shares. 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 2022, the estimated cost of the 2020-2022 LTIP is approximately EUR 11.7 million. The objectives set for this plan have not been met and therefore no pay-out will be made to management.

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 Annual 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 rest of the beneficiaries must receive 100% of their LTIP remuneration in shares. 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 2022, the estimated cost of the 2021-2023 LTIP amounts to approximately EUR 15.5 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 10.3 million in reserves of the accompanying consolidated balance sheet as at 31 December 2022 (EUR 4.9 million in reserves as at 31 December 2021). The impact on the accompanying consolidated income statement for 2022 amounted to EUR 5.4 million (EUR 4.9 million in 2021).

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 fulfillment 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 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 Annual General Shareholders' Meeting.

For all the beneficiaries of the 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 depending on the job levelling of each employee. The decision to receive the options part in additional shares, in cash or pension benefits is an agreement between the Group and the employee.

As of 31 December 2022, the estimated cost of the 2022-2024 LTIP amounts to approximately EUR 11 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 1.4 million and EUR 2.2 million in the long-term employee benefit obligations and reserves, respectively, of the accompanying consolidated balance sheet as at 31 December 2022. The impact on the accompanying consolidated income statement for 2022 amounted to EUR 3.6 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 175 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 reorganisation procedure, with an estimated cost of EUR 55 million. As of 31 December 2020, the Reorganisation Plan was finalized.

The balance payable at 31 December 2022 associated with this collective redundancy procedure carried out by the Group represents expected payments related to this process, amounting to EUR 10.5 million and EUR 0.2 million recorded in the long and short term, respectively, of the accompanying consolidated balance sheet (EUR 9.9 million and EUR 0.2 million recorded in the long and short term, respectively, at 31 December 2021).

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 208 employment contracts in the period from 2022 to 2025 as detailed below.

The agreement consists, 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 opex 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 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 reorganisation procedure, with an estimated cost of EUR 81 million. During 2022, following execution of part of this agreement, contracts ended for 80 employees for a cost of EUR 23.7 million (no contracts ended during 2021).

The balance payable at 31 December 2022 associated with this reorganisation procedure carried out by the Group represents expected payments related to this process, amounting to EUR 33.4 million and EUR 17.7 million recorded in the long and short term, respectively, of the accompanying consolidated balance sheet (EUR 53 million and EUR 28 million recorded in the long and short term, respectively, at 31 December 2021).

c) Provisions and other liabilities

The detail of “Provisions and other liabilities” at 31 December 2022 and 2021 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 2022, the provisions for other responsibilities amounted to EUR 533,727 thousand (EUR 668,298 thousand at 2021 year-end). 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. Following this analysis and in accordance with IFRS 3.22-23, no provisions have been registered in 2022 (see Note 6) (EUR 180 million in 2021 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 97 million (EUR 149 million in 2021) as the risks became remote, expired or the amounts were settled. The most part of these provisions has been executed against income tax (see Note 18.b). The expectations of the Group are that the provisions recognised will either be settled or will expire within the coming years, based on the statute of limitation for the corresponding provision, in accordance with the tax legislation of each country, which is: EUR 239 million between 1 and 2 years, EUR 80 million between 2 and 3 years and EUR 215 million in more than 3 years.

The heading also includes the contractual obligation to dismantle and decommission the mobile telecom infrastructures. (See Note 3.o.). As at 31 December 2022, the provision for asset retirement obligation, amounted to EUR 479,437 thousand (EUR 489,519 thousand at 2021 year-end, restated). As a result of the movement of the year a positive impact amounting to EUR 108 million has been recognized in “Depreciation, amortisation and results from disposals of fixed assets” caption of the accompanying consolidated income stament of the year 2022.

Moreover, the heading includes the possible sanctions levied by the National Competition Committee (Note 19.a), which have been recorded in the consolidated balance sheet as of 31 December 2022 and 2021 for an amount of EUR 32,473 thousand and EUR 32,473 thousand, respectively, as the cash flow outflow has been estimated as probable. During 2022, the provision recorded in this regard at 2021 year-end, amounting to EUR 18.7 million was reclassified to "current provisions and other liabilities” of the consolidated balance sheet, based on the opinion of its legal advisers.

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"). 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. Thus, at 31 December 2022 and 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 be expected to be inflationary, given the favourable performance of such assets (see Note 14.f.). Thus, as at 31 December 2022, based on the best estimation of the T-Mobile Infra Put Option and taking into account all the available information, the Group has recognised a provision of EUR 364 million (EUR 296 million at 2021 year-end) 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 2022, this heading amounted to EUR 120,612 thousand (EUR 143,204 thousand at 2021 year-end).

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 2022, the present value of the deferred payment amounted to EUR 502,740 thousand (EUR 489,288 thousand at 2021 year-end). Thus, the impact on "financial costs" of the accompanying consolidated income statement for 2022 amounted to EUR 13,452 thousand (EUR 13,452 thousand in 2021).

The expectations of the Group are that the provisions and other liabilities detailed above, other than "provisions for other responsibilities", will either be settled or will expire within the coming years beyond to 2025.

