Cellnex Telecom, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements and Interim Consolidated Directors' Report for the six-month period ended 30 June 2021 (prepared in accordance with IAS 34, Interim Financial Reporting), together with Report on Limited Review

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel: +34 932 80 40 40
www.deloitte.es

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Cellnex Telecom, S.A.
at the request of the Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Cellnex Telecom, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet as at 30 June 2021, and the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and notes thereto for the six-month period then ended. The Parent's directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2021 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Emphasis of Matters

We draw attention to explanatory Note 2-a to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2021 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2021. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Cellnex Telecom, S.A. and Subsidiaries.

Other Matters

This report was prepared at the request of the Board of Directors of Cellnex Telecom, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Iván Rubio Borrallo

28 July 2021

Cellnex Telecom, S.A. and Subsidiaries

Condensed Consolidated Interim Financial Statements and Consolidated Interim Directors' Report for the 6-month period ended on 30 June 2021 (prepared in accordance with IAS 34 "Interim financial reporting").

Translation of a report originally issued in Spanish and of condensed consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 24). In the event of a discrepancy, the Spanish-language version prevails.

TABLE OF CONTENTS

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

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2021

(Thousands of Euros)

	Notes	30 June 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	Note 5	5,798,035	4,197,827
Intangible assets	Note 6	18,197,116	12,041,295
Right-of-use assets	Note 14	2,904,084	2,133,560
Investments in associates	Note 7	3,563	3,431
Financial investments	Note 8	28,143	28,042
Derivative financial instruments	Note 9	—	6,116
Trade and other receivables	Note 10	49,108	35,671
Deferred tax assets	Note 16	570,006	464,531
Total non-current assets		**27,550,055**	**18,910,473**
CURRENT ASSETS			
Inventories		5,347	2,158
Trade and other receivables	Note 10	677,182	502,070
Receivables from associates	Note 21	1,254	832
Financial investments	Note 8	3,031	2,067
Cash and cash equivalents	Note 11	9,063,043	4,652,027
Total current assets		**9,749,857**	**5,159,154**
TOTAL ASSETS		**37,299,912**	**24,069,627**

This consolidated balance sheet at 30 June 2021 must be read together with the Notes included on pages 9 to 79.

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

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2021

(Thousands of Euros)

	Notes	30 June 2021	31 December 2020
NET EQUITY			
Share capital and attributable reserves			
Share capital	Note 12.a	169,832	121,677
Treasury shares	Note 12.a	(10,684)	(8,078)
Share premium	Note 12.b	14,601,345	7,769,936
Reserves	Note 12.c	(132,401)	267,802
Loss for the period	Note 12.g	(66,924)	(133,100)
		14,561,168	**8,018,237**
Non-controlling interests	Note 12.f	1,635,741	914,504
Total net equity		**16,196,909**	**8,932,741**
NON-CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 13	12,992,143	9,315,830
Lease liabilities	Note 14	2,049,971	1,478,759
Derivative financial instruments	Note 9	21,666	9,743
Provisions and other liabilities	Note 17.a	2,073,674	1,453,278
Employee benefit obligations	Note 17.b	16,166	17,194
Deferred tax liabilities	Note 16	2,427,898	1,790,830
Total non-current liabilities		**19,581,518**	**14,065,634**
CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 13	151,303	76,941
Lease liabilities	Note 14	439,298	284,060
Derivative financial instruments	Note 9	7,268	165
Employee benefit obligations	Note 17.b	24,338	26,860
Payables to associates	Note 21	177	116
Trade and other payables	Note 15	899,101	683,110
Total current liabilities		**1,521,485**	**1,071,252**
TOTAL NET EQUITY AND LIABILITIES		**37,299,912**	**24,069,627**

This consolidated balance sheet at 30 June 2021 must be read together with the Notes included on pages 9 to 79.

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

CELLNEX TELECOM, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2021

(Thousands of Euros)

	Notes	30 June 2021	30 June 2020
Services		1,018,088	703,663
Other operating income		41,214	16,908
Operating income	**Note 18.a**	**1,059,302**	**720,571**
Staff costs	Note 18.b	(98,931)	(78,725)
Other operating expenses	Note 18.c	(208,693)	(148,953)
Change in provisions		3,296	(97)
Losses on fixed assets	Notes 5 and 6	(33)	(81)
Depreciation and amortisation	Notes 5, 6 and 14	(677,596)	(422,866)
Operating profit		**77,345**	**69,850**
Financial income		6,959	7,574
Financial costs		(176,169)	(81,368)
Interest expense on lease liabilities		(85,076)	(61,295)
Net financial loss		**(254,286)**	**(135,090)**
Profit of companies accounted for using the equity method	Note 7	13	8
Loss before tax		**(176,928)**	**(65,232)**
Income tax	Note 16	95,813	15,085
Consolidated net loss		**(81,115)**	**(50,147)**
Attributable to non-controlling interests	Note 12.f	(14,191)	(6,967)
Net loss attributable to the Parent Company		**(66,924)**	**(43,180)**
Earnings per share (in euros per share):			
Basic	Note 12.e	(0.13)	(0.11)
Diluted	Note 12.e	(0.13)	(0.11)

This consolidated income statement corresponding to the 6-month period ended on 30 June 2021 must be read together with the Notes included on pages 9 to 79.

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

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2021

(Thousands of Euros)

	Notes	30 June 2021	30 June 2020
LOSS FOR THE PERIOD		**(81,115)**	**(50,147)**
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 9	(17,726)	(24,981)
Hedges of net investments in foreign operations of the Parent Company and fully consolidated companies	Note 9	9,297	(8,243)
Foreign exchange differences	Note 12	95,847	6,883
Tax effect		4,432	6,245
Total income and expenses recognised directly in net equity		**91,850**	**(20,096)**
Income transferred to the consolidated income statement:			
Changes in cash flow hedges of the Parent Company and fully consolidated companies	Note 9	(3,439)	(2,368)
Tax effect		860	592
Total income transferred to the consolidated income statement		**(2,579)**	**(1,776)**
Total consolidated comprehensive profit / (loss)		**8,156**	**(72,019)**
Attributable to:			
- Company shareholders		16,070	(66,150)
- Non-controlling interests		(7,914)	(5,869)
Total consolidated comprehensive profit / (loss)		**8,156**	**(72,019)**

This consolidated statement of comprehensive income corresponding to the 6-month period ended on 30 June 2021 must be read together with the Notes included on pages 9 to 79.

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

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2021

(Thousands of Euros)

	Notes	Share capital	Treasury shares	Share premium	Reserves	Profit for the period	Non-controlling interests	Net equity
At 1 January 2020		**96,332**	**(4,222)**	**3,886,193**	**191,871**	**(9,245)**	**889,907**	**5,050,836**
Comprehensive income for the period		—	—	—	(24,063)	(43,181)	(4,775)	**(72,019)**
Distribution of 2019 profit		—	—	—	(9,245)	9,245	—	**—**
Treasury shares	Note 12.a	—	1,428	—	—	—	—	**1,428**
Change in scope	Note 2.i	—	—	—	—	—	13,748	**13,748**
Final dividend	Note 12.d	—	—	(11,818)	—	—	—	**(11,818)**
Employee remuneration payable in shares	Note 17.b	—	—	—	2,110	—	—	**2,110**
Other		—	—	—	(4,114)	—	—	**(4,114)**
At 30 June 2020		**96,332**	**(2,794)**	**3,874,375**	**156,559**	**(43,181)**	**898,880**	**4,980,171**
At 1 January 2021		**121,677**	**(8,078)**	**7,769,936**	**267,802**	**(133,100)**	**914,504**	**8,932,741**
Comprehensive income for the period		—	—	—	82,994	(66,924)	(7,914)	**8,156**
Distribution of 2020 profit		—	—	—	(133,100)	133,100	—	**—**
Treasury shares	Note 12.a	—	(2,606)	—	—	—	—	**(2,606)**
Change in scope	Note 2.i	—	—	—	(338,934)	—	729,151	**390,217**
Final dividend	Note 12.d	—	—	(11,820)	—	—	—	**(11,820)**
Capital increase	Note 12.a	48,155	—	6,843,229	—	—	—	**6,891,384**
Employee remuneration payable in shares	Note 17.b	—	—	—	2,994	—	—	**2,994**
Other		—	—	—	(14,157)	—	—	**(14,157)**
At 30 June 2021		**169,832**	**(10,684)**	**14,601,345**	**(132,401)**	**(66,924)**	**1,635,741**	**16,196,909**

This consolidated statement of changes in net equity corresponding to the 6-month period ended on 30 June 2021 must be read together with the Notes included on pages 9 to 79.

Translation of condensed consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note2.a). In the event of a discrepancy the Spanish-language version prevails.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2021

(Thousands of Euros)

	Notes	30 June 2021	30 June 2020
Profit/(loss) for the year before tax		**(176,928)**	**(65,232)**
Adjustments to profit-			
Depreciation	Note 18.e	677,596	422,866
Gains/(losses) on derecognition and disposals of non-current assets	Notes 5 and 6	33	81
Changes in provisions		(3,296)	97
Interest and other income		(6,959)	(7,574)
Interest and other expenses		261,245	142,663
Share of results of companies accounted for using the equity method	Note 7	(13)	(8)
Other income and expenses		1,523	1,394
Changes in current assets/current liabilities-			
Inventories		(3,189)	(1,993)
Trade and other receivables		(135,465)	(67,101)
Other current assets and liabilities		128,494	60,584
Cash flows generated by operations			
Interest paid		(201,829)	(119,517)
Interest received		417	1,480
Income tax received/(paid)		(9,638)	(12,909)
Non-recurring Income tax paid	Note 16	(78,400)	—
Current provisions, employee benefit obligations and others		9,628	39,277
Total net cash flow from operating activities (I)		**463,219**	**394,108**

This consolidated cash flow statement corresponding to the 6-month period ended on 30 June 2021 must be read together with the Notes included on pages 9 to 79.

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

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS CORRESPONDING TO THE 6-MONTH PERIOD ENDED ON 30 JUNE 2021

(Thousands of Euros)

	Notes	30 June 2021	30 June 2020
Business combinations and changes in the scope of consolidation	Notes 2.i and 4	(5,352,210)	(247,359)
Purchases of property, plant and equipment and intangible assets	Notes 5 and 6	(721,153)	(310,398)
Payments for financial investments		(3,086)	(34,937)
Dividends received		—	—
Total net cash flow from investing activities (II)		**(6,076,449)**	**(592,694)**
Issue of equity instruments, Acquisition of Treasury Shares and Dividends paid	Note 12	6,836,460	(11,818)
Proceeds from issue of bank borrowings	Note 13	146,430	77,424
Bond issue	Note 13	3,563,984	1,523,475
Repayment and redemption of bank borrowings	Note 13	(279,855)	(781,177)
Net repayment of other borrowings	Note 13	46	(1,009)
Net payment of lease liabilities	Note 14	(229,964)	(139,230)
Dividends to non-controlling interests		—	—
Total net cash flow from financing activities (III)		**10,037,101**	**667,665**
Foreign exchange differences (IV)		**(12,855)**	**(28,900)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)+(IV)		**4,411,016**	**440,179**
Cash and cash equivalents at beginning of year	**Note 11**	**4,652,027**	**2,351,555**
Cash and cash equivalents at end of year	**Note 11**	**9,063,043**	**2,791,734**

This consolidated cash flow statement corresponding to the 6-month period ended on 30 June 2021 must be read together with the Notes included on pages 9 to 79.

Cellnex Telecom, S.A. and Subsidiaries

Notes to the condensed consolidated interim financial statements for the 6-month period ended on 30 June 2021

1. General information

Cellnex Telecom, S.A., (hereinafter, the "Parent Company" or "Cellnex") was incorporated in Barcelona, Spain, on 25 June 2008. Its registered office is at Calle Juan Esplandiú nº 11 in Madrid, Spain. On 1 April 2015, it changed its name to Cellnex Telecom, S.A. The Parent Company's name has not changed in this year neither 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.

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").

The main location in which the Group operates is Europe.

These condensed consolidated interim financial statements for the 6-month period ended on 30 June 2021 have been subject to a limited review by the statutory auditor of the Parent Company in accordance with the provisions of Royal Decree 1362/2007, of 19 October. Additionally, those consolidated financial statements corresponding to the financial year ended on 31 December 2020 were duly audited, with a favorable opinion being issued.

2. Basis of presentation

a) Basis of presentation

These condensed consolidated interim financial statements of Cellnex Telecom, S.A. and Subsidiaries for the period ended 30 June 2021, which have been based on the accounting records kept by the Parent Company and by the other companies that make up the Group, were signed by the Directors of the Parent at the meeting of the Board of Directors held on 28 July 2021.

These condensed consolidated interim financial statements were prepared by the Directors of Cellnex in accordance with the provisions of IAS 34 "Interim financial reporting", and all of the obligatory accounting principles and rules and measurement bases. Accordingly, they present a true and fair view of the equity and consolidated financial position of the Cellnex Group at 30 June 2021, as well as the results of its operations, the consolidated changes in net equity and the consolidated cash flows during the interim period ended on that date.

As has been indicated, this condensed consolidated interim financial information has been prepared in accordance with IAS 34 "Interim financial reporting", meaning that these condensed consolidated interim financial statements do not include all the information and disclosures that would be required for the complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards adopted by the European Union, and must be read together with the consolidated annual accounts from the financial year ended on 31 December 2020, drawn up in accordance with the existing International Financial Reporting Standards (IFRS) adopted by the European Union, which were approved by the shareholders of the Parent Company on 29 March 2021.

b) Adoption of IFRSs

The accounting policies adopted when preparing these condensed consolidated interim financial statements are consistent with those followed when preparing the Group's consolidated annual financial statements for the financial year ended on 31 December 2020, with the exception of the adoption of any new standards and interpretations effective from 1 January 2021 and which, if any, have been considered by the Group when preparing these condensed consolidated interim financial statements.

(I) Standards and Interpretations effective during the present year

During the 6-month period ended on 30 June 2021, the new accounting standards which are detailed below have entered into force:

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
Approved for use in the European Union		
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Reform of Reference Interest Rates - Phase 2 (published in August 2020)	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the reform of interest rates (second phase).	1 January 2021
Amendment to IFRS 4. Deferral of the application of IFRS 9 (published in June 2020).	Deferral of the application of IFRS 9 until 2023.	1 January 2021
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
Not yet approved for use in the European Union		
Covid-19-Related Rent Concessions (Amendments to IFRS 16) (issued in March 2021)	Amendments to extend the time period over which the practical expedient of IFRS 16 is available for use in relation to covid-19-related rent concessions.	1 April 2021

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 condensed consolidated interim 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:
Not yet approved for use in the European Union		
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
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 2022
Disclosure of Accounting Policies (Amendments to IAS 1) (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
Definition of Accounting Estimates (Amendments to IAS 8) (issued in February 2021)	Amendments and clarifications of the definition of a change in accounting estimate.	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (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
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

c) Presentation currency of the Group

These condensed consolidated interim 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 condensed consolidated interim financial statements, and is presented on a date other than the closing date of these accompanying condensed consolidated interim financial statements, it is translated to euros using the following exchange rates: i) PLN = 4.6038 to EUR 1 as of the Iliad Poland date of acquisition; ii) SEK = 10.11 to EUR 1 as of the CK Hutchison Holdings Transactions in Sweden date of acquisition (see Notes 2 and 4), and iii) PLN = 4.59 to EUR 1 in relation to the Polkomtel Acquisition (see Note 19).