20. Revenue and expenses

a) Operating income

The detail of operating income by item for the 2022 and 2021 financial years is as follows:

	Thousands of Euros	
	2022	**2021**
Services	3,251,155	2,441,669
Other operating income	247,467	94,399
Advances to customers (Note 13.b)	(3,442)	(3,269)
Operating income	**3,495,180**	**2,532,799**

"Services" includes revenues from the three different customer focused units: Telecom Infrastructure Services, Broadcasting Infrastructure and Other Network Services. "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 amortization 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 2022 and 2021 are as follows:

Thousands of Euros

Contracted revenue	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total (*)
				2022
Spain	181,258	222,610	86,871	490,740
Italy	—	673,677	—	673,677
Netherlands	—	131,439	—	131,439
France	—	689,002	—	689,002
United Kingdom	—	459,609	—	459,609
Switzerland	—	143,381	—	143,381
Ireland	—	56,825	—	56,825
Portugal	—	126,857	—	126,857
Austria	—	75,869	—	75,869
Denmark	—	33,477	—	33,477
Sweden	—	57,300	—	57,300
Poland	—	353,264	—	353,264
Less than one year	**181,258**	**3,023,311**	**86,871**	**3,291,441**
Spain	232,897	790,231	202,043	1,225,170
Italy	—	3,021,295	—	3,021,295
Netherlands	—	435,762	—	435,762
France	—	2,875,541	—	2,875,541
United Kingdom	—	1,613,410	—	1,613,410
Switzerland	—	514,116	—	514,116
Ireland	—	207,777	—	207,777
Portugal	—	498,730	—	498,730
Austria	—	303,477	—	303,477
Denmark	—	133,908	—	133,908
Sweden	—	219,434	—	219,434
Poland	—	1,389,473	—	1,389,473
Between one and five years	**232,897**	**12,003,154**	**202,043**	**12,438,093**
Spain	20,002	2,464,515	93,100	2,577,617
Italy	—	11,717,958	—	11,717,958
Netherlands	—	1,339,287	—	1,339,287
France	—	25,474,707	—	25,474,707
United Kingdom	—	9,244,353	—	9,244,353
Switzerland	—	4,269,164	—	4,269,164
Ireland	—	983,645	—	983,645
Portugal	—	2,455,970	—	2,455,970
Austria	—	1,744,993	—	1,744,993
Denmark	—	756,041	—	756,041
Sweden	—	1,242,406	—	1,242,406
Poland	—	14,004,166	—	14,004,166
More than five years	**20,002**	**75,697,205**	**93,100**	**75,810,307**
Domestic	**434,157**	**3,477,356**	**382,014**	**4,293,527**
International	**—**	**87,246,314**	**—**	**87,246,314**
Total	**434,157**	**90,723,671**	**382,014**	**91,539,841**

(*) At 31 December 2022, 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 8). If this effect were to be considered the contracted revenue of the Group as of 31 December, 2022 would increase to EUR 110 billion approximately, on a run rate basis.

	Thousands of Euros			
	2021			
Contracted revenue	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total (*)
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 8). 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.

b) Staff costs

The detail of staff costs by item is as follows:

	Thousands of Euros	
	2022	2021
Wages and salaries	(208,180)	(164,621)
Social Security contributions	(40,554)	(33,769)
Retirement fund and other contingencies and commitments	(4,021)	(86,413)
Other employee benefit costs	(17,628)	(15,554)
Staff costs	**(270,383)**	**(300,357)**

The heading "Retirement fund and other contingencies and commitments" of 2021 include the impact on the accompanying consolidated income statement in relation to the 2021 Reorganisation Plan (see Note 19.b), amounted EUR 81 million.

The average number of employees at the Cellnex Group, its subsidiaries and associates in 2022 and 2021, broken down by job category and gender, is as follows:

	2022			2021		
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	—	**1**	1	—	**1**
Senior Management [1]	7	2	**9**	8	1	**9**
Middle management	318	98	**416**	301	80	**381**
Other employees	1,711	792	**2,503**	1,642	730	**2,372**
Average number of employees	**2,037**	**892**	**2,929**	**1,952**	**811**	**2,763**

The number of employees at the Cellnex Group at the end of the 2022 and 2021 financial years, broken down by job category and gender, was as follows:

	2022			2021		
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	—	**1**	1	—	**1**
Senior Management[1]	6	2	**8**	6	1	**7**
Middle management	336	105	**441**	310	91	**401**
Other employees	1,746	822	**2,568**	1,699	769	**2,468**
Number of employees at year-end	**2,089**	**929**	**3,018**	**2,016**	**861**	**2,877**

At 31 December 2022, the Board of Directors of the Parent Company is formed of 11 members, 5 of which are male, and 6 are female. At 31 December 2021, the Board of Directors of the Parent Company was formed of 11 members, 6 of which were male, and 5 were female.

c) Other operating expenses

The detail of other operating expenses by item for the 2022 and 2021 financial years is as follows:

	Thousands of Euros	
	2022	2021
Repairs and maintenance	(91,969)	(79,708)
Utilities	(283,085)	(159,080)
Other operating costs	(283,464)	(246,616)
Other operating expenses	**(658,518)**	**(485,404)**

[1] The Chief Executive Officer is not included in the category of Senior Management disclosed. The breakdown of the Senior Management including the Chief Executive Officer is disclosed in Annex 6 of the Consolidated Management Report (GRI 405-1 Diversity of governance bodies and employees).