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

The preparation of these condensed consolidated interim financial statements requires, as established by IAS 34, the Directors of the Parent Company and the consolidated entities to make certain estimates and judgements in order to quantify certain assets, liabilities, revenue, costs and commitments recorded in them, which do not differ significantly from those taken into account in the preparation of the consolidated annual accounts for the financial year ended on 31 December 2020 set out in its Note 2.d. In this regard, as established by IAS 34, the Income Tax expense has been estimated using the tax rate that it is thought will be applicable to the expected total earnings for the year, i.e., the estimated annual average effective tax rate applied to the earnings before taxes from the interim period.

During the 6-month period ended on 30 June 2021, no significant changes have occurred in the estimations made at the 2020 year end.

e) Comparative information

In accordance with International Accounting Standard (IAS) 34 regarding "Interim Financial Reporting", adopted by the European Union, the Management of the Parent Company presents the balance sheet corresponding to the closing date of the immediately preceding financial year (31 December 2020) together with the consolidated balance sheet at 30 June 2021, solely and exclusively for comparative purposes. Moreover, next to each of the items of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in net equity and the consolidated cash flow statement, the consolidated figures corresponding to the 6-month period ended on 30 June 2021 are presented along with those corresponding to the 6-month period ended on 30 June 2020.

f) Coronavirus Pandemic

Global economic conditions have rapidly deteriorated in 2020 and 2021 as a result of the Coronavirus Pandemic which began in China in late 2019 and has subsequently spread globally, significantly affecting the European markets where the Group operates as of the date of these condensed consolidated interim financial statements. While the Coronavirus Pandemic has not had a significant effect on the Group's business, financial condition or results of operations as of 30 June 2021 and, therefore, has not had a significant effect on the condensed consolidated interim financial statements for the 6-month period ended 30 June 2021, its future evolution is uncertain.

g) Materiality

In deciding what information to disclose in the Notes on the various items of the condensed consolidated interim financial statements or other matters, the Group, in accordance with IAS 34, assessed materiality in relation to these condensed consolidated interim financial statements for the 6-month period ended on 30 June 2021.

h) Consolidation principles

The consolidation principles considered in the condensed consolidated interim financial statements are consistent with those applied in the consolidated annual accounts for the financial year ended on 31 December 2020, which are detailed in Note 2.g thereto.

i) Changes in the scope of consolidation

The most significant changes in the scope of consolidation and in the companies included in it during the 6-month period ended on 30 June 2021 were as follows:

Acquisitions and incorporations

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 4
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

(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

I) Acquisitions by virtue of the CK Hutchison Holdings Transaction

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

Sweden

In the first quarter of 2021, Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Sweden) has acquired 100% of the share capital of HI3G Networks AB, owner of approximately 2,500 sites located in Sweden. Additionally, Cellnex has agreed to the deployment of up to 2,677 sites in Sweden by 2025. The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 0.8 billion (see Note 4). In this regard, during the first quarter of 2021, the subsidiary formerly called HI3G Networks AB changed its name to On Tower Sweden AB. ("On Tower Sweden").

This transaction was completed in the first quarter of 2021, following the settlement of several administrative authorizations. Thus, On Tower Sweden has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 30 June 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 period.

Italy

Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Italia) has acquired 100% of the share capital of CK Hutchison Networks Italia SPA ("Networks Co Italy"), owner of approximately 9,140 sites located in Italy. Additionally, Cellnex has agreed to the deployment of up to 860 sites in Italy by 2027 (see Note 4). The actual net cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 3.4 billion (see Note 4).

This transaction was completed in the second quarter of 2021, following the settlement of several administrative authorizations. Thus, Networks Co Italy has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 30 June 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet.

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 30 June 2021. As a result of the above, the indirect stake that Cellnex holds in Swiss Infra has increased from 64.99% to 72.22% as at 30 June 2021.

III) Acquisition of On Tower Poland

In the first quarter of 2021, Cellnex, (through its fully owned subsidiary Cellnex Poland sp z.o.o.) has acquired 60% of On Tower Poland sp z.o.o.'s share capital, a wholly-owned subsidiary of Play, for the subsequent acquisition by On Tower Poland of the telecommunications passive infrastructures business unit of P4, comprising an initial portfolio of approximately 7,428 sites (including the initial 6,911 sites and 517 additional sites constructed and completed before the Iliad Poland Acquisition Date), for an estimated total consideration (Enterprise Value) of approximately EUR 1,458 million. The initial 6,911 sites were funded by Cellnex Poland and Iliad through a capital increase in proportion to their respective shareholder stake in On Tower Poland, thus Cellnex funded approximately EUR 801 million, and the 517 additional sites were funded solely by Cellnex via intercompany debt for an investment of EUR 123 million. This represents a total payment financed by Cellnex of EUR 919 million (after incorporating EUR 5 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 4).

This transaction was completed in the first quarter of 2021, following the settlement of several administrative authorizations. As a result of this transaction, at 30 June 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 as described in Note 4. Thus, On Tower Poland has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 30 June 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 period.

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 4). 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 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 4), 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, according 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 30 June 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 30 June 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 period.

3. Accounting policies and financial risk and capital management

The accounting policies and valuation standards used when preparing these condensed consolidated interim financial statements are consistent with those used when preparing the consolidated annual accounts for the financial year ended on 31 December 2020, and which are detailed therein, except for the new standards applied from 1 January 2021 which are set out in Note 2.b.

Moreover, during the 6-month period ended on 30 June 2021, the Group has continued managing its activities by taking into account the financial risk and capital management policy set out in Note 4 of the consolidated annual accounts for the 2020 financial year.

The fair value of the financial instruments that are negotiated in active markets are based on market prices at the balance sheet date. The quoted market price used for the financial assets is the current bidder price.

The fair value of the financial instruments which are not quoted on an active market are determined using valuation techniques. The Group uses a variety of methods and uses hypothesis based on market conditions existing at each balance sheet date, incorporating the concept of transfer, such that the credit risks is considered.

4. 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 condensed consolidated interim financial statements for the period ended 30 June 2021 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 result of the business combinations performed during the first half 2021 and 2020, and following a prudent approach, the vast majority of the difference between the book value of the assets acquired and the purchase price paid has been assigned to assets subject to deprecation or amortization. Thus, the resulting goodwill corresponds in the vast majority 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 no probable) made during the Purchase Price Allocation process which are a result of present obligations arising from past events, where the fair value can be reliably measured.

Business combinations for 2021

The main relevant business combinations for the 6-month period ended on 30 June 2021 are detailed below:

CK Hutchison Holdings Transactions

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

The CK Hutchison Holdings Transactions in respect of Austria, Denmark and Ireland were completed at the end of December 2020 following satisfaction or waiver of all applicable conditions precedent (the "CK Hutchison Holdings 2020 Completed Transactions") and, consequently, as of the end of December 2020, the Group fully owned Networks Co Austria, On Tower Denmark and Networks Co Ireland. In addition, the CK Hutchison Holdings Transactions in respect of Sweden and Italy were completed in the first and second quarters of 2021, respectively, following satisfaction or waiver of all applicable conditions precedent (the "Hutchison Sweden Acquisition") and (the "Hutchison Italy Acquisition"), respectively. Consequently, as of the end of June 2021, the Group fully owns On Tower Sweden and Networks Co Italy. Completion of the CK Hutchison Holdings Transactions in respect of the United Kingdom remains subject to certain remaining conditions precedent, including in connection with customary anti-trust and foreign investment clearances, which are expected to be satisfied or waived in 2022 (the "Hutchison United Kingdom Acquisition"). In accordance with IFRS 3, given that the Hutchison United Kingdom Acquisition had not been completed as of 30 June 2021, it was not accounted for in the condensed consolidated interim financial statements for the period ended 30 June 2021.

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

Although the CK Hutchison Holdings Transactions comprise six separate transactions (i.e. one transaction per country), the Group and Hutchison entered into one sale and purchase agreement in relation to the acquisition of the companies outside of the United Kingdom and a separate sale and purchase agreement in relation to the acquisition of the United Kingdom entity, as defined herein and in Note 19 of the accompanying condensed consolidated interim financial statements.

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

Pursuant to the CK Hutchison Europe SPA, a company within the Hutchison group and each of On Tower Austria, On Tower Denmark, On Tower Ireland, Networks Co Italy and On Tower Sweden agreed to enter into a master services agreement upon completion of each corresponding transaction, whereby the relevant Group company will provide co-location services to a company within the Hutchison group at the sites managed by the Group (the "CK Hutchison Europe MSAs"). The CK Hutchison Europe MSAs in respect of Austria, Denmark and Ireland were entered into by the end of December 2020 upon completion of each of the relevant CK Hutchison Holdings 2020 Completed Transactions and the CK Hutchison Europe MSA in respect of Sweden was entered into in the first quarter of 2021. The price to be paid by the relevant company within the Hutchison group in exchange for the above services in accordance with the CK Hutchison Europe MSAs is subject to certain annual increases in connection with the local CPI. The initial term of each CK Hutchison Europe MSA is 15 years, with possible extensions for a further 15-year period and subsequent 5-year periods, on an "all-or-nothing" basis (except for the CK Hutchison Europe MSA in respect of Austria, where the agreement provides for an indefinite term, subject to termination rights as agreed by the parties).

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

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

Hutchison Sweden Acquisition

In the first quarter of 2021, Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Sweden) has acquired 100% of the share capital of HI3G Networks AB, owner of approximately 2,500 sites located in Sweden, (the "Hutchison Sweden Acquisition"). Additionally, Cellnex has agreed to the deployment of up to 2,677 new sites in Sweden by 2025. During the first quarter of 2021, the acquired company changed its name to On Tower Sweden AB ("On Tower Sweden"). The actual cash outflow 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 30 June 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 6-month period ended on 30 June 2021. The operating income and net profit contribution since acquisition amounted to EUR 21 million and EUR 2 million, respectively, corresponding to the impact of 100% of the financial results of the Hutchison Sweden Acquisition in the accompanying consolidated income statement. Otherwise, if Hutchison Sweden Acquisition, had been completed on 1 January 2021, and consequently, it had been fully consolidated for the 6-month period ended on 30 June 2021, it would have contributed an operating income and net profit for an amount of approximately EUR 25 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	491,067
Resulting goodwill	**313,612**

Given the date on which the Hutchison Sweden Acquisition has been completed, at the date of preparation of these condensed consolidated interim financial statements, Cellnex is in the process of finalizing the allocation of the resulting goodwill to the identified CGUs and the fair value of the assets and liabilities acquired at the acquisition date, through their valuation based on the analysis of the discounted cash flows generated by the identified assets, providing, as established by IFRS 3, of the term of one year from the formalization of the corresponding operation to complete the purchase price allocation process. In this context, the Group, based on its experience and the analysis performed during the purchase process, has carried out an internal preliminary purchase price allocation. Given the complexity in identifying the intangible assets acquired, an independent third party expert will be employed in the coming months. In this regard, as in previous business combinations, the potential value of the sites is mainly due to 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) of the consolidated financial statements for the 2020 financial year, and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. 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 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	496,578	—	496,578
Right-of-use-assets	25,878	25,878	—
Property, plant and equipment	111,054	111,054	—
Trade and other receivables short term	3,890	3,890	—
Cash and cash equivalents	3,985	3,985	—
Lease liabilities long term	(15,624)	(15,624)	—
Provisions and other liabilities long term	(20,192)	(75)	(20,117)
Lease liabilities short term	(6,724)	(6,724)	—
Provisions and other liabilities short term	(5,613)	(5,613)	—
Net deferred tax assets /(liabilities)	(102,165)	130	(102,295)
Net assets acquired	**491,067**	**116,901**	**374,166**
Total acquisition price	804,679	804,679	
Cash and cash equivalents	(3,985)	(3,985)	
Cash outflow in the acquisition	**800,694**	**800,694**	

Given the date on which the Hutchison Sweden Acquisition has been completed, at the date of signing these condensed consolidated interim financial statements for the period ended on 30 June 2021, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

Hutchison Italy Acquisition

In the second quarter of 2021, Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Italia) acquired 100% of the share capital of CK Hutchison Networks Italia SpA ("Networks Co Italy"), owner of approximately 9,140 sites located in Italy, (the "Hutchison Italy Acquisition"). Additionally, Cellnex has agreed to the deployment of up to 860 sites in Italy by 2027. The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 3.4 billion. The transaction has been completed in the second quarter of 2021, following the settlement of several administrative authorizations. Thus, the Hutchison Italy Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 30 June 2021 the value of all of its assets and liabilities has been included in the consolidated balance sheet. In accordance to the aforementioned, there has been no contribution to the operating income and net profit in the accompanying consolidated income statement. Otherwise, if Hutchison Italy Acquisition, had been completed on 1 January 2021, and consequently, it had been fully consolidated for the 6-month period ended on 30 June 2021, it would have contributed an operating income and net loss for an amount of approximately EUR 150 million and EUR 33 million, respectively.

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

	Thousands of Euros
Total acquisition price	3,400,070
Fair value of the net assets acquired	2,812,344
Resulting goodwill	**587,726**

Given the date on which the Hutchison Italy Acquisition has been completed, at the date of preparation of these condensed consolidated interim financial statements, Cellnex is in the process of finalizing the allocation of the resulting goodwill to the identified CGUs and the fair value of the assets and liabilities acquired at the acquisition date, through their valuation based on the analysis of the discounted cash flows generated by the identified assets, providing, as established by IFRS 3, of the term of one year from the formalization of the corresponding operation to complete the purchase price allocation process. In this context, the Group, based on its experience and the analysis performed during the purchase process, has carried out an internal preliminary purchase price allocation. Given the complexity in identifying the intangible assets acquired, an independent third party expert will be employed in the coming months. In this regard, as in previous business combinations, the potential value of the sites is mainly due to 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) of the consolidated financial statements for the 2020 financial year, and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. 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 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	2,835,385	758,714	2,076,672
Right-of-use-assets	467,225	467,225	—
Property, plant and equipment	635,752	635,752	—
Trade and other receivables long term	1,262	1,262	—
Trade and other receivables short term	19,628	19,628	—
Cash and cash equivalents	76,976	76,976	—
Lease liabilities long term	(385,251)	(385,251)	—
Provisions and other liabilities long term	(100,989)	(49,988)	(51,001)
Lease liabilities short term	(96,313)	(96,313)	—
Provisions and other liabilities short term	(906)	(906)	—
Trade and other payables	(51,194)	(51,194)	—
Net deferred tax assets /(liabilities)	(589,231)	543	(589,775)
Net assets acquired	**2,812,344**	**1,376,448**	**1,435,896**
Total acquisition price	3,400,070	3,400,070	
Cash and cash equivalents	(76,976)	(76,976)	
Cash outflow in the acquisition	**3,323,094**	**3,323,094**	

Given the date on which the Hutchison Italy Acquisition has been completed, at the date of signing these condensed consolidated interim financial statements for the period ended on 30 June 2021, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

Iliad Poland Acquisition

On 22 October 2020, Cellnex Poland sp. z.o.o. ("Cellnex Poland") reached an agreement with Iliad Purple SAS ("Iliad Purple"), a wholly-owned subsidiary of Iliad S.A. (jointly, "Iliad") to acquire 60% of the share capital of a new Polish telecommunications tower company (Elphin Sp. z o.o., to be renamed as On Tower Poland sp. z.o.o. ("On Tower Poland")) which would subsequently own the tower portfolio in Poland of P4 sp. z.o.o. ("P4"), a wholly owned subsidiary of Play Communications S.A. ("Play") (the "Iliad Poland Acquisition"). The transaction was signed in the context of the takeover bid launched by Iliad over Play on 21 September 2020 and completed on 25 November 2020. On 23 February 2021, Play and Cellnex Poland agreed to modify the structure of the Iliad Poland Acquisition and agreed that Play would sell to Cellnex Poland 60% of the share capital of On Tower Poland, with an initial portfolio of approximately 7,428 sites (including both telecommunications rooftops and towers), while the remaining 40% would be sold to Iliad Purple. Consequently, Cellnex's stake will be owned through its subsidiary Cellnex Poland and the remaining share capital will continue to be indirectly owned by Iliad, in line with the structure agreed between that Cellnex and Iliad for the sites formerly operated indirectly by Iliad in France. The transaction was completed in the first quarter of 2021 (the "Iliad Poland Completion Date") following the receipt of customary regulatory authorizations. Cellnex financed this acquisition with available cash.

On the Iliad Poland Completion Date, P4 sold the assets (and related liabilities) comprising its telecommunications passive infrastructures business unit to On Tower Poland, with an initial portfolio of approximately 7,428 sites (including the legacy 6,911 sites and 517 additional sites constructed and completed before the Iliad Poland Completion Date), for an estimated total consideration (Enterprise Value) of approximately EUR 1,458 million. The legacy 6,911 sites were funded by Cellnex Poland and Iliad in proportion to their respective shareholder stake in On Tower Poland, thus Cellnex funded approximately EUR 801 million, and the 517 additional sites were funded solely by Cellnex via intercompany debt for an investment of EUR 123 million. This represents a total payment financed by Cellnex of EUR 919 million (after incorporating EUR 5 million of cash from the acquired business unit).

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

Thus, the Iliad Poland Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 30 June 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 6-month period ended on 30 June 2021. The operating income and net loss contribution since acquisition amounted to EUR 33 million and EUR 6 million, respectively, corresponding to the impact of 100% of the financial results of the Iliad Poland Acquisition in the accompanying consolidated income statement. Otherwise, if the Iliad Poland Acquisition, had been completed on 1 January 2021, and consequently, it had been fully consolidated for the period ended 30 June 2021, it would have contributed an operating income and net loss for an amount of approximately EUR 65 million and EUR 10 million, respectively.

Iliad Poland agreements

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

Iliad Poland SPA

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

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

Iliad Poland SHA

On the Iliad Poland Completion Date, Cellnex Poland and Iliad Purple entered into a shareholders' agreement which sets forth, among other matters, certain rights and obligations of both parties as shareholders of On Tower Poland, the procedures for the conduct of the affairs and the management of On Tower Poland and the regime applicable to the transfers of shares of On Tower Poland, including certain tag-along rights and rights of first offer (the "Iliad Poland SHA"). Additionally, pursuant to the terms of the Iliad Poland SHA, the parties thereto shall not transfer the stake they respectively hold in On Tower Poland for a five-year period following the Iliad Poland Completion Date except for certain permitted transfers and other transfers subject to certain conditions.

Moreover, the Iliad Poland SHA sets forth the conditions for Iliad Purple's right to sell (i) a 10% (and not less than 10%) of the share capital and voting rights of On Tower Poland to Cellnex Poland during a 30-day period following the first anniversary of the Iliad Poland Completion Date; and (ii) all (and not less than all) of the share capital and voting rights of On Tower Poland to Cellnex Poland during a period starting on the 62nd business day following the first 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 fair market value of this acquisition is uncertain and expected to be inflationary given the favorable performance of such assets). According to the shareholders agreement terms, as of 30 June 2021, Cellnex Poland has the right, but not the obligation, to purchase these interests and therefore, no liability has been recorded in the accompanying consolidated balance sheet as of 30 June 2021. This situation will be revaluated in subsequent reporting periods.

Likewise, the Iliad Poland SHA provides Cellnex Poland with a right to buy from Iliad Purple (i) a 10% (and not less than 10%) interest held by Iliad Purple in On Tower Poland during a 30-day period after the lapse of the 30-day period during which Iliad Purple could exercise its first put option right as described in the paragraph above; and (ii) all of (and not less than all) Iliad Purple's interest in On Tower Poland during a three-year period starting on the fourth anniversary of the Iliad Poland Completion Date; in both cases at a fair market value to be calculated pursuant to said agreement.

Iliad Poland MSA

On the Iliad Poland Completion Date, P4 and On Tower Poland entered into a master services agreement whereby On Tower Poland agreed to provide hosting and certain power supply services, together with other ancillary services, to P4. The initial term of the Iliad Poland MSA is 20 years from the Iliad Poland Completion Date, subject to automatic extensions for successive 10-year periods, on an "all-or-nothing" basis, with undefined maturity. The fees agreed in the Iliad Poland MSA are annually adjusted in accordance with the Polish CPI (Communications section) provided that the increase shall not exceed 4% per year.

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

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

	Thousands of Euros
Total acquisition price [(1)]	1,458,014
Fair value of the net assets acquired	1,124,817
Resulting goodwill	**333,197**

[(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 9),which has been treated as a cash flow hedge of a highly probable transaction in accordance with the provisions of IAS 39, which converts to EUR 1,458,014 thousand.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3.c. of the consolidated financial statements for the 2020 financial year. With regards to the Iliad Poland Acquisition, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year and given the complexity of identifying the acquired intangible assets, the Group decided to perform a purchase price allocation with the participation of an independent third party expert. The potential value of the sites is mainly due to 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) of the consolidated financial statements for the 2020 financial year, and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. 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 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	1,017,803	—	1,017,803
Right-of-use-assets	113,558	—	113,558
Property, plant and equipment	226,090	—	226,090
Trade and other receivables long term	437	—	437
Trade and other receivables short term	402	—	402
Cash and cash equivalents	5,186	—	5,186
Lease liabilities long term	(96,619)	—	(96,619)
Provisions and other liabilities long term	(120,818)	—	(120,818)
Lease liabilities short term	(16,939)	—	(16,939)
Trade and other payables	(4,283)	—	(4,283)
Net assets acquired	**1,124,817**	**—**	**1,124,817**

Total acquisition price	1,458,014
Cash in from other shareholders	(533,994)
Cash and cash equivalents	(5,186)
Cash outflow in the acquisition	**918,834**

Finally, at the date of signing these condensed consolidated interim financial statements for the period ended on 30 June 2021, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

T-Mobile Infra Acquisition

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

Thus, the T-Mobile Infra Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 30 June 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 6-month period ended on 30 June 2021. The operating income and net profit contribution since acquisition amounted to EUR 5 million and EUR 1 million, respectively, corresponding to the impact of 100% of the financial results of the T-Mobile Infra Acquisition in the accompanying consolidated income statement. Otherwise, if the T-Mobile Infra Acquisition, had been completed on 1 January 2021, and consequently, it had been fully consolidated for the period ended 30 June 2021, it would have contributed an operating income and net profit for an amount of approximately EUR 30 million and EUR 3 million, respectively.

T-Mobile Infra agreements

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

T-Mobile Infra Framework Agreement

Pursuant to the framework agreement entered into on 21 January 2021 between Cellnex, Cellnex Netherlands, DTAG, DTEU and DIV, 100% of the share capital of T-Mobile Infra was contributed in kind, through DIV, to Cellnex Netherlands, in exchange for a stake of 37.65% in Cellnex Netherlands' share capital. T-Mobile Infra owned approximately 3,150 sites with an initial tenancy ratio of c.1.2 per site (the "T-Mobile Infra Framework Agreement").

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

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

T-Mobile Infra SPA

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

T-Mobile Infra SCA

In addition, on 21 January 2021 Cellnex, Cellnex Netherlands and DIV entered into a subscription and contribution agreement, pursuant to which Cellnex Netherlands agreed to issue new shares amounting to 37.65% of its share capital, to be fully subscribed by DIV, which were paid in full by DIV through the contribution of 100% of the shares of T-Mobile Infra (obtained pursuant to the T-Mobile Infra SPA) to Cellnex Netherlands (the “T-Mobile Infra SCA”). Pursuant to the T-Mobile Infra SCA, DIV agreed to assign its legal position under the T-Mobile Infra SPA to Cellnex Netherlands, which assignment was made effective pursuant to an assignment and transfer agreement signed in the second quarter of 2021. The T-Mobile infra SCA contained certain warranties made by Cellnex.

T-Mobile Infra SHA

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

As a result of this transaction, at 30 June 2021, Cellnex, through its wholly owned subsidiary Cellnex Netherlands, holds 74.89% of the share capital and voting and economic rights of T-Mobile Infra. Cellnex exercises effective control over T-Mobile Infra, as it holds ownership interests of over 50% and by virtue of the shareholders’ agreement entered into with DIV, which gives Cellnex decision-making capacity over the investees' relevant activities and also the control over the returns of the investment, whereas DIV has certain protective rights.

Cellnex, DIV and a Dutch foundation entered into a put option agreement upon closing, which set forth the right of DIV to sell its 37.65% non-controlling interest to Cellnex, at a price to be calculated pursuant to said agreement. Consequently, Cellnex, as a consequence of the terms set forth in paragraph 23 of IAS 32, recorded a liability in the amount of EUR 261 million (see Note 17.b.VI.) corresponding to the contingent commitment to purchase the 25.10% of the Cellnex Netherlands’ shares from third-party shareholders, whose interests in this consolidated company are reflected as of 30 June 2021 under “Non-controlling interests".

T-Mobile Infra MLA

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

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

	Thousands of Euros
Total acquisition price [(1)]	396,500
Fair value of the net assets acquired	144,019
Resulting goodwill	**252,481**

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

Given the date on which the T-Mobile Infra Acquisition has been completed, at the date of preparation of these condensed consolidated interim financial statements, Cellnex is in the process of finalizing the allocation of the resulting goodwill to the identified CGUs and the fair value of the assets and liabilities acquired at the acquisition date, through their valuation based on the analysis of the discounted cash flows generated by the identified assets, providing, as established by IFRS 3, of the term of one year from the formalization of the corresponding operation to complete the purchase price allocation process. In this context, the Group, based on its experience and the analysis performed during the purchase process, has carried out an internal preliminary purchase price allocation. Given the complexity in identifying the intangible assets acquired, an independent third party expert will be employed in the coming months. In this regard, as in previous business combinations, the potential value of the sites is mainly due to 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) of the consolidated financial statements for the 2020 financial year, and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. 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 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	466,682	154,646	312,036
Right-of-use-assets	89,927	89,927	—
Property, plant and equipment	52,018	52,018	—
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	(92,195)	(92,195)	—
Provisions and other liabilities long term	(55,313)	(35,488)	(19,825)
Provisions and other liabilities short term	(2,112)	(2,112)	—
Trade and other payables	(1,656)	(1,656)	—
Net deferred tax assets /(liabilities)	(77,489)	520	(78,009)
Net assets acquired	**144,019**	**(70,183)**	**214,202**
Total acquisition price	396,500	396,500	
Payment through issuance of new Cellnex Netherlands shares (37%)	(396,500)	(396,500)	
Initial investment in DIV	135,640	135,640	
Cash and cash equivalents	(5,053)	(5,053)	
Cash outflow in the acquisition	**130,587**	**130,587**	

Given the date on which the T-Mobile Infra Acquisition has been completed, at the date of signing these condensed consolidated interim financial statements for the period ended on 30 June 2021, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

Business combinations for 2020

The initial accounting for the business combination involving Arqiva Acquisition described in Note 6 of the consolidated financial statements for the 2020 financial year, are now considered to have been completed, since one year has elapsed since its date of acquisition (in accordance with IFRS 3). In this regard, as the differences between the provisional and the final purchase price allocation has been considered not material, the comparative information regarding the consolidated balance sheet as of 31 December 2020 has not been restated and, additionally, the comparative income statement for the six-month period ended 30 June 2021 has not been materially different due to the above consideration. Finally, regardless not having restated the comparative financial information in this interim financial information as of 30 June 2021, Cellnex will reassess the aforementioned situation with regard to the consolidated financial statement as of 31 December 2021.

As regards the business combinations regarding NOS Towering Acquisition, Hutchison Austria Acquisition, Hutchison Ireland Acquisition and Hutchison Denmark Acquisition, described in Note 6 of the consolidated annual accounts for the 2020 financial year, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year, as at the date of these condensed consolidated interim financial statements, these business combinations are still provisional.

Arqiva Acquisition

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

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

(1) Corresponds to the cash paid (GBP 1,987,675 thousand) with the impacts of natural hedge accounting as disclosed in Note 9, which has been treated as the hedge of a “transaction highly probable in accordance with the provisions of IAS 39, totalling an amount equivalent to EUR 2,210,544 thousand.

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

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3. b) ii) of the consolidated annual accounts for the 2020 financial year, and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. With regards to the Arqiva Acquisition, given the complexity of identifying the acquired intangible assets, the Group decided to perform a purchase price allocation with the participation of an independent third party expert. 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 assets and liabilities arising from the Arqiva Acquisition are as follows:

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

5. Property, plant and equipment

The changes in this heading in the consolidated balance sheet during 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 2021				
Cost	4,163,739	907,306	347,915	**5,418,960**
Accumulated depreciation	(787,707)	(433,426)	—	**(1,221,133)**
Carrying amount	**3,376,032**	**473,880**	**347,915**	**4,197,827**
Carrying amount at beginning of period	3,376,032	473,880	347,915	**4,197,827**
Changes in the consolidation scope (Note 4)	1,054,879	3	10,408	**1,065,290**
Additions	433,770	102,747	187,769	**724,286**
Disposals (net)	(586)	(486)	(4,043)	**(5,115)**
Transfers	125,037	(82,986)	(42,051)	**—**
Foreign exchange differences	13,357	190	2,079	**15,626**
Depreciation charge	(171,501)	(28,378)	—	**(199,879)**
Carrying amount at close	**4,830,988**	**464,970**	**502,077**	**5,798,035**
At 30 June 2021				
Cost	5,790,196	926,774	502,077	**7,219,047**
Accumulated depreciation	(959,208)	(461,804)	—	**(1,421,012)**
Carrying amount	**4,830,988**	**464,970**	**502,077**	**5,798,035**

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" includes 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 period that have still not been put into operation.

Movements during 2021 period

Changes in the scope of consolidation and business combinations

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

- the On Tower Sweden Acquisition (EUR 111,054 thousand, see Notes 2.i and 4).
- the On Tower Poland Acquisition (EUR 226,090 thousand, see Notes 2.i and 4).
- the Cignal Infrastructure Netherlands Acquisition (EUR 52,018 thousand, see Notes 2.i and 4).
- Network Co Italy Acquisition (EUR 635,752 thousand, see Notes 2.i and 4).