The detail of lease expense by class included in "Other operating costs" for the 2022 and 2021 financial years is as follows

	Thousands of Euros	
	2022	2021 restated
Leases of low-value assets	(3)	—
Variable lease payments	(2,020)	(2,354)
Lease expense	**(2,023)**	**(2,354)**

At 31 December 2022 and 2021, 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 2022 and 2021, 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 1,832 thousand (EUR 3,880 thousand at 2021 year-end).

ii. Redundancy provision, which mainly includes the impact in 2022 and 2021 year-end derived from the reorganisation plans detailed in Note 19.b of these consolidated financial statements (non-recurring item), amounted to EUR 3,367 thousand (EUR 80,870 thousand at 2021 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.b of these consolidated financial statements, non-cash item), amounted to EUR 16,649 thousand (EUR 10,724 thousand at 2021 year-end), and extra compensation and benefits costs, which corresponds to extra non-conventional bonus for the employees (non-recurring item), amounted to EUR 418 thousand (EUR 1,731 thousand at 2021 year-end).

iv. Costs and taxes related to acquisitions, which mainly includes taxes and ancillary costs incurred during the business combination processes (non-recurring item), amounted to EUR 53,717 thousand (EUR 75,735 thousand at 2021 year-end).

e) Depreciation, amortisation and results from disposals of fixed assets

The detail of “Depreciation, amortisation and results from disposals of fixed assets” in the consolidated income statement for the 2022 and 2021 financial years is as follows:

	Thousands of Euros	
	2022	2021 restated
Property, plant and equipment (Note 8)	(702,490)	(483,359)
Right-of-use assets (Note 16)	(618,330)	(480,675)
Intangible assets (Note 9)	(1,037,527)	(712,289)
Others	37,653	—
Total	**(2,320,694)**	**(1,676,323)**

The “Others” line mainly includes the impact derived from changes to the contractual obligation to dismantle and decommission the mobile telecom infrastructures, that arise from a revision in the timing or amount of the estimated decommissioning costs or from a change in the current market-based discount rate, in accordance with IFRIC 1 (see Note 19.c) net of the result of the disposal of fixed assets (see Notes 7, 8 and 9).

f) Net interest expense

The detail of net interest expense by item for the 2022 and 2021 financial years is as follows:

	Thousands of Euros	
	2022	2021
Finance income and interest from third parties	21,715	4,339
Changes in fair value of financial instruments	(77)	77
Exchange gains/(losses)	881	—
Total interest income	**22,519**	**4,416**

	Thousands of Euros	
	2022	2021 restated
Interest expense on lease liabilities (Note 16)	(327,405)	(234,088)
Finance costs and interest arising from third parties	(57,008)	(33,009)
Bond interest expense	(235,857)	(183,378)
Arrangement expenses and convertible bond accretion	(86,739)	(93,748)
Exchange gains/(losses)	—	(907)
Interest cost relating to provisions	(22,027)	(27,698)
Derivative financial instruments	(668)	(11,344)
Other finance costs	(21,774)	(25,507)
Total interest expense	**(751,478)**	**(609,679)**

21. Contingencies, commitments and obligations

a) Contingencies

As at 31 December 2022, the contingent liabilities of the Cellnex group are those detailed in Note 19.a of these consolidated financial statements.

b) Commitments and obligations

i) 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, among other things, a new Build-to-Suit programs in France with a view to neutralize capital expenditure and adjusted EBITDA expected impacts from the remedies required by the French CA in connection with the Hivory Acquisition, on a run rate basis. In particular, the Group contracted with Bouygues Telecom a Build-to-Suit program of up to 1,350 sites in rural areas of France, to be deployed by 2029 with an estimated capital expenditure of up to approximately EUR 310 million. The transaction is structured in a way similar to the Bouygues Telecom Strategic Agreement (see Note 8) and definitive agreements in relation thereto have been entered into October 2022. Secondly, Cellnex France and Bouygues Telecom extended an existing Build-to-Suit program in very dense areas of France of up to 1,500 additional sites to be deployed by 2031 with an estimated capital expenditure of up to approximately EUR 490 million. Lastly, the Group increased the scope of its existing program with Bouygues Telecom involving strategic sites with data processing capabilities by adding up to 2 additional mobile switching centres, transferred in December 2022 with an estimated capital expenditure of up to approximately EUR 85 million.

ii) Agreements between Cellnex France Groupe, Bouygues Telecom and Phoenix France Infrastructures to dispose approximately 3,200 urban sites in France

As described in Note 7, in the first quarter of 2022, the Group entered into several transactions with the aim to fulfil the disposals required by the French CA as a condition for the approval of the Hivory Acquisition (see Note 4 of the 2021 Consolidated Financial Statements).