Signed acquisitions and commitments

France

As of 30 Jun 2021, in accordance with the agreements reached with Bouygues Telecom during the period 2016 - 2020, Cellnex, through its subsidiaries Cellnex France, Towerlink France and Nexloop, has committed to acquire or for Bouygues Telecom to build, as applicable, up to 5,400 sites that will be gradually transferred to Cellnex until 2027, of which 4,309 have been transferred to Cellnex as of 30 June 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 the first half of 2021, 211 sites were acquired, optic fibre network was deployed and 15 data processing centers were created in relation to the aforementioned agreements, for an amount of approximately EUR 268 million. In addition, the investment in fixed assets in progress corresponding to those sites, fibre network and data processing centres, which were under construction during 2021, amounted to EUR 105 million. Therefore, the total investment during the first half of 2021, in relation to the agreements described above, amounted to EUR 374 million, approximately.

Additionally, in accordance with the agreement reached with Free Mobile in 2019 (see Note 6 of the consolidated financial statements ended as of 31 December 2020), Cellnex, through its subsidiary On Tower France, has committed to acquire or for Free Mobile to build, as applicable, a minimum of 2,500 sites that will be gradually transferred to Cellnex until 2026, of which 1,271 have been transferred to Cellnex as of 30 June 2021 for an amount of approximately EUR 246 million.

Therefore, the total investment in France during the first half of 2021, in relation to the agreements described above, amounted to EUR 498 million, approximately.

Italy

During the first half of 2021, in the context of the Iliad Italy Acquisition, 267 sites were transferred for an amount of EUR 43 million, approximately.

In addition to the movements described above, during the first half of 2021 investments have also been carried out by the Group in relation to "built-to-suit" agreements reached with several anchor tenants in Netherlands, Switzerland, Portugal, Ireland, Austria, Denmark and Sweden, and other additions related to the business expansion and maintenance of the Group's operations, for a total amount of approximately EUR 72 million.

Furthermore, during the first half of 2021 investments have also been carried out by the Group in relation to engineering services that have been agreed with different customers, including ad-hoc capex eventually required (such as adaptation, engineering and design services).

Property, plant and equipment abroad

At 30 June 2021 and 31 December 2020 the Group had the following investments in property, plant and equipment located abroad:

	Thousands of Euros	
	30 June 2021	**31 December 2020**
Italy	1,178,561	507,655
France	2,261,160	1,815,502
UK	282,251	198,107
Switzerland	191,188	193,190
Portugal	234,146	222,457
Austria	121,998	118,820
Poland	229,735	—
Others	452,385	276,777
TOTAL	**4,951,424**	**3,332,508**

Fully depreciated assets

At 30 June 2021, fully depreciated property, plant and equipment amounted to EUR 711 million (EUR 630 million at 31 December 2020).

Change of control clauses

With regards to the Group's acquisitions of infrastructures from mobile telecommunications operators, certain material contracts entered into by the Group, including most of the Group's agreements with anchor customers, could be modified or terminated if a change of control clause is triggered. With regards to the material contracts entered into by the Group with anchor customers, a change of control clause may be triggered (and is generally limited to) in the event where a competitor of the anchor customer, either alone or in conjunction with others, obtains "significant influence" and/or "control" (which is generally defined as having (i) more than 50% of shares with voting rights (except in a few exceptional cases where this threshold is defined as having 29% or more of shares with voting rights), or (ii) the right to appoint or dismiss the majority of the members of the board of directors of the relevant Group company). In such circumstances, the anchor customer may be granted an option to buy back assets (generally the infrastructures where they are being serviced). 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. In addition, in certain cases where the acquisition has been carried out through the setting up of a joint venture company controlled by the Group with the concerned operator, the shareholders' agreement governing the relationship between the Group and the telecommunication operator in this company may also include certain exit agreements and provide the operator with a call option over the company's shares held by the Group upon the expiry of a given period of time (for instance, a twenty-year period from the execution of the shareholders' agreement) and subject to certain conditions which the Group believes makes challenging its execution. A change of control clause may be triggered at the level of Cellnex or only at the level of the relevant subsidiary that has entered into the relevant contract. In certain contracts, the definition of control, and therefore of a change of control, makes specific reference to the applicable law in the relevant jurisdiction. Finally, in relation with the recent transaction with Hutchison in the United Kingdom (see Note 19 of the accompanying condensed consolidated financial statements) and the portion of the price that Hutchison shall receive in Cellnex's shares, if as a result of a takeover bid prior to closing of CKH UK transaction, a third party (alone or in concert with another shareholder) acquires the majority of the votes in Cellnex, Cellnex shall procure that Hutchison receives at closing such equivalent consideration as Hutchison would have received had it been a shareholder of Cellnex at the time of the takeover bid.

Purchase commitments at period-end

At period-end the Group held purchase agreements for property, plant and equipment assets amounting to EUR 6,840 million (EUR 5,992 million at 31 December 2020).

Impairment

As disclosed in Notes 3.a and 3.c of the consolidated financial statements corresponding to the year ended on 31 December 2020, the Group evaluates at the end of every financial year if there is any indication of impairment in value of any asset. If any indications were to exist, the Group will estimate the recoverable amount of the asset, which is taken to be the greater of the fair value of the asset less costs to sell and its value in use.

During the 6-month period ended 30 June 2021 no indication exists, also considering the non-significant impact of Coronavirus pandemic as described in Note 2.f., that could lead to the existence of impairment in relation to the tangible assets of the Group. In addition, the assets of the CGU's have not changed and the last impairment test reflected sufficient margin.

Other disclosures

At 30 June 2021 and 31 December 2020, the Group did not have significant property, plant and equipment subject to restrictions or pledged as collateral on liabilities.

6. Intangible assets

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

				Thousands of Euros
	Goodwill	Intangible assets for telecom infrastructure services	Computer software and other intangible assets	Total
At 1 January 2021				
Cost	2,675,888	9,797,943	270,631	**12,744,462**
Accumulated amortisation	—	(635,397)	(67,770)	**(703,167)**
Carrying amount	**2,675,888**	**9,162,546**	**202,861**	**12,041,295**
Carrying amount at beginning of period	2,675,888	9,162,546	202,861	**12,041,295**
Changes in the scope of consolidation (Note 4)	1,501,193	4,745,967	35,885	**6,283,045**
Additions	—	—	10,064	**10,064**
Transfers	—	—	—	**—**
Foreign exchange differences	35,987	111,693	706	**148,386**
Amortisation charge	—	(271,665)	(14,009)	**(285,674)**
Carrying amount at close	**4,213,068**	**13,748,541**	**235,507**	**18,197,116**
At 30 June 2021				
Cost	4,213,068	14,655,603	317,286	**19,185,957**
Accumulated amortisation	—	(907,062)	(81,779)	**(988,841)**
Carrying amount	**4,213,068**	**13,748,541**	**235,507**	**18,197,116**

Movements during 2021 period

Changes in the scope of consolidation and business combinations

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

- the On Tower Sweden Acquisition (EUR 496,578 thousand, see Notes 2.i and 4).
- the On Tower Poland Acquisition (EUR 1,017,803 thousand, see Notes 2.i and 4).
- the Cignal Infrastructure Netherlands Acquisition (EUR 466,682 thousand, see Notes 2.i and 4).
- Network Co Italy Acquisition (EUR 2,835,385 thousand, see Notes 2.i and 4).

Signed acquisitions and commitments

During the 6-month period ended on 30 June 2021, the Group had not entered into any other framework agreements with customers additional to those detailed in Note 6 of the 2020 consolidated financial statements.

Intangible assets abroad

At 30 June 2021 and 31 December 2020, the Group had the following net book value of intangible assets located in the following countries:

	Thousands of Euros	
	30 June 2021	**31 December 2020**
Italy	4,447,498	1,045,363
Netherlands	1,239,802	533,923
France	2,045,721	2,088,353
United Kindom	2,894,996	2,851,975
Portugal	1,314,498	1,345,563
Switzerland	1,365,378	1,418,587
Ireland	878,510	889,161
Austria	1,136,378	1,159,017
Poland	1,376,550	—
Others	1,262,907	471,404
TOTAL	**17,962,238**	**11,803,346**

Fully depreciated assets

At 30 June 2021, fully depreciated intangible assets amounted to EUR 37,970 thousand (EUR 33,923 thousand at 31 December 2020).

Purchase commitments at period-end

At 30 June 2021, the Group held purchase agreements for intangible assets, excluding those intangible assets that may arise as a result of business combinations, amounting to EUR 620 thousand (EUR 333 thousand at 31 December 2020).

Impairment

As disclosed in Notes 3.a and 3.c of the consolidated financial statements corresponding to the year ended on 31 December 2020, the Group evaluates at the end of every financial year if there is any indication of impairment in value of any asset. If any indications were to exist, the Group will estimate the recoverable amount of the asset, which is taken to be the greater of the fair value of the asset less costs to sell and its value in use.

During the 6-month period ended 30 June 2021 no indication exists, also considering the non-significant impact of Coronavirus pandemic as described in Note 2.f., that could lead to the existence of impairment in relation to the goodwill or intangible assets of the Group. In addition, the assets of the CGU's have not changed and the last impairment test reflected sufficient margin.

Other disclosures

At 30 June 2021 and 31 December 2020, the Group did not have significant intangible assets subject to restrictions or pledged as collateral on liabilities.

7. Investments in associates

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

	Thousands of Euros
	2021
At 1 January	**3,431**
Profit of the year	13
Changes in perimeter	—
Others	119
At 30 June	**3,563**

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

	Thousands of Euros	
	Value of the shareholding	
	30 June 2021	31 December 2020
Torre Collserola, S.A.	1,962	1,957
Nearby Sensors	333	314
Nearby Computing	234	368
Consorcio de Telecomunicaciones Avanzadas, S.A. (COTA)	1,034	792
Total	**3,563**	**3,431**

In addition to the impairment indication analysis referred to above, the Group carried out also an impairment indication analysis to determine the recoverability of the investments in associates. To carry out these analysis, the Group considered future cash flow projections in a manner similar to that indicated in Note 6, and no indication was found for the 2021 six-month period.

8. Current and non-current financial investments

The breakdown of this heading in the accompanying consolidated balance sheet at 30 June 2021 and 31 December 2020 is as follows:

						Thousands of Euros
			30 June 2021			31 December 2020
	Non-current	Current	Total	Non-current	Current	Total
Advances to customers	28,143	3,031	**31,174**	28,042	2,067	**30,109**
Current and non-current financial investments	**28,143**	**3,031**	**31,174**	**28,042**	**2,067**	**30,109**

Advances to customers

The changes in “advances to customers” during the 6-month period ended on 30 June 2021 were as follows:

			Thousands of Euros
			2021
	Non-current	Current	Total
At 1 January	**28,042**	**2,067**	**30,109**
Additions	1,624	—	**1,624**
Charge to the consolidated income statement	—	(1,523)	**(1,523)**
Transfer	(1,523)	1,523	**—**
Others	—	964	**964**
At 30 June	**28,143**	**3,031**	**31,174**

Current and non-current financial investments relate to the accounting treatment adopted by the Group in reference to the telecom infrastructures acquired, which are to be subsequently dismantled. These purchases are considered advances to customers and are recognized under these headings (See Note 3.d. of the consolidated financial statements corresponding to the year ended on 31 December 2020).

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

Additions

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

Charge to the consolidated income statement

During 2021, 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 30 June 2021 this amount was recorded as a reduction to revenues amounting to EUR 1,523 thousand.

Transfers

The transfers from the 6-month period ended on 30 June 2021 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.

9. Derivative financial instruments

The detail of the fair value of the derivative financial instruments at 30 June 2021 and 31 December 2020 is as follows:

				Thousands of Euros
	30 June 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps:				
Cash flow hedges	—	4,785	—	9,908
Interest rate and/or cross currency swaps and/or forwards:				
Cash flow hedges	—	24,149	—	—
Hedges of a net investment in a foreign operation	—	—	6,116	—
Derivatives not designated as hedges	—	—	—	—
Derivative financial instruments	**—**	**28,934**	**6,116**	**9,908**
Interest rate and/or cross currency swaps and/or forwards:				
Cash flow hedges	—	21,666	—	9,743
Hedges of a net investment in a foreign operation	—	—	6,116	—
Derivatives not designated as hedges	—	—	—	—
Non-current	**—**	**21,666**	**6,116**	**9,743**
Current	**—**	**7,268**	**—**	**165**

The Group has used interest rate swaps, interest rate and/or cross currency swaps and forwards, in accordance with the financial risk management policy described in Note 4 of the 2020 Consolidated Financial Statements.

The detail of the derivative financial instruments at 30 June 2021 and 31 December 2020, by type of instrument, showing their notional or contractual values, expiry dates and fair values, is as follows:

								Thousands of Euros
								30 June 2021
	Notional amount	2021	2022	2023	2024	2025	Subsequent years	Net fair value
Interest rate swaps:								
Cash flow hedges	131,097	(1,537)	(1,547)	(1,296)	(810)	(101)	360	(4,785)
Interest rate and/or cross currency swaps:								
Hedges of a net investment in a foreign operation	2,204,817	(13,901)	11,591	1,486	1,313	1,222	(40,583)	(24,003)
Total	**2,335,914**	**(15,438)**	**10,044**	**190**	**503**	**1,121**	**(40,223)**	**(28,788)**

	Thousands of Euros							
	31 December 2020							
	Notional amount	2021	2022	2023	2024	2025	Subsequent years	Net fair value
Interest rate swaps:								
Cash flow hedges	131,097	(1,447)	(1,684)	(1,847)	(1,972)	(1,921)	(1,341)	(9,908)
Interest rate and/or cross currency swaps:								
Hedges of a net investment in a foreign operation	450,000	(5,930)	(4,549)	(4,517)	(5,077)	(4,762)	31,436	6,116
Total	**581,097**	**(7,377)**	**(6,233)**	**(6,364)**	**(7,049)**	**(6,683)**	**30,095**	**(3,792)**

Interest rate swaps

The bond issued in April 2017 for EUR 80 million and maturing in April 2026 was hedged with floating-to-fixed IRS, converting the floating rate of the bond in to a fixed rate (See Note 13). 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 annual consolidated financial statements of the 2020 financial year).

Cross currency interest rate swaps and forwards

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 13).

During 2020, the following transactions were performed:

i) Cellnex Telecom, S.A. arranged a CCS for EUR 450 million and an equivalent sterling value of GBP 382 million which was designated together with the bond issue of EUR 450 million described in Note 13 of the 2020 consolidated financial statements as a natural hedge of the net investment made in United Kingdom Group's subsidiaries.

ii) Cellnex Telecom, S.A. arranged three CCS for a total amount of USD 328 million and an equivalent total euro value of EUR 300 million to hedge three deposits amounting to a total of USD 328 million. As at 30 June 2021 and 31 December 2020, these three CCS were cancelled.