Firstly, Cellnex France and Phoenix France Infrastructures (in the presence of Bouygues Telecom) entered into a business transfer agreement which sets forth the terms and conditions under which Cellnex France will sell to Phoenix France Infrastructures (or to any company controlled by Phoenix France Infrastructures that Phoenix France Infrastructure would substitute) 2,000 sites located in very dense areas of France. The sale will be carried out at a price to be calculated pursuant to the agreement which takes into account the profit generated by such sites, for an expected total amount of approximately EUR 600 million, net of taxes. The effectiveness of this agreement was subject to the French regulatory approvals the last of which was obtained in October 2022. At the end of April 2023, the sale of a first package of 150 sites to Phoenix France Infrastructures will be carried out for a price of approximately EUR 34 million, net of taxes.

In addition, Hivory, Cellnex France and Phoenix Tower France II (a company of the Phoenix Tower International group) entered into a share purchase agreement which sets forth the terms and conditions under which Hivory will transfer to Phoenix Tower France II 1,226 sites located in very dense areas of France. The effectiveness of this agreement was subject to the French regulatory approvals the last of which was obtained in October 2022. The sale will be carried out at a price to be calculated pursuant to the agreement which takes into account the profit generated by such sites, for an expected total amount of approximately EUR 235 million, net of taxes.

iii) Other purchase commitments

As at 31 December 2022, the purchase commitments for tangible and intangible assets are those detailed in Notes 8 and 9 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 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 are included in the Environment and Climate Change functional unit in order to 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) operational (level of processes' interruption and of the effect on third parties) 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. Furthermore, in 2022 Cellnex developed a Climate Change Adaptation Plan, through a vulnerability analysis of the infrastructures to climate change. The main objective of the Cellnex Climate Change Adaptation Plan is to prevent or reduce present and future damage from climate change. Two periods were analysed under a RCP 8.5 scenario: 2011-2040 and 2041-2070. The variables analysed were: temperature, precipitation, wind, storm surge, sea level rise, flooding, fires and landslides. The climatic variable that primarily affects all assets at both horizons is temperature. 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 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 2022 amounted to EUR 14,902 thousand (EUR 14,768 thousand in 2021), with accumulated depreciation and amortisation of EUR 9,390 thousand (EUR 8,567 thousand in 2021).

Expenses incurred to protect and improve the environment recognised directly in the income statement amounted to EUR 708 thousand (EUR 471 thousand in 2021) 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, 2022 and 2021, 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 environmental liability insurance, in accordance with current legislation, of EUR 20 million.

Further information on the environmental performance of the Group is disclosed in chapter 5 of the accompanying Consolidated Management Report.

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 2022 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, housing of different clients of broadcasters and 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). 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 or broadcasters 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 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 services 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 2022 and 2021 are as follows:

	Thousands of Euros										
	31 December 2022										
	Spain [(1)]	Italy	France	UK	Switzerland	Portugal	Austria	Poland	Netherlands	Other countries	Total
Intangible assets	277,901	3,858,399	7,312,641	6,316,416	1,421,456	1,405,208	992,372	2,069,512	1,238,748	1,949,074	**26,841,727**
Right-of-use assets	332,137	712,430	999,791	508,860	254,591	117,631	90,366	220,258	83,959	117,687	**3,437,710**
Tangible fixed assets	885,692	1,605,244	4,571,681	858,018	227,934	515,896	225,546	1,233,886	147,598	422,844	**10,694,339**
Other non-current assets	486,589	68,370	109,166	63,167	4,549	45,719	123,352	40,399	31,202	50,731	**1,023,244**
Total non-current assets	**1,982,319**	**6,244,443**	**12,993,279**	**7,746,461**	**1,908,530**	**2,084,454**	**1,431,636**	**3,564,055**	**1,501,507**	**2,540,336**	**41,997,020**
Total current assets	**1,113,946**	**194,257**	**269,663**	**136,605**	**42,150**	**66,752**	**17,843**	**216,492**	**36,466**	**115,128**	**2,209,302**
Non-current assets held for sale	**—**	**—**	**51,427**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**51,427**
TOTAL ASSETS	**3,096,265**	**6,438,700**	**13,262,942**	**7,883,066**	**1,950,680**	**2,151,206**	**1,449,479**	**3,780,547**	**1,537,973**	**2,655,464**	**44,257,749**
Borrowings and bond issues	15,916,522	—	322,195	674,177	555,778	—	—	—	278,638	26	**17,747,336**
Lease liabilities	238,768	392,015	950,415	221,670	232,232	80,615	77,489	178,909	50,966	78,817	**2,501,896**
Other non-current liabilities	990,329	717,085	1,530,108	1,458,980	280,738	254,536	247,045	314,387	336,576	405,945	**6,535,729**
Total non-current liabilities	**17,145,619**	**1,109,100**	**2,802,718**	**2,354,827**	**1,068,748**	**335,151**	**324,534**	**493,296**	**666,180**	**484,788**	**26,784,961**
Borrowings and bond issues	132,196	—	—	8,614	2,696	70	(236)	—	158	(146)	**143,352**
Lease liabilities	58,390	131,020	169,644	50,792	20,119	13,995	19,764	66,617	25,680	27,573	**583,594**
Other current liabilities	(7,317,905)	694,420	4,543,103	1,657,163	179,126	658,289	197,869	402,064	(52,455)	574,556	**1,536,230**
Total current liabilities	**(7,127,319)**	**825,440**	**4,712,747**	**1,716,569**	**201,941**	**672,354**	**217,397**	**468,681**	**(26,617)**	**601,983**	**2,263,176**
Liabilities associated with non-current assets held for sale	**—**	**—**	**21,814**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**21,814**
TOTAL LIABILITIES	**10,018,300**	**1,934,540**	**7,515,465**	**4,071,396**	**1,270,689**	**1,007,505**	**541,931**	**961,977**	**639,563**	**1,086,771**	**29,069,951**