Additionally, Cellnex designated the cash maintained in pounds sterling (GBP) (See Note 13 of the annual consolidated financial statements of the 2020 financial year) amounting to GBP 1,200 million, to hedge the disbursement envisaged in relation to the investment commitment acquired in October 2019 in relation to the Arqiva Acquisition (See Note 6 of the consolidated financial statements of 2020) which became effective on 8 July 2020. It should be noted that available cash in GBP was classified as a hedge since the requirements for such classification were met given, inter alia, that the aforementioned investment commitment was considered to constitute a highly probable transaction. Consequently, exchange differences EUR-GBP amounting to EUR 3.316 thousand were recognised in the total acquisition price of the business combination (see Notes 6 and 14.c.iii of the consolidated financial statements of 2020).

During the six-month period ended on 30 June 2021, Cellnex designated the cash maintained in zlotys (PLN) amounting to PLN 6,787 million, together with the arranged hedges in zlotys for an amount of PLN 5,618 million and an equivalent euro value of EUR 1,250 million, instrumented in various forward rate agreements, to hedge the disbursement envisaged in relation to the investment commitment acquired in October 2020 in relation to the Iliad Poland Acquisition (See Note 4) which became effective in the first quarter of 2021, and the Polkomtel Acquisition, which has become effective in the third quarter of 2021 (see Note 23). It should be noted that available cash in PLN, together with the forward rate agreements, have been classified as a hedge since the requirements for such classification were met given, inter alia, that the aforementioned investments commitment have been considered to constitute a highly probable transactions. Consequently, in relation with Iliad Poland Acquisition, exchange differences EUR-PLN amounting to EUR 14,719 thousand have been recognised in the total acquisition price of the Iliad Poland Acquisition (see Notes 4 and 12.c.iii), and exchange differences EUR-PLN amounting to EUR 847 thousand, as well as EUR 7,122 thousand corresponding to the fair value of the forward rate agreements are classified as hedge reserve as at 30 June 2021 and will be recognized in the total acquisition of the Polkomtel Acquisition (see Notes 19.b.ii and 23).

Finally, the amount recognised as a financial asset/liability with a balancing entry in the consolidated income statement for the period, corresponding to the ineffective portion of the cash flow hedges and hedges of a net investment in a foreign operation was EUR 0 thousand as of 30 June 2021 (EUR 6,607 thousand as of 30 June 2020).

10. Trade and other receivables

The breakdown of this heading in the accompanying consolidated balance sheet at 30 June 2021 and 31 December 2020 is as follows:

						Thousands of Euros
	30 June 2021			31 December 2020		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables (gross)	—	437,874	**437,874**	—	354,702	**354,702**
Allowances for doubtful debts (impairments)	—	(16,468)	**(16,468)**	—	(19,424)	**(19,424)**
Trade receivables	**—**	**421,406**	**421,406**	**—**	**335,278**	**335,278**
Current tax assets	—	206,825	**206,825**	—	136,508	**136,508**
Receivables with other related parties (Note 21.d)	—	—	**—**	—	207	**207**
Other receivables	49,108	48,951	**98,059**	35,671	30,077	**65,748**
Trade and other receivables	**49,108**	**677,182**	**726,290**	**35,671**	**502,070**	**537,741**

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 30 June 2021 and 31 December 2020, the account had no significant past-due balances that were not provided for.

The balance of public-sector debtors as at 30 June 2021 and 31 December 2020, amounted to EUR 13,966 thousand and EUR 17,421 thousand, respectively.

At 30 June 2021 the amount utilized under the non-recourse factoring agreements stood at EUR 39 million (no balance drawn as at 2020 year-end). In this regard, the Group derecognises the receivables sold on a non-recourse basis as it considers that it has substantially transferred the risks and rewards inherent to their ownership to banks. As at 30 June 2021 the limit under the non-recourse factoring agreements stood at EUR 202 million (EUR 238 million as at 2020 year-end).

Allowances for doubtful debts (write-downs)

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

	Thousands of Euros
	2021
At 1 January	**19,424**
Disposals	375
Change in scope	(115)
Net changes	(3,216)
At 30 June	**16,468**

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	
	30 June 2021	**31 December 2020**
Corporate income tax	37,939	22,236
VAT receivable	166,781	111,878
Other taxes	2,105	2,394
Current tax assets	**206,825**	**136,508**

At 30 June 2021, this line mainly included VAT receivable derived from the acquisition of mobile telecom infrastructures in France (see Note 5) for an amount of EUR 84 million (EUR 62 million at 31 December 2020), as well as the VAT receivable amounting to EUR 26 million (EUR 34 million at 31 December 2020) corresponding to the payment in advance in consideration for the cancellation of certain outstanding lease payments.

Other receivables

At 30 June 2021 and 31 December 2020 "Other receivables" comprises:

- The PROFITS (coordination) mechanism by which the Group plays the role of coordinator for certain aid programs under the National Plan for Scientific Research, Development and Technological Innovation (PROFIT) granted by the Spanish Ministry for Industry, Tourism and Trade and applies for this aid together with other companies. The Group includes in current and non-current accounts receivable amounts that were previously assigned to third parties, received by the Group under the guise of PROFIT grants and refundable loans. On the other hand, the full amount of PROFIT grants received by the Group (including part of the amount assigned to third parties) is recognised under "Other non-current borrowings" and "Other current borrowings" (see Note 13).

- 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.

11. Cash and cash equivalents

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

	Thousands of Euros	
	30 June 2021	31 December 2020
Cash on hand and at banks	6,413,318	1,478,027
Term deposits at credit institutions	2,649,725	3,174,000
Total	**9,063,043**	**4,652,027**

12. Net equity

a) Share capital and treasury shares

Share capital

At 31 December 2020 the share capital of Cellnex Telecom, S.A. amounted to EUR 121,677 thousand, represented by 486,708,669 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

At 30 June 2021, in accordance with the capital increase detailed below, the share capital of Cellnex Telecom increased by EUR 48,155 thousand to EUR 169,832 thousand, represented by 679,327,724 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

Changes in 2021

March 2021 Capital Increase

On 30 March 2021, the Parent Company’s Board of Directors, in accordance with the authorization granted by the Annual General Shareholders' Meeting of Cellnex, held on 29 March 2021, approved a capital increase (hereinafter, the “Capital Increase”) through cash contributions and recognising the preferential subscription right of the Cellnex’s shareholders, as detailed below:

– The Capital Increase was carried out through the issuance and sale of 192,619,055 ordinary registered shares (hereinafter, “New Shares”) at a subscription price (nominal plus share premium) of EUR 36.33 per each new share. Thus, the Capital Increase amounted to approximately EUR 7,000 million, which has been fully subscribed.

– Preferential subscription rights were assigned to all Cellnex shareholders who acquired shares up to 31 March 2021 and whose transactions were registered in Iberclear up to 6 April 2021 (both inclusive). Each share in circulation at that time granted the right to receive a preferential subscription right (48 rights were required to subscribe 19 new shares). The preferencial subscription period ended on 15 April 2021.

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

The funds from the capital increase will be used to support the acquisition of Cellnex’s active projects pipeline.

On 23 April 2021, the public deed for the Capital Increase, was duly registered.

On 27 April 2021, the 192,619,055 New Shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

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 30 June 2021 and 31 December 2020, are as follows:

	% ownership	
Company	**30 June 2021**	**31 December 2020**
Edizione, S.r.l. (1)	8.53%	13.03%
GIC Private Limited (2)	7.03%	7.03%
Abu Dhabi Investment Authority (3)	-	6.97%
Blackrock, Inc. (4)	5.06%	3.80%
GQG Partners, LLC.	-	3.22%
Canada Pension Plan Investment Board	5.01%	3.16%
Criteria Caixa, S.A.U.	4.77%	4.77%
Wellington Management Group LLP (5)	4.28%	4.28%
Capital Research and Management Company (6)	3.88%	3.02%
The Children's Investment Master Fund (7)	3.22%	0.00%
FMR, LLC. (8)	3.22%	3.05%
Norges Bank	3.00%	3.03%
	48.00%	**55.36%**

Source: Comisión Nacional del Mercado de Valores ("CNMV").

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

(2) GIC Private Limited holds directly 100% of the share capital of GIC Special Investments Private Limited ("GICSI"). GICSI provides direction and management to GIC Infra Holdings Private Limited, which in turn holds 100% of the share capital of Lisson Grove Investment Private Limited.

(3)Azure Vista C 2020, S.r.l. ("Azure") is a wholly owned subsidiary of Infinity Investments S.A. ("Infinity") which is, in turn, a wholly owned subsidiary of Silver Holdings S.A., which is a wholly owned subsidiary of Abu Dhabi Investment Authority.

(4) Corresponds to managed collective institutions with a percentage lower than 5%. In addition, there is a total holding of 0.334% through financial instruments connected to shares in the Parent Company.

(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.

(7) The Children's Investment 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, MTF, and OTC.

(8) At the end of June 2021, FMR, LLC. controlled 3.217% of the rights to vote across several investment funds and other accounts. None of the above mentioned funds and/or accounts had a shareholding higher than 3%.

Additionally to the significant shareholdings detailed above, Atlantia, S.p.A. holds a shareholding through financial instruments amounting to 3.39% (4.73% at 31 December 2020).

At 30 June 2021 and 31 December 2020, Edizione was positioned as a reference shareholder in Cellnex Telecom, S.A., holding a 8.53% and 13.03% stake in its share capital.

In addition, as partial consideration for the CK Hutchison Holdings Pending Transaction with regards to the United Kingdom and subject to the adjustment events, Hutchison is expected to hold upon closing of the transaction an interest of between approximately 4.4% and 6.2% in Cellnex, assuming that no adjustment events occur. See Note 19 of the accompanying condensed consolidated interim financial statements.

As of 30 June 2021 and December 2020, none of the significant shareholders, whether individually or together, controls the Company.

Treasury shares

Pursuant to the authorisation granted by the Board of Directors in its meeting of 26 May 2016, Cellnex has made various purchases and sales of treasury shares.

On 31 May 2018 the ordinary general shareholder's meeting of Cellnex resolved to delegate in favour of the Parent Company's Board of Directors the faculty to purchase treasury shares up to a limit of 10% of the share capital of the Parent Company.

On 19 May 2021, Cellnex announced a new 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.

Thus, during the six-month period ended 30 June 2021, Cellnex carried out discretional purchases of treasury shares for an amount of EUR 7,616 thousand (Cellnex did not carry out discretional purchases of treasury shares during the six-month period ended 30 June 2020). In addition, during this period, 123,526 treasury shares have been transferred to employees in relation to the employee remuneration payable in shares. During the six-month period ended on 30 June 2021, the Parent Company has registered a profit of EUR 684 thousand (a profit of EUR 1,267 thousand in the same period in 2020), net of fees and commissions, as a result of these operations and this has been taken as a reserve movement in the consolidated balance sheet. The number of treasury shares as at 30 June 2021 amounts to 237,794 shares and represents 0.035% of the share capital of Cellnex Telecom, S.A. (0.041% as at 31 December 2020).

The use of the treasury shares held at 30 June 2021 will depend on the agreements reached by the Corporate Governance bodies.

The movement in the portfolio of treasury shares during the first half of 2021 has been as follows:

2021

	Number (Thousands of Shares)	Average Price	Purchases/Sales (Thousands of Euros)
At 1 January 2021	**200**	**40.33**	**8,078**
Purchases	161	47.30	7,616
Sales / Others	(124)	40.56	(5,010)
At 30 June 2021	**237**	**44.99**	**10,684**

b) Share premium

As at 30 June 2021 the share premium of Cellnex Telecom increased by EUR 6,831 million to EUR 14,601 million (EUR 7,770 million at the end of 2020), mainly due to the capital increase described in Note 12.a., including a cash pay out to shareholders of EUR 11,820 thousand that was declared from the share premium account (See Note 12.d).

c) Reserves

The breakdown of this account is as follows:

	Thousands of Euros	
	30 June 2021	31 December 2020
Legal reserve	19,000	19,000
Reserves from retained earnings and other reserves	48,635	117,157
Reserves of consolidated companies	(255,379)	159,296
Hedge reserves	(26,129)	(19,553)
Foreign exchange differences	81,472	(8,098)
Reserves	**(132,401)**	**267,802**

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 30 June 2021 and 31 December 2020, because of the capital increase carried out during 2021 and 2020, the legal reserve had not reached the legally established minimum.

II) Reserves from retained earnings and other reserves

This line mainly includes the convertible bond reserve, which amounts to EUR 230,692 thousand as of 30 June 2021 (EUR 230,692 thousand at the end of 2020).

The convertible bonds are compound 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 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.

III) Reserves of consolidated companies

The change in “Reserves of consolidated companies” during the six months period ended 30 June 2021 is due to the impact recognised in equity due to: i) transaction with non-controlling interests of Swiss Infra in relation with the 10% of the share capital acquired from Matterhorn (see Notes 2.i-II and 12.f), ii) the transaction with non-controlling interests of Cellnex Netherlands in relation with the acquisition of Cignal Infrastructure Netherlands (formerly T-Mobile Infra B.V.) (see Notes 2.i-IV and 12.f), and iii) the negative impact on reserves amounting to EUR 260,860 thousand in relation with the contingent commitment to purchase shares of Cellnex Netherlands in the framework of the T-Mobile Infra Acquisition (see Note 4 (section "T-Mobile Infra SHA") and Note 17 b) VI).

IV) Hedge reserve

This line item includes the reserve generated by the effective portion of the changes in the fair value of the derivative financial instruments designated and classified as cash flow hedges and/or hedges of net investments in foreign operations in the case of the fully consolidated companies.

V) Foreign exchange differences

The detail of this line item is as follows:

	Thousands of Euros	
	30 June 2021	31 December 2020
Cellnex UK	48,043	(19,662)
Cellnex Switzerland (CHF)	(6,626)	10,847
Cellnex Denmark (DKK)	699	717
Cellnex Sweden (SEK)	(2,697)	—
Cellnex Poland (PLN)	42,053	—
Total	**81,472**	**(8,098)**

d) Interim dividend and proposed dividends

The determination of the distribution of dividends is carried out based on the individual statutory accounts of Cellnex Telecom, S.A., and within the framework of the legislation in force in Spain.

The dividends to distribute to the shareholders are recorded as liabilities in the consolidated financial statements as soon as the dividends are approved by the Annual General Meeting (or by the Board of Directors in the case of interim dividends) and until their payment.

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 will be 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 will be equivalent to that of 2020, increased by 10% (to EUR 32.2 million); and (iii) the shareholder remuneration corresponding to the fiscal year 2022 will be equivalent to that of 2021, increased by 10% (to EUR 35.4 million).

During the first half of 2021, in compliance with the Parent Company´s dividend policy, the Board of Directors, pursuant to the authority granted by resolution of the Annual Shareholders' Meeting of 21 July 2020, approved the distribution of a cash pay-out charged to the share premium reserve of EUR 11,820 thousand, which represented EUR 0.01740 for each existing and outstanding share with the right to receive such cash pay-out.

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	
	30 June 2021	30 June 2020
Profit/(loss) attributable to the Parent Company	(66,924)	(43,180)
Weighted average number of shares outstanding (Note 12.a)	541,085,317	385,162,163
Basic EPS attributable to the Parent Company (euros per share)	(0.12)	(0.11)
Diluted EPS attributable to the Parent Company (euros per share) (*)	(0.12)	(0.11)

(*) Note that, as of 30 June 2021 and 2020, the effect of the conversion of convertible bonds (Note 13) would not dilute the earnings per share attributable to the Parent Company. Additionally, the share-based remuneration (Note 17 b) ii)) has no significant impact on the diluted earnings per share attributable to the Parent Company.

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 period.

The detail of the non-controlling interests is as follows:

				Thousands of Euros	
Non-controlling interests	Country	%(*) owned by Cellnex as of 30/06/2021	%(*) owned by Cellnex as of 31/12/2020	30 June 2021	31 December 2020
Cellnex Switzerland	Switzerland	72 %	72 %	203,403	206,894
Swiss Towers	Switzerland	72 %	72 %	(11,388)	(10,806)
Swiss Infra	Switzerland	72 %	65 %	63,249	80,291
Grid Tracer	Switzerland	40 %	40 %	130	63
Adesal Telecom	Spain	60 %	60 %	2,406	2,350
OnTower France [(1)]	France	70 %	70 %	588,615	592,552
Nexloop [(2)]	France	51 %	51 %	16,082	14,609
Metrocall	Spain	60 %	60 %	28,264	28,551
Cellnex Netherlands [(3)]	Netherlands	75 %	100 %	200,257	—
Towerlink Netherlands [(3)]	Netherlands	75 %	100 %	11,302	—
Breedlink [(3)]	Netherlands	75 %	100 %	(316)	—
Shere Masten [(3)]	Netherlands	75 %	100 %	(343)	—
Alticom [(3)]	Netherlands	75 %	100 %	823	—
On Tower Netherlands subgroup [(3)]	Netherlands	75 %	100 %	10,609	—
T Mobile Infra BV [(3)]	Netherlands	75 %	— %	204	—
On Tower Poland [(4)]	Poland	60 %	— %	522,444	—
Total				**1,635,741**	**914,504**

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

[(1)] In relation to the agreement between Cellnex and Illiad, S.A. to purchase the 70% of On Tower France, the shareholder agreement sets out the conditions for Iliad, S.A.'s right to sell its 30% (and not less than 30%) non-controlling interest to Cellnex France Groupe, at a price to be calculated pursuant to said agreement. The price of this acquisition is uncertain and will undoubtedly be inflationary given the favourable performance of such assets. According to the shareholders agreement terms, as of 30 June 2021 and 31 December 2020, Cellnex France Groupe has the right, but not the obligation to purchase this non-controlling interest, and therefore, no liability has been recorded in the accompanying consolidated balance sheet. This situation will be revaluated in subsequent reporting periods.

[(2)] The agreement between Cellnex and Bouygues Telecom (see note 2.h of the 2020 Consolidated Financial Statements) includes certain exit agreements and provides Bouygues Telecom with a call option over Nexloop's shares held by Cellnex France Group, upon the expiry of a given period of time (for instance, a 20-year period from the execution of the shareholders' agreement) and subject to certain conditions which the Group believes makes challenging its execution.

[(3)] As detailed in Note 4, Cellnex, DIV and a Dutch foundation entered into a put option agreement upon closing, which set forth the right of DIV to sell its 37.65% non-controlling interest to Cellnex, at a price to be calculated pursuant to said agreement. Consequently, Cellnex, as a consequence of the terms set forth in paragraph 23 of IAS 32, recorded a liability in the amount of EUR 261 million (see Note 17.b.VI.) corresponding to the contingent commitment to purchase the 25.10% of the Cellnex Netherlands' shares from third-party shareholders, whose interests in this consolidated company are reflected as of 30 June 2021 under "Non-controlling interests".

[(4)] In relation to the Iliad Poland SHA (as detailed in Note 4), pursuant to its terms, the parties thereto shall not transfer the stake they respectively hold in On Tower Poland for a five-year period following the Iliad Poland Completion Date except for certain permitted transfers and other transfers subject to certain conditions.

Moreover, the Iliad Poland SHA sets forth the conditions for Iliad Purple's right to sell (i) a 10% (and not less than 10%) of the share capital and voting rights of On Tower Poland to Cellnex Poland during a 30-day period following the first anniversary of the

Iliad Poland Completion Date; and (ii) all (and not less than all) of the share capital and voting rights of On Tower Poland to Cellnex Poland during a period starting on the 62nd business day following the first 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 fair market value of this acquisition is uncertain and expected to be inflationary given the favorable performance of such assets). According to the shareholders agreement terms, at 30 June 2021, Cellnex Poland has the right, but not the obligation, to purchase this non-controlling interest, and therefore, no liability has been recorded in the accompanying consolidated balance sheet. This situation will be revaluated in subsequent reporting periods.

Likewise, the Iliad Poland SHA provides Cellnex Poland with a right to buy from Iliad Purple (i) a 10% (and not less than 10%) interest held by Iliad Purple in On Tower Poland during a 30-day period after the lapse of the 30-day period during which Iliad Purple could exercise its first put option right as described in the paragraph above; and (ii) all of (and not less than all) Iliad Purple's interest in On Tower Poland during a three-year period starting on the fourth anniversary of the Iliad Poland Completion Date; in both cases at a fair market value to be calculated pursuant to said agreement.

The changes in this heading were as follows:

	Thousands of Euros
	2021
At 1 January	**914,504**
Profit/(loss) for the period	(14,191)
Dividends	—
Changes in the scope of consolidation	729,151
Exchange differences	6,277
Hedges	—
Others	—
At 30 June	**1,635,741**

"Changes in the scope of consolidation" for the six-month period ended on 30 June 2021 amounting to EUR 729,151 thousand, mainly relates to the impact of:

I) Acquisition of an additional stake in Swiss Infra Services

As detailed in Note 2.i. II, in the first quarter of 2021, Cellnex entered into an agreement with Matterhorn to acquire 10% of the share capital of Swiss Infra, after which Cellnex now indirect holds a 72.22%% shareholding in Swiss Infra. Following the aforementioned, a decrease amounting to EUR 15,829 thousand has been recognised under "non-controlling interests" in the accompanying consolidated balance sheet, as a result of the termination of the non-controlling interests that existed at the acquisition date.

Additionally, since the aforementioned transaction was an equity transaction carried out with a non-controlling interest in the subsidiary that did not modify the controlling position in Swiss Infra, the transaction has led to the recognition of a negative impact of EUR 117,171 thousand under "Reserves of consolidated companies" in the accompanying consolidated balance sheet (see section c) of this Note).

II) Acquisition of On Tower Poland

As detailed in Note 4, in the first quarter of 2021, Cellnex, (through its fully owned subsidiary Cellnex Poland sp z.o.o.) has acquired 60% of On Tower Poland sp z.o.o.'s share capital, a wholly-owned subsidiary of Play, for the subsequent acquisition by On Tower Poland of the telecommunications passive infrastructures business unit of P4, for an estimated total consideration (Enterprise Value) of approximately EUR 1,458 million. This has led the recognition of a non-controlling interest of EUR 522,444 thousand in the accompanying consolidated balance sheet.

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

As detailed in Note 4, in the first quarter of 2021, Cellnex and Cellnex Netherlands signed a framework agreement with DTAG, DTEU and DIV which sets forth among others, the conditions and the steps and arrangements, to allow Cellnex to acquire the 100% of the share capital of T-Mobile Infra, B.V. ("T-Mobile Infra") in exchange for a stake of 37.65% in the share capital of Cellnex Netherlands (owned as of 30 June 2021 by DIV in which Cellnex has a 33,33% interest as detailed in Notes 2.i and 4). Consequently, as a result of the T-Mobile Infra Acquisition, the Group recognised an equity transaction carried out with a non-controlling interest in Cellnex Netherlands that did not modify the controlling position in Cignal Infrastructure Netherlands for the effective 25,11%. This has led the recognition of a non-controlling interest of EUR 222,536 thousand and a positive impact of EUR 39,098 thousand under "Reserves of consolidated companies" in the consolidated balance sheet (see section c) of this Note).

13. Borrowings

The breakdown of borrowings at 30 June 2021 and 31 December 2020 is as follows:

						Thousands of Euros
	30 June 2021			31 December 2020		
	Non-current	Current	Total	Non-current	Current	Total
Bond issues and other loans	11,076,304	59,125	**11,135,429**	7,478,501	56,456	**7,534,957**
Loans and credit facilities	1,912,586	91,373	**2,003,959**	1,835,135	19,353	**1,854,488**
Other financial liabilities	3,253	805	**4,058**	2,194	1,132	**3,326**
Borrowings	**12,992,143**	**151,303**	**13,143,446**	**9,315,830**	**76,941**	**9,392,771**

During the year 6-month period ended at 30 June 2021, the Group increased its borrowings from bond issues and loans and credit facilities (which do not include any debt held by Group companies registered using the equity method of consolidation, "Derivative Financial Instruments" or "Other financial liabilities") by EUR 3,749,943 thousand to EUR 13,139,388 thousand.

The increase in "Bond issues and other loans" is mainly due to the five issuances of bonds that have been carried out during the first half of 2021, as detailed in section "Bond issues and other loans" below.

In addition, during the six-month period ended 30 June 2021, the Group cancelled a term loan for CHF 183,000 thousand with the proceeds of the bond issued in CHF in March 2021 for an amount of CHF 150,000 thousand and several Swiss franc ("CHF") purchases.

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. On 24 February 2021, the Group amended and restated the facilities agreement and, among others, cancelled EUR 1,600,000 thousand out of the EUR 7,500,000 thousand bridge loan facility granted thereunder, amended the maturity of said bridge loan facility to 2 years, and amended its purpose to, among other things, contemplate the financing of the Hivory Acquisition (see Note 19.b.i.). As of 30 June 2021, no amounts have been drawn thereunder. Such financing will bear interest at a margin above EURIBOR, will be unsecured and unsubordinated. Additionally, the Group also cancelled undrawn credit facilities for EUR 100,000 thousand and GBP 360,000 thousand.

On 12 February 2021, as amended on 12 March 2021, the Group entered into a 5-year facility agreement amounting to EUR 253 million, in relation to the T-Mobile Infra Acquisition (see note 4).

On 17 March 2021, Swiss Towers drawdown CHF 35,000 thousand of the Facility B, corresponding to the Agreement signed on 17 July 2019 to acquire 10% of the share capital of Swiss Infra Services Sa ("Swiss Infra") (see note 2).

As of 30 June 2021 and 2020, the average interest rate of all available borrowings would have been 1.4% and 1.5% respectively, in the event they had been entirely drawn down. The average weighted interest rate as of 30 June 2021 of all available borrowings drawn down was 1.6% (1.7% as of 30 June 2020).

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:

30 June 2021

						Thousands of Euros
	01/01/2021	Cash flows	Changes in the scope of consolidation (1)	Exchange rate	Other (2)	30/06/2021
Bond issues	7,534,957	3,563,984	—	(3,077)	39,565	11,135,429
Loans and credit facilities and other financial liabilities (1)	1,857,814	(133,379)	250,000	27,321	6,261	2,008,017
Borrowings	**9,392,771**	**3,430,605**	**250,000**	**24,244**	**45,826**	**13,143,446**

(1) It corresponds to the debt assumed on the T-mobile Infra Acquisition (see note 4).
(2) It mainly includes arrangement expenses accrued and change in interest accrued not paid.

As of 30 June 2021 and 31 December 2020, the Group's loans and credit facilities were arranged under market conditions and, therefore, their fair value does not differ significantly from their carrying amount. In the case of bond issues, which are traded in active markets, their fair value amounts to EUR 12,424 thousand and EUR 8,426 thousand, 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 30 June 2021 and 31 December 2020, the breakdown, by maturity, type of debt and by currency of the Group's borrowings (excluding debt with companies accounted for using the equity method of consolidation) is as follows:

Borrowings by maturity

The maturities of the Group's borrowings based on the repayment schedule as of 30 June 2021 and 31 December 2020 are shown in the table below:

30 June 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 (*)	11,361,675	80,011	602,376	752,412	501,834	1,055,479	8,294,008	**11,286,120**
Arrangement expenses	—	(20,886)	(20,087)	(19,727)	(18,847)	(17,355)	(53,789)	**(150,691)**
Loans and credit facilities (*)	12,793,973	97,245	87,088	712,366	588,806	237,247	309,317	**2,032,069**
Arrangement expenses	—	(5,872)	(6,183)	(6,193)	(4,143)	(1,564)	(4,155)	**(28,110)**
Other financial liabilities	—	805	2,233	783	224	13	—	**4,058**
Total	**24,155,648**	**151,303**	**665,427**	**1,439,641**	**1,067,874**	**1,273,820**	**8,545,381**	**13,143,446**

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

31 December 2020

								Thousands of Euros
		Current	Non-current					
	Limit	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Bond issues and other loans (*)	7,729,340	69,534	602,358	2,394	752,431	593,189	5,603,452	**7,623,358**
Arrangement expenses	—	(13,078)	(12,856)	(12,392)	(11,134)	(10,242)	(28,699)	**(88,401)**
Loans and credit facilities (*)	14,783,431	24,481	169,347	2,500	171,913	669,885	847,656	**1,885,782**
Arrangement expenses	—	(5,128)	(6,351)	(6,078)	(5,004)	(4,274)	(4,459)	**(31,294)**
Other financial liabilities	—	1,132	643	483	472	323	273	**3,326**
Total	**22,512,771**	**76,941**	**753,141**	**(13,093)**	**908,678**	**1,248,881**	**6,418,223**	**9,392,771**

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

Borrowings by type of debt

						Thousands of Euros
	Notional as of 30 June 2021 (*)			Notional as of 31 December 2020 (*)		
	Limit	Drawn	Undrawn	Limit	Drawn	Undrawn
Bond issues and other loans	11,361,675	11,361,675	—	7,729,340	7,729,340	—
Loans and credit facilities	12,793,973	2,011,469	10,782,504	14,783,431	1,864,215	12,919,216
Total	**24,155,648**	**13,373,144**	**10,782,504**	**22,512,771**	**9,593,555**	**12,919,216**

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

As of 30 June 2021, the total limit of loans and credit facilities available was EUR 12,793,973 thousand (EUR 14,783,431 thousand as of 31 December 2020), of which EUR 2,825,253 thousand in credit facilities and EUR 9,968,720 thousand in loans (EUR 3,324,205 thousand in credit facilities and EUR 11,459,225 thousand in loans as of 31 December 2020).

Furthermore, of the EUR 12,793,973 thousand of loans and credit facilities available (EUR 14,783,431 thousand as of 31 December 2020), EUR 3,268,811 thousand (EUR 3,811,306 thousand as of 31 December 2020) can be drawn down either in Euros (EUR) or in other currencies, such as Pound Sterling (GBP), Swiss franc (CHF) and U.S. dollar (USD).

As of 30 June 2021 the total amount drawn down of the loans and credit facilities was EUR 2,011,469 thousand (EUR 1,864,215 thousand drawn down as of 31 December 2020).