[(1)] In addition to the Spanish business, it also includes the Corporation and the Cellnex Finance company.

	Thousands of Euros									
	31 December 2021 restated									
	Spain [1]	Italy	France	UK	Switzerland	Portugal	Austria	Poland	Other countries	Total
Intangible assets	253,403	4,037,791	7,604,454	2,907,072	1,419,044	1,483,899	1,030,221	2,178,881	3,365,774	**24,280,539**
Right-of-use assets	348,263	747,469	930,041	431,655	245,372	77,731	101,628	254,326	209,702	**3,346,187**
Tangible fixed assets	850,711	1,502,542	3,320,048	324,705	209,462	256,454	207,763	1,151,151	531,707	**8,354,543**
Other non-current assets	282,873	73,897	91,918	70,625	5,213	20,327	139,670	44,637	54,481	**783,641**
Total non-current assets	**1,735,250**	**6,361,699**	**11,946,461**	**3,734,057**	**1,879,091**	**1,838,411**	**1,479,282**	**3,628,995**	**4,161,664**	**36,764,910**
Total current assets	**3,705,049**	**172,327**	**578,406**	**201,406**	**67,204**	**114,333**	**19,212**	**124,259**	**113,837**	**5,096,033**
TOTAL ASSETS	**5,440,299**	**6,534,026**	**12,524,867**	**3,935,463**	**1,946,295**	**1,952,744**	**1,498,494**	**3,753,254**	**4,275,501**	**41,860,943**
Borrowings and bond issues	13,154,150	—	208,920	708,527	564,473	—	—	—	277,990	**14,914,060**
Lease liabilities	269,496	479,693	803,306	122,734	221,814	54,877	89,195	200,526	160,380	**2,402,021**
Other non-current liabilities	890,113	727,056	1,578,757	840,440	323,860	281,783	268,555	336,754	780,257	**6,027,575**
Total non-current liabilities	**14,313,759**	**1,206,749**	**2,590,983**	**1,671,701**	**1,110,147**	**336,660**	**357,750**	**537,280**	**1,218,627**	**23,343,656**
Borrowings and bond issues	717,402	—	—	1,789	1,565	70	(236)	(128)	(467)	**719,995**
Lease liabilities	42,758	98,827	186,701	23,639	17,003	14,589	16,635	63,660	39,929	**503,741**
Other current liabilities	(5,992,356)	667,510	4,755,611	393,525	175,061	506,441	198,281	255,760	506,240	**1,466,073**
Total current liabilities	**(5,232,196)**	**766,337**	**4,942,312**	**418,953**	**193,629**	**521,100**	**214,680**	**319,292**	**545,702**	**2,689,809**
TOTAL LIABILITIES	**9,081,563**	**1,973,086**	**7,533,295**	**2,090,654**	**1,303,776**	**857,760**	**572,430**	**856,572**	**1,764,329**	**26,033,465**

[1] In addition to the Spanish business, it also includes the Corporation and the Cellnex Finance Company.

Segmental reporting is set out below:

	Thousands of Euros									
	2022									
	Spain [1]	Italy	France	Switzerland	UK	Portugal	Poland	Netherlands	Other countries	Total (*)
Operating income	565,951	735,022	749,440	157,520	386,203	129,008	412,578	130,108	229,350	**3,495,180**
Operating expenses	(261,754)	(208,554)	(102,324)	(19,997)	(132,163)	(17,633)	(114,791)	(36,395)	(50,558)	**(944,169)**
Depreciation and amortization	(184,963)	(451,219)	(716,695)	(91,833)	(272,456)	(95,711)	(270,328)	(55,455)	(182,034)	**(2,320,694)**
Net Interest	(146,477)	(114,142)	(233,532)	(35,466)	(78,043)	(21,732)	(46,141)	(12,514)	(40,912)	**(728,959)**
Profit of companies accounted for using the equity method	96	—	—	—	—	—	—	(4,335)	—	**(4,239)**
Income tax	13,966	13,253	47,515	(6,193)	132,625	1,580	3,155	(31,696)	15,741	**189,946**
Consolidated net profit	**(13,181)**	**(25,640)**	**(255,596)**	**4,031**	**36,166**	**(4,488)**	**(15,527)**	**(10,287)**	**(28,413)**	**(312,935)**
Attributable non-controlling interest	(170)	—	(7,191)	(689)	—	—	(1,144)	(6,684)	—	**(15,878)**
Net profit attributable to the Parent Company	**(13,011)**	**(25,640)**	**(248,405)**	**4,720**	**36,166**	**(4,488)**	**(14,383)**	**(3,603)**	**(28,413)**	**(297,057)**

(*) 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 2022. 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 Cellnex Finance company.

	Spain [1]	Italy	France	Switzerland	UK	Portugal	Other countries	Total (*)
								Thousands of Euros
								2021 restated
Operating income	530,304	512,454	413,334	146,141	311,814	103,254	515,498	**2,532,799**
Operating expenses	(324,739)	(139,305)	(57,803)	(18,462)	(91,683)	(15,953)	(140,353)	**(788,298)**
Depreciation and amortization	(177,586)	(293,062)	(371,639)	(120,548)	(210,304)	(95,161)	(408,024)	**(1,676,324)**
Net Interest	(235,768)	(80,691)	(121,908)	(31,919)	(37,241)	(20,120)	(77,616)	**(605,263)**
Profit of companies accounted for using the equity method	(19)	—	—	—	—	—	(3,203)	**(3,222)**
Income tax	53,237	92,334	79,635	4,002	(93,348)	2,663	15,601	**154,124**
Consolidated net profit	**(154,571)**	**91,730**	**(58,381)**	**(20,786)**	**(120,762)**	**(25,317)**	**(98,097)**	**(386,184)**
Attributable non-controlling interest	(347)	—	(11,056)	(5,689)	—	—	(6,553)	(23,645)
Net profit attributable to the Parent Company	**(154,224)**	**91,730**	**(47,325)**	**(15,097)**	**(120,762)**	**(25,317)**	**(91,544)**	**(362,539)**

(*) 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 of 2021 financial year.

(1) In addition to the Spanish business, it also includes the Corporation and the Cellnex 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 2022 amounted to EUR 1,246,507 thousand. During 2021 financial year, the Group had two customers that exceeded 10% of its revenue and the amount ascended to EUR 931,193 thousand.

The information by business segment is set out below:

	Broadcasting infrastructure	Telecom Infrastructure Services	Network Services and others	Total
				Thousands of Euros
				2022
Services (Gross)	223,497	2,915,604	112,054	**3,251,155**
Other income	—	247,467	—	**247,467**
Advances to customers	—	(3,442)	—	**(3,442)**
Operating income	**223,497**	**3,159,629**	**112,054**	**3,495,180**

	Broadcasting infrastructure	Telecom Infrastructure Services	Network Services and others	Total
				Thousands of Euros
				2021
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**

There have been no significant transactions between segments during 2022 and 2021.

24. Related parties

a) Directors and Senior Management

The remuneration earned by the Parent Company's directors as at 31 December 2022 and 2021 was as follows:

i. The members of the Board of Directors received EUR 2,069 thousand for exercising the duties in their capacity as directors of Cellnex Telecom, S.A. (EUR 1,706 thousand in 2021).

ii. For performing senior management duties, the CEO:

   a. received EUR 1,300 thousand, corresponding to fixed remuneration (EUR 1,300 thousand in 2021).

   b. accrued EUR 1,576 thousand corresponding to annual variable remuneration, estimated assuming 121% of accomplishment (EUR 1,275 thousand in 2021).

   c. as detailed in Note 19.b, the objectives set for the 2020-2022 LTIP have not been met and therefore no pay-out will be made. As at 31 December 2021, was accrued EUR 1,920 thousand for the achievement of the multi-annual objectives established in the "Long Term Incentive Plan" that consolidated in December 2021.

   Note: The accounting provisions for all the LTIPs in progress, for the year ended on 31 December 2022 amounted to EUR 3,033 thousand (EUR 2,546 thousand in 2021). See Note 19.b.

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 33,6 thousand, respectively (EUR 325 thousand and EUR 32 thousand in 2021).

iv. The CEO's severance package, accrued and payable in 2023, will be calculated according to the parameters that were duly approved at the General Shareholders' Meeting on 28 April 2022.

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 2022 for members of Senior Management amounted to EUR 5,822 thousand (EUR 5,323 thousand in 2021). As detailed in Note 19.b, the objectives set for the 2020-2022 LTIP have not been met and therefore no pay-out will be made. As at 31 December 2021, was accrued EUR 4,165 thousand for the achievement of the multi-annual objectives established in all the "Long Term Incentive Plan" that consolidated in December 2021, estimated assuming 100% of accomplishment. Note: The accounting provisions for all the LTIPs in progress, for the year ended on 31 December 2022 amounted to EUR 4,811 thousand (EUR 4,447 thousand in 2021).