Borrowings by currency

		Thousands of Euros
	30 June 2021 (*)	31 December 2020 (*)
Euro	11,519,934	7,698,417
GBP	849,984	840,443
CHF	952,329	973,606
Borrowings	**13,322,247**	**9,512,466**

(*) The amounts shown in the preceding table relate to the cash flows set forth in the contracts, which differ from the carrying amount of the borrowings due to the effect of applying IFRS criteria, especially IFRS9.

As described in Note 4.a of the 2020 consolidated financial statements, 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 9).

As of 30 June 2021 and 31 December 2020, the Group maintained bonds and borrowings in CHF, which act as a natural hedge of the net investment in the Group's Swiss subsidiaries. The Group issued a bond in CHF on March 2021 for an amount of CHF 150,000 thousand (with a Euro value of EUR 136,612 thousand as of 30 June 2021), which add up to the two CHF bonds issued by the Group in 2020 (CHF 100,000 thousand (EUR 91,074 thousand) and CHF 185,000 thousand (EUR 168,488 thousand). The maturity of these bonds are in 2026, 2025 and 2027, respectively. Furthermore, as of 30 June 2021, the Group cancelled a term loan for CHF 183,000 thousand (CHF 183,000 thousand with a Euro value of EUR 169,413 thousand as of 31 December 2020). These non-derivative financial instruments are assigned as net investment hedges against the net assets of Swiss subsidiaries.

As of 30 June 2021 and 31 December 2020, 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.

Furthermore, the Group also maintained through its subsidiary Swiss Towers additional borrowings in CHF amounting to CHF 608,715 thousand with a Euro value of EUR 554,385 thousand (CHF 535,669 thousand with a Euro value of EUR 502,928 thousand as of 31 December 2020).

Bond issues and other loans

The detail of the bonds and other financing instruments is as follows:

	Thousands of Euros	
	30 June 2021	**31 December 2020**
Bond issues	11,135,429	7,534,953
Promissory notes and commercial paper	—	4
Bond issues and other loans	**11,135,429**	**7,534,957**

I) The EMTN Programme and the Guaranteed EMTN Programme

In May 2015, the Group established a Euro Medium Term Note Programme (the "EMTN Programme") through the Parent Company. This EMTN Programme is registered on the Irish Stock Exchange plc, trading as Euronext Dublin and its latest renewal date was May 2020, allowing for the issue of bonds up to an aggregate amount of EUR 10,000 million. After the establishment for the Guaranteed EMTN Programme (as defined below), the Group has ceased to renew the EMTN Programme.

In March 2016 Cellnex was added to the list of companies whose corporate bonds are eligible for the Corporate Sector Purchase Programme (CSPP) by European Central Bank (ECB). Since May 2015, under the aforementioned EMTN Programme, Cellnex has issued the bonds described in the table below, all of them addressed to qualified investors:

30 June 2021

Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 30 June 2021 (Thousands of Euros)
27/07/2015	7 years	27/07/2022	BBB-/BB+	XS1265778933	3.13%	600,000
10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.38%	750,000
16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.88%	65,000
18/01/2017	8 years	18/04/2025	BBB-/BB+	XS1551726810	2.88%	335,000
07/04/2017	9 years	07/04/2026	BBB-/NA	XS1592492125	Eur 6M+2.27%(1)	80,000
03/08/2017	10 years	03/08/2027	BBB-/NA	XS1657934714	Eur 6M+2.20%	60,000
31/07/2019	10 years	31/07/2029	BBB-/NA	XS2034980479	1.90%	60,500
20/01/2020	7 years	20/04/2027	BBB-/BB+	XS2102934697	1.0%	450,000
29/01/2020	7 years	18/02/2027	BBB-/NA	CH0506071148	0.775 %	168,488
26/06/2020	5 years	18/04/2025	BBB-/BB+	XS2193654386	2.88 %	165,000
26/06/2020	9 years	26/06/2029	BBB-/BB+	XS2193658619	1.88 %	750,000
17/07/2020	5 years	17/07/2025	BBB-/BB+	CH0555837753	1.1 %	91,075
23/10/2020	10 years	23/10/2030	BBB-/BB+	XS2247549731	1.75 %	1,000,000
Total						**4,575,063**

(1) Coupon rate hedged by Interest Rate Swaps. See Note 9.

In December 2020, Cellnex Finance established a Guaranteed Euro Medium Term Note Programme (the “Guaranteed EMTN Programme”), 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. From 2021 onwards, Cellnex Finance is the main debt financing entity of the Group.

During the first half of 2021, the Group has issued the bonds described in the table below under the Guaranteed EMTN Programme:

Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 30 June 2021 (Thousands of Euros)
15/02/2021	5 years	15/11/2026	BBB-/BB+	XS2300292617	0.75 %	500,000
15/02/2021	8 years	15/01/2029	BBB-/BB+	XS2300292963	1.25 %	750,000
15/02/2021	12 years	15/02/2033	BBB-/BB+	XS2300293003	2.0 %	1,250,000
26/03/2021	5 years	26/03/2026	BBB-/NA	CH1104885954	0.935 %	136,612
08/06/2021	7 years	08/06/2028	BBB-/BB+	XS2348237871	1.5 %	1,000,000
Total						**3,636,612**

Bond issuances during the first half of 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”). Finally, 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%

The bond issuances denominated in Swiss francs are listed on the Swiss Stock Exchange (SIX) and the euro denominated issuances are listed on the Irish Stock Exchange, plc. trading as Euronext Dublin.

The net proceeds from the issuance of the above bonds are being used for general corporate purposes, including but not limited to, in certain cases, the refinancing of existing indebtedness.

31 December 2020

Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 31 December 2020 (Thousands of Euros)
27/07/2015	7 years	27/07/2022	BBB-/BB+	XS1265778933	3.13%	600,000
10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.38%	750,000
16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.88%	65,000
18/01/2017	8 years	18/04/2025	BBB-/BB+	XS1551726810	2.88%	335,000
07/04/2017	9 years	07/04/2026	BBB-/NA	XS1592492125	Eur 6M+2.27%(1)	80,000
03/08/2017	10 years	03/08/2027	BBB-/NA	XS1657934714	Eur 6M+2.20%	60,000
31/07/2019	10 years	31/07/2029	BBB-/NA	XS2034980479	1.90%	60,500
20/01/2020	7 years	20/04/2027	BBB-/BB+	XS2102934697	1.00%	450,000
29/01/2020	7 years	18/02/2027	BBB-/NA	CH0506071148	0.78 %	171,265
26/06/2020	5 years	18/04/2025	BBB-/BB+	XS2193654386	2.88 %	165,000
26/06/2020	9 years	26/06/2029	BBB-/BB+	XS2193658619	1.88 %	750,000
17/07/2020	5 years	17/07/2025	BBB-/BB+	CH0555837753	1.10 %	92,575
23/10/2020	10 years	14/10/2030	BBB-/BB+	XS2247549731	1.75 %	1,000,000
Total						**4,579,340**

(1) Coupon rate hedged by Interest Rate Swaps. See Note 9.

The bond issues have certain associated costs, customary in this type of transactions such as arrangement expenses and advisors' fees, which amounted to EUR 71,447 thousand as of 30 June 2021 (EUR 27,007 thousand as of 30 June 2020), which the Group defers over the life of the bonds and are taken to the consolidated income statement following a financial criteria. In this regard, an amount of EUR 150,691 thousand and EUR 88,401 thousand was deducted from bond issues in the consolidated balance sheet as of 30 June 2021 and 31 December 2020, respectively. The arrangement expenses and advisor's fees accrued in the consolidated income statement for the period ended 30 June 2021 in relation to the bond issues amounted to EUR 9,157 thousand (EUR 3,898 thousand as of 30 June 2020).

II) Rule 144A / Regulation S Bonds (United States) – USD Bonds

In the second quarter of 2021, Cellnex Finance completed and settled the pricing of 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 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%.

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 net proceeds from the issuance will be used for general corporate purposes.

The bonds are listed and trade on the Vienna MTF of the Vienna Stock Exchange since 7 July 2021.

Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 30 June 2021 (Thousands of Euros)
07/07/2021	20 years	07/07/2041	BBB-/BB+	US15118JAA34 Reg S: USE2943JAA72	3.875%	0[1]
Total						—

III) Convertible bonds

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

30 June 2021

Issue	Initial Duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 30 June 2021 (Thousands of Euros)
16/01/2018	8 years	16/01/2026	BBB-/NA	XS1750026186	1.50 %	562,341
21/01/2019	7 years	16/01/2026	BBB-/NA	XS1750026186	1.50 %	185,452
25/06/2019	9 years	25/07/2028	BBB-/NA	XS2021212332	0.50 %	830,541
20/11/2020	11 years	20/11/2031	BBB-/NA	XS2257580857	0.75 %	1,409,192
Total						**2,987,526**

31 December 2020

Issue	Initial Duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 31 December 2020 (Thousands of Euros)
16/01/2018	8 years	16/01/2026	BBB-/NA	XS1750026186	1.50 %	558,469
21/01/2019	7 years	16/01/2026	BBB-/NA	XS1750026186	1.50 %	183,964
25/06/2019	9 years	25/07/2028	BBB-/NA	XS2021212332	0.50 %	823,711
20/11/2020	11 years	20/11/2031	BBB-/NA	XS2257580857	0.75 %	1,400,343
Total						**2,966,487**

These convertible bonds have been treated as a compound instrument and have been split into its two components: a debt component amounting EUR 2,988 million (EUR 2,966 million as of 31 December 2020), corresponding to the present value of the coupons and principal discounted at the interest rate of a bond, with same nominal amount and maturity, without the convertibility option; and an equity component, for the remaining amount, due to the bondholder option to convert into shares, included in the heading "Reserves from retained earnings and other reserves".

The Convertible Bonds are listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

Clauses regarding changes of control

The terms and conditions of the bonds to be issued under the EMTN Programme, the Guaranteed EMTN Programme, the USD Bonds and of the Convertible Bonds include a change of control put clause (at the option of bondholders), which could result in their respective early repayment.

For the bonds issued under the EMTN Programme, the Guaranteed EMTN Programme and , the USD Bonds, the put option can only be triggered if a change of control event occurs and there is a rating downgrade caused by the change of control event (as defined in the terms and conditions of the EMTN Programme, the Guaranteed EMTN Programme and the USD

[1] Given that settlement was completed after 30 June 2021, the balance sheet impact as of 30 June 2021 is 0.

Bonds). For the Convertible Bonds, the put option can only be triggered if a change of control occurs or if a tender offer triggering event occurs (as defined in the terms and conditions of the Convertible Bonds).

Under the EMTN Programme, the Guaranteed EMTN Programme , the USD Bonds and the Convertible Bonds, a "change of control event" is defined as the acquisition of more than 50% of the voting rights in respect of Cellnex or the right to appoint or dismiss all or the majority of the members of the Board of Directors of Cellnex.

Bonds obligations and restrictions

As at 30 June 2021 and 31 December 2020, Cellnex had no restrictions regarding the use of proceeds from its bond offerings, had not provided any collateral for any obligations in connection with its outstanding bonds and the bonds ranked pari passu with the rest of the Cellnex's unsecured and unsubordinated borrowings.

IV) ECP Programme

In June 2018 Cellnex established an Euro-Commercial Paper Programme (the "ECP Programme") with the Irish Stock Exchange, plc. trading as Euronext Dublin, which was renewed in June 2020. The ECP Programme had a limit of EUR 500 million or its equivalent in GBP, USD and CHF. As of 30 June 2021, the ECP Programme has not been renewed as it is expected to be established in Cellnex Finance in the third quarter of 2021, following the same steps as the Guaranteed EMTN Programme. As of 30 June 2021, the ECP Programme is no longer available for Cellnex.

Bonds obligations and restrictions

As at 30 June 2021 and 31 December 2020, the Parent Company and Cellnex Finance had no restrictions regarding the use of capital resources nor had it guarantees and the bonds rank pari passu with the rest of the unsecured and unsubordinated borrowings

Loans and credit facilities

As of 30 June 2021, the total limit of loans and credit facilities available was EUR 12,793,973 thousand (EUR 14,783,431 thousand as of 31 December 2020), of which EUR 2,825,253 thousand in credit facilities and EUR 9,968,720 thousand in loans (EUR 3,324,205 thousand and EUR 11,459,225 thousand respectively as of 31 December 2020).

During the period ended 30 June 2021, the Group cancelled a term loan for CHF 183,000 thousand.

In addition, during the six-month period ended 30 June 2021, the Group cancelled a term loan for CHF 183,000 thousand with the proceeds of the bond issued in CHF in March 2021 for an amount of CHF 150,000 thousand and several Swiss franc ("CHF") purchases. Additionally, the Group also cancelled undrawn credit facilities for EUR 100,000 thousand and GBP 360,000 thousand.

On 17 March 2021, Swiss Towers drawdown CHF 35,000 thousand of the Facility B, corresponding to the Agreement signed on 17 July 2019 to acquire 10% of the share capital of Swiss Infra Services Sa ("Swiss Infra") (see note 2).

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 On 24 February 2021, the Group amended and restated the facilities agreement by virtue of which the M&A Financing was granted and, among others, cancelled EUR 1,600,000 thousand out of the EUR 7,500,000 thousand bridge loan facility granted thereunder, amended the maturity of said bridge loan facility to 2 years, and amended its purpose to, among other things, contemplate the financing of the Hivory Acquisition. As of 30 June 2021, no amounts have been drawn thereunder. Such financing will bear interest at a margin above EURIBOR, will be unsecured and unsubordinated. Additionally, the Group also cancelled undrawn credit facilities for EUR 100,000 thousand and GBP 360,000 thousand.

On 12 February 2021, as amended on 12 March 2021, T-Mobile Infra entered into a 5-year facility agreement amounting to EUR 253 million, which was draw down and used to pay an extraordinary dividend prior to completion of the T-Mobile Infra Acquisition. Subsequently, on 1 June 2021, the Group acquired T-Mobile Infra as part of the T-Mobile Infra Acquisition.

Clauses regarding changes of control

For the loans and credit facilities entered into by Cellnex, the change of control trigger is at the Cellnex level. For the syndicated facilities agreement entered into by Swiss Towers, the change of control trigger is measured with respect to Cellnex Switzerland, Swiss Towers and Swiss Infra (as defined below). For the GBP Facilities, the change of control trigger is measured with respect to Cellnex UK as well as at the Cellnex level. For the Nexloop Facilities, the change of control trigger is measured with respect to Nexloop. For the 5-year facility agreement of the T-Mobile Infra acquisition, the change of control trigger is measured with respect to Cellnex Netherlands and T-Mobile infra. A "change of control event" is generally triggered when a third party, alone or together with others, acquires either 50% of shares with voting rights, or obtains the right to appoint or dismiss the majority of the members of the board of directors of the relevant company.

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

As at 30 June 2021 and 31 December 2020 most of Cellnex's outstanding loans and credit facilities do not impose restrictions on the use of available funds. However, certain of the Group's outstanding loans and credit facilities, including the Nexloop Senior Facility and the EUR 10 billion, impose restrictions on the use of drawn amounts. For example, the latter can only be utilized to pay for acquisitions.