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 500 thousand and EUR 190 thousand, respectively (EUR 423 thousand and EUR 190 thousand in 2021).

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 926 thousand at 31 December 2022 (EUR 967 thousand in 2021).

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 permanent conflict with the Parent Company's interests that could not be managed, if occurs, with the appropriate measures.

c) Associates companies

As of 31 December 2022 and 2021 the Group does not hold balances for significant amounts with associates companies.

For its part, during 2022 and 2021, 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).

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 ("ASPI"), at that moment, subsidiary of Atlantia 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. On 5 May 2022, Atlantia sold the subsidiary ASPI to a consortium that includes the public bank Cassa Depositi e Prestiti ("CDP") and the investment funds Blackstone and Macquarie. However, in accordance with the disclosures required by IFRS, the transactions carried out with ASPI until the date of the aforementioned control change in 2022 amounted to EUR 1.0 million (EUR 2.9 million as of 31 December 2021).

In addition to the aforementioned, during 2022 and 2021 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 2022 and 2021, the Group does not hold balances for significant amounts with related parties.

25. Other disclosures

The remuneration of the auditors for 2022 and 2021 is as follows:

								Thousands of Euros
				2022				2021
	Audit of financial statements (*)	Other auditor services	Total auditor services	Non-auditor services	Audit of financial statements (*)	Other auditor services	Total auditor services	Non-auditor services
Deloitte, S.L.	1,489	223	**1,712**	**91**	1,283	340	**1,623**	**71**
Rest of Deloitte	1,932	47	**1,979**	**138**	1,705	19	**1,724**	**3,066**
Total	**3,421**	**270**	**3,691**	**229**	**2,988**	**359**	**3,347**	**3,137**

(*) Includes the limited review of the consolidated interim financial statements of the Group as of 30 June 2022 and 2021.

26. Post balance sheet events

i) Resignation tendered by Mr. Tobias Martinez Gimeno, as director of Cellnex and, therefore, as its Chief Executive Officer (CEO)

The Parent Company communicated the resignation tendered by Mr. Tobias Martinez Gimeno, by letter dated 10 January 2023, as director of Cellnex and, therefore, as its Chief Executive Officer (CEO), with effect from 3 June 2023.

The Board has acknowledged the CEO's resignation and has put the necessary mechanisms in place for his succession. The choice of the final effective date will allow him to attend the Ordinary General Shareholders Meeting to examine the accounts for the 2022 financial year, initially scheduled for 1 June 2023.

ii) Cellnex entered into a EUR 700 million term loan facility agreement to refinance its debt

On 27 February 2023, Cellnex Finance, as borrower, and Cellnex, as guarantor, entered into a EUR 700,000 thousand term loan facility agreement to refinance by means of a subsequent intra-Group financing between Cellnex Finance, as lender, and Cellnex UK, as borrower, the existing GBP 600,000 thousand term loan facility agreement entered into by Cellnex UK, as borrower, and Cellnex, as guarantor, on 5 November 2019 (as amended and restated on 9 December 2020 and on 23 December 2021). The new financing maintains an attractive interest expense while extending the average life of the Group's debt.

iii) The Group cancelled a Cross Currency Swap ("CCS") amounting to EUR 450 million

In February 2023, the Group cancelled a Cross Currency Swap ("CCS") for EUR 450 million and an equivalent sterling value of GBP 382 million which were 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.

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, 28 February 2023

APPENDIX I. Subsidiaries included in the scope of consolidation at 31.12.2022

Company	Registered office	Ownership interest Cost (Thousands of Euros)	%	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	70%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex UK Limited	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	3,906,811	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	6,472,965	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	619,544	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	25,766	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	1,206,942	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	2,542,405	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	113,410	21%	Cellnex Telecom, S.A.	See Note 6 of 2021 annual consolidated statements	Investment vehicle	—

Company	Registered office	Ownership interest Cost (Thousands of Euros)	Ownership interest %	Company holding the interest	Consolidation method	Activity	Auditor
Indirect ownership interest:							
Retevision-I, S.A.U.	c/ Juan Esplandiú, 11-13 28007 Madrid	182,504	100%	Cellnex Telecom España, S.L.U.	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
Metrocall, S.A.	c/ Juan Esplandiú, 11-13 28007 Madrid	42,625	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	2,571	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
MBA Datacenters, S.L.	Paseo de la Zona Franca 105 (Torre Llevant), 08038-Barcelona	18,018	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Nextcell, S.r.L.	via Cesare Giulio Viola 43, Roma (RM)	3,800	100%	Cellnex Italia, S.p.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Retower, S.R.L	Via Ruggero Fauro n. 4 CAP 00197 Roma	1,731	100%	Cellnex Italia, S.p.A.	Full Consolidation	Terrestrial telecommunications infrastructure operator	—

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Towerlink Netherlands, B.V. (1)	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	63,634	70%	Cellnex Netherlands, BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Shere Masten B.V. (1)	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	278,085	70%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Breedlink BV (1)	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	599	70%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Alticom BV (1)	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	132,127	70%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
On Tower Netherlands, B.V (1)	Axelsestraat, 58, 4537 AL, Terneuzen, the Netherlands	42,876	70%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Springbok Mobility	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	2,600	100%	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	396,500	70%	Cellnex Netherlands, BV	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Cellnex France, S.A.S.	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	1,168,341	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	260,000	100%	Cellnex France, S.A.S	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Nexloop France, S.A.S	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	31,110	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	2,354,549	100%	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest Cost (Thousands of Euros)	Ownership interest %	Company holding the interest	Consolidation method	Activity	Auditor
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	4,442,906	100%	Cellnex France Groupe, S.A.S. / Hivory II, SAS	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellnex France Infrastructures, S.A.S.	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	1,020	51%	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	—
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	3,773,662	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	—

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Company holding the interest	Consolidation method	Activity	Auditor
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	—
Cellnex UK In-Building Solutions Limited	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	3,758	100%	Cellnex UK Limited	Full consolidation	Terrestrial telecommunications infrastructure operator	—
Cignal Infrastructure UK Limited	Level 4, R+, 2 Blagrave Street, Reading, RG1 1AZ, United Kingdom	841,494	100%	Cellnex UK Limited	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Towers AG	Thurgauerstrasse, 136 8152 Opfikon	739,869	72%	Cellnex Switzerland AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Infra Services SA	Thurgauerstrasse 136, 8152 Opfikon	830,684	72%	Swiss Towers AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Grid Tracer AG (1)	Thurgauerstrasse, 136 8152 Opfikon	51,411	40%	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	564,233	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	527,009	100%	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	205,496	100%	CLNX Portugal, S.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest Cost (Thousands of Euros)	%	Company holding the interest	Consolidation method	Activity	Auditor
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
Hivory Portugal, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, 1050 121 Lisboa	71,386	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	—	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
Rock Solid Transmission Limited	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	3,574	100%	Cignal Infrastructure 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
On Tower Austria Gmbh	Brünner Straβe 52, 1210 Vienna	932,883	100%	Cellnex AustriaGmbh	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
OnTower Denmark Aps	Scandiagade 8, 2450 København SV	437,170	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

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Company holding the interest	Consolidation method	Activity	Auditor
On Tower Poland, S.p.z.o.o.	Wynalazek 1, 02-677 Warszawa	919,615	70%	Cellnex Poland, S.p.z.o.o	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cignal Infrastructure Poland sp. z.o.o.	Warsaw, at Plac Marszałka Józefa Piłsudskiego 1, 00-078 Warsaw	5,269	100%	Cellnex Poland, S.p.z.o.o	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Remer Sp. z o.o.	ul. Komitetu Obrony Robotników 45D, 02-146 Warsaw	10,701	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	726,445	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 2022 consolidated financial statements with which it should be read.

APPENDIX I. Subsidiaries included in the scope of consolidation at 31.12.2021

Company	Registered office	Ownership interest Cost (Thousands of Euros)	%	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 Cost (Thousands of Euros)	%	Company holding the interest	Consolidation method	Activity	Auditor
Indirect ownership interest:							
Retevision-I, S.A.U.	c/ Juan Esplandiú, 11-13 28007 Madrid	182,504	100%	Cellnex Telecom España, S.L.U.	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
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

Company	Registered office	Ownership interest Cost (Thousands of Euros)	%	Company holding the interest	Consolidation method	Activity	Auditor
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
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

Company	Registered office	Ownership interest Cost (Thousands of Euros)	Ownership interest %	Company holding the interest	Consolidation method	Activity	Auditor
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	—
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	—

Company	Registered office	Ownership interest Cost (Thousands of Euros)	Ownership interest %	Company holding the interest	Consolidation method	Activity	Auditor
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	40%	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
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

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Company holding the interest	Consolidation method	Activity	Auditor
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
On Tower Austria Gmbh	Brünner Straβe 52, 1210 Vienna	933,220	100%	Cellnex Austria Gmbh	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

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Company holding the interest	Consolidation method	Activity	Auditor
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 2022 consolidated financial statements with which it should be read.

APPENDIX II. Associates included in the scope of consolidation at 31.12.2022

Company	Registered office	Ownership interest		Assets	Liabilities	Income	Profit/(loss)	Company holding the interest	Consolidation method	Activity	Auditor
		Cost	%								
INDIRECT SHAREHOLDINGS											
Through Retevisión and Tradia Telecom											
Torre de Collserola, S.A.	Ctra. de Vallvidrera al Tibidabo, s/n. Barcelona	2,022	41.75 %	15,919	11,220	4,815	4	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 %	2,635	471	1,879	736	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 %	863	917	399	(284)	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 %	3,847	3,856	1,871	(380)	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	—

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APPENDIX II. Associates included in the scope of consolidation at 31.12.2021

Company	Registered office	Ownership interest		Assets	Liabilities	Income	Profit/(loss)	Company holding the interest	Consolidation method	Activity	Auditor
		Cost	%								
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	—

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