Security interests and other covenants and undertakings

As of 30 June 2021 and 31 December 2020, most of the outstanding loans and credit facilities entered into by Cellnex and its subsidiaries are unsecured and unsubordinated and rank pari passu with the rest of the Group's unsecured and unsubordinated borrowings. However, from time to time, the Group may enter into senior and secured loans and credit facilities, such as the Nexloop Facilities, under which the Group granted a security package in favour of several creditors and hedge counterparties consistent with certain agreed security principles, including pledges over the Group's shares in Nexloop and certain receivables including any debt instruments held by the Group in Nexloop (such as the Group's credit rights under the Nexloop Shareholder Facility, as defined herein).

In addition, while most of the Group's loans and credit facilities are subject to cross-default provisions and generally do not require Cellnex nor its subsidiaries to comply with any financial ratio, certain of them are subject to certain financial covenants and various restrictions, including but not limited to, (i) requiring Cellnex to maintain a minimum rating of Ba2 by Moody's Investors Service, Inc., or BB by Fitch Ratings Ltd. or Standard & Poor's Financial Services LLC, (ii) requiring shares to be pledged and provided as collateral if certain financial ratios are not satisfied, and (iii) imposing restrictions on additional indebtedness and on the Group's ability to create or permit to subsist certain security interests. The aforementioned financial conditions are mainly associated with EIB and ICO loans. Additionally, prepayment obligations under certain of the Group's loans and credit facilities, including the Nexloop Senior Facility, may be triggered as a result of the availability of certain proceeds and cash flows and breaches of certain covenants and undertakings. The financing contracts of the Group do not contain any limitations on the distribution and payment of dividends, other than the Nexloop Senior Facility and the syndicated facilities agreement entered into by Swiss Towers, which include covenants restricting the distribution of dividends by Nexloop and by Cellnex Switzerland and Swiss Towers, respectively, subject to certain conditions.

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 30 June 2021, Cellnex holds a long-term "BBB-" (Investment Grade) with stable outlook according to the international credit rating agency Fitch Ratings Ltd as confirmed by a report issued on 4 March 2021 and a long-term "BB+" with stable outlook according to the international credit rating agency Standard & Poor's Financial Services LLC as confirmed by a report issued on 28 June 2021.

14. 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 30 June 2021 and 31 December 2020, the amounts recognized in the consolidated balance sheet related to lease agreements are:

Right of use

	Thousands of euros	
	Net book value	
	30 June 2021	31 December 2020
Right of use		
Sites	2,821,661	2,044,816
Offices	10,479	10,904
Satellites	67,575	72,998
Vehicles	1,237	1,802
Concessions	3,132	3,040
Total	**2,904,084**	**2,133,560**

The additions of rights of use during 2021 amounted to EUR 242,190 thousand (EUR 168,705 thousand during the same period in 2020), of which EUR 118,089 thousand (EUR 97,484 thousand during the same period in 2020) relates to reassessments of existing lease contracts at the period end and EUR 720,380 thousand corresponded to changes in the scope of consolidation during 2021 (see Notes 2.i and 4).

Lease liabilities

	Thousands of euros	
	30 June 2021	31 December 2020
Lease liabilities included in the statement of financial position		
Current	439,298	284,060
Non-Current	2,049,971	1,478,759
Total	**2,489,269**	**1,762,819**

During the six-month period ended on 30 June 2021, there have been no significant variations in the sensitivity detailed in Note 16 of the 2020 consolidated financial statements.

Amounts recognised in the consolidated income statement

As of 30 June 2021 and 2020, the amounts recognized in the consolidated income statement relating to lease agreements are:

	Thousands of euros	
	30 June 2021	**30 June 2020**
Depreciation and amortisation		
Depreciation Right of Use:		
Sites	(183,678)	(123,457)
Offices	(1,973)	(1,818)
Satellites	(5,441)	(6,003)
Vehicles	(680)	(629)
Concessions	(271)	(108)
Total	**(192,043)**	**(132,015)**
Financial costs		
Interest expense on lease liabilities	(85,076)	(61,295)
Other operating expenses		
Expense related to contracts with low value asset	(628)	(1,214)
Expense related to variable lease payments	(3,920)	(4,868)
Total	**(4,548)**	**(6,082)**

During the period ended on 30 June 2021 and 2020, the Group has not recognized 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 6-month period ended on 30 June 2021 amounted to EUR 315,040 thousand (EUR 200,525 thousand during the same period in 2020), of which EUR 39,360 thousand (EUR 26,586 thousand during the same period in 2020) relates to cash advances to landlords, EUR 85,076 thousand (EUR 61,295 thousand during the same period in 2020) relates to interest payments on lease liabilities and EUR 190,604 thousand (EUR 112,644 thousand during the same period in 2020) relates to payments of lease installments in the ordinary course of business.

Lease agreements. Cellnex Group as lessee

i) Real estate leases

All of the amounts recognized 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.

Payments associated with short-term lease agreements are recognized 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 recognized 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 of the 2020 annual consolidated financial statements.

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.

ii) Other leases

Cellnex leases offices, vehicles and satellites with terms of 6 to 10 years, 3 to 5 years and 10 years, respectively.

The Group also leases IT and other equipment with contract terms of one to three years. These leases are either short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

iii) Sale-and-leaseback

During 2021 and 2020, no significant sale-and-leaseback transactions have been performed.

15. Trade and other payables

The detail of this heading at 30 June 2021 and 31 December 2020 is as follows:

	Thousands of Euros	
	30 June 2021	31 December 2020
Trade payables	287,611	306,745
Current tax liabilities	215,393	101,023
Other payables to related parties (Note 21.d)	1,107	1,107
Other payables	394,990	274,235
Trade and other payables	**899,101**	**683,110**

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

At 30 June 2021 and 31 December 2020, "Trade payables" included mainly the amounts payable for trade purchases made by the Group and their related costs.

"Current tax liabilities" includes all balances payable by the Group to the tax authorities, as detailed in Note 16.c.

Lastly, "Other payables" is formed mainly of deferred revenues and payables to non-current asset suppliers.

16. Income tax and tax situation

a) Tax information

Cellnex Telecom, S.A. became the parent company of a new consolidated tax group for the purposes of Corporation tax in Spain in the 2015 financial year.

Cellnex files consolidated tax returns as the Parent Company of the tax group, where the subsidiaries of which are at least 75%-owned and with tax residence in Spain. The Group companies resident in Italy file consolidated Italian corporation tax returns. In addition, the Group companies resident in the Netherlands file consolidated Dutch tax returns. The UK companies file Group Relief claims and surrenders as appropriate. Cellnex France Group files consolidated tax returns as the Parent Company of the tax group, where the subsidiaries of which are at least 95%-owned. The Irish companies file Group Relief claims and surrenders as appropriate. The Group companies resident in Portugal file consolidated Portuguese corporation tax returns except for companies acquired during 2020. The Group companies resident in Denmark and Austria shall file joint and consolidated corporation tax returns from 2021. 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 audits and litigations

At 30 June 2021, in general, the Group companies' returns for all applicable taxes which are not statute-barred at that date are open to inspection in each of the jurisdictions in which they are based.

In this respect, Cellnex considers that no significant losses will arise with respect to the accompanying consolidated financial statements as a result of the different interpretations which may be afforded to prevailing tax law in relation to the years open to inspection.

In July 2018 general inspection proceedings were initiated in relation to consolidated corporate income tax for 2015 and 2016 and VAT for the periods April to December 2015 (individual) and 2016 (group entities).

In June 2020 agreed tax reassessments were issued in relation to corporate income tax for the years 2015 to 2018. For 2015 and 2016, the reassessments are definitive. For 2017 and 2018, the proposals are provisional, given that the audit 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 the adjournment of the assessments by granting a bank guarantee to the Spanish Tax Authorities.

In all cases, the Spanish Tax Authorities have considered that the Group's approach was reasonable and they have expressly stated that no penalties will be proposed.

In January 2020, the Irish Tax Authorities requested a tax meeting in relation to corporate income tax and VAT for fiscal years 2016, 2017 and 2018. The first visit at Cellnex Ireland's offices was originally scheduled for March 2020. However, due to the Coronavirus Pandemic it was postponed until April 2021. The Group provided the Irish Tax Authorities with a set of information and documentation for their analysis. In June 2021, the Irish Tax Authorities informed the Group of the completion of the review process with no relevant impact and without further comments or requests.

At the beginning of 2020, the Swiss Tax Authorities notified the initiation of a tax audit in relation to corporate income tax for 2017 and 2018. In January 2021, the Swiss Tax Authorities closed the audit process with no relevant impact for the Swiss companies.

In October 2020, the Italian Tax Authorities requested a copy of Transfer Pricing documentation relating to fiscal year 2016. Following this request, in May 2021, the Italian Tax Authorities and the Group met and additional documentation was provided in response to additional requests from the Italian Tax Authorities. The dialogue remains on-going as of 30 June 2021. No material impact is expected.

b) Corporation tax expense

As established by IAS 34, the income tax expense has been recorded based on the best estimate available of the annual effective taxation rate for the 2021 financial year.

This estimate has been made taking into account the standard Corporation Tax rate in the countries in which Cellnex conducts its operations, which are:

	2021	2020
Spain	25%	25%
Italy (1)	28.82%	28.82%
Netherlands (2)	25%	25%
United Kingdom (3)	19%	19%
France (4)	26.5%/27.5%	28%/31%
Switzerland (5)	18.36%	18.36%
Ireland (6)	12.5%/25%	12.5%/25%
Portugal (7)	21%	21%
Finland	20%	20%
Austria	25%	25%
Denmark	22%	22%
Sweden	20.6%	n/a
Poland	19%	n/a

(1) The standard income tax rate is 28.82% in Italy, which is made up of the IRES (Imposta sul Reddito delle Societa) at a rate of 24% and the IRAP (regional business tax in Rome) at a rate of 4.82%.

[2] On 15 December 2020, the Senate approved the 2021 Tax Plan package, approving a progressive decrease of the Dutch lower CIT rate from 19% to 16,5% by 2020 and 15% by 2021. The Dutch standard CIT rate of 25% remains unchanged. The lower CIT rate for 2021 is 15% (2020: 16,5%) for taxable income up to EUR 245 thousand (EUR 200 thousand in 2020) and EUR 395 thousand for 2022 and the standard rate of 25% (2020: 25%) applies to taxable income exceeding the referred thresholds.

[3] The UK CIT rate is currently 19%, and is set to remain at that rate until April 2023. The Finance Bill 2021 was published in March 2021, in which the UK CIT rate is set to increase to 25%. The Finance Bill 2021 received Royal Assent in June 2021 and is considered as "substantively enacted" for tax accounting purposes. The 19% rate will continue to apply to companies with profits of less than £50,000, with marginal relief for profits of up to £250,000.

[4] The French Parliament in December 2020 approved the Finance Law for 2021 which does not modify the delayed implementation of reduced corporate income tax rate for large entities previously enacted in 2019 consisting in a progressive decrease of the French standard corporate income tax (CIT) rate from 33.3% to 25% by 2022. For financial years beginning on or after 1 January 2020, a 28% CIT rate applied, except for larger entities for which a 28% CIT rate applied on the first EUR 500 thousand of taxable income and a 31% rate applied on the taxable income in excess of EUR 500 thousand. For financial years beginning on or after 1 January 2021, a 26.5% CIT rate will apply for entities with revenues lower than EUR 250 million or a 27.5% rate for larger entities. For financial years beginning on or after 1 January 2022, a 25% CIT rate will apply for all entities.

[5] The standard income tax rate was 20.4% in Switzerland, which is made up of federal, cantonal and communal (municipal) taxes. Lower rates are available for privileged companies.

[6] The standard trading profit tax rate is 12.5% and the standard passive profit rate is 25%.

[7] Companies with their head office in mainland Portugal are subject to Corporate Income Tax ("IRC") at a base rate of 21%, plus, as applicable, (i) up to a maximum of 1.5% of taxable income through a municipal tax ("Derrama Municipal"), and (ii) a state surcharge ("Derrama Estadual") levied at the rates of 3% on taxable income between EUR 1.5 million and EUR 7.5 million, 5% on taxable income between EUR 7.5 million and EUR 35 million and 9.0% on taxable income in excess of EUR 35 million, resulting in a maximum aggregate tax rate of approximately 31.5% for taxable income higher than EUR 35 million.

The Reverse Merger Transaction

During the first half of 2021, the impact arising from the payment of the so called "substitute tax" that permits the revaluation of the tax basis of the goodwill recognized in Cellnex Italia SpA's separate financial statements, as a consequence of the Reverse Merger Transaction (as defined below), has been recognized in Cellnex's consolidated financial statements for the six-month period ended on 30 June 2021.

As at the end of December 2020, the following merger transactions were completed: a) incorporation of Commscon, IGS and FP into GalataSpA (currently Cellnex Italia SpA), and b) reverse merger of Cellnex Italia Srl into Galata SpA (The "Reverse Merger Transaction"), thus Cellnex Italia SpA is the resulting entity remaining. The merger difference was determined at the accounting effective date (backdated to 1st 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 will be allocated to goodwill in Cellnex Italia SpA's separate financial statements, which are prepared under Italian generally accepted accounting standards (GAAP).

Merger transactions are tax neutral even if, for financial accounting purposes, the transaction results in the recognition of higher values of the assets or of goodwill (compared to the amounts in separate financial statements of merged entities). According to Italian tax law, companies have the option to pay a substitute tax in order to align the tax basis of the step-up in the accounting values of assets or of the goodwill arising from the allocation of the merger difference.

During the first half of 2021, Cellnex's management decided to pay the substitutive tax on goodwill that has been recognised in the separate financial statements of Cellnex Italia SpA. As a result of this decision, goodwill will be depreciated for tax purposes over five years starting from the tax period subsequent to the one in which the substitutive tax has been paid. Therefore, since the substitute tax has been paid in 2021, depreciation for tax purposes will begin in 2022 over a period of five years. The merger difference in local books resulting from the elimination of the carrying value of the investments against the equity of the subsidiaries amounted to EUR 515 million. Tax deductible goodwill was equal to the accounting value resulting at the end of 2020 (i.e. after the amortisation of the year), which amounted to EUR 490 million. Thus, the substitute tax paid in 2021, amounted to 16% of this amount, which amounts to EUR 78 million.

In the consolidated financial statements of Cellnex Telecom, S.A., under IFRS, the merger difference represents an increase in the tax base of the intangible assets recognized in the corresponding purchase price allocation process, therefore the deferred tax liability previously booked on the temporary difference between tax and book value of the intangible assets, amounting to EUR 102 million as at 30 June 2021 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 has been recognized as it is probable that future taxable profits will be available against which the deductible temporary difference will be utilized amounting to EUR 36 million.

There is no basis to apply the initial recognition exemption as the temporary difference does not arise from the initial recognition of an asset or a liability, since it is the consequence of the payment of the substitute tax. As the tax benefit is taken, which reduces the current tax charge, the deferred tax asset is amortized, recognizing a corresponding deferred tax charge in the income statement. On the other hand, the cost of the substitute tax, amounting to EUR 78 million should be recognized in profit and loss.

Thus, following the above considerations, a deferred tax asset and a release of deferred tax liabilities amounting to EUR 36 million and EUR 102 million, respectively, have been recognised on the consolidated balance sheet as of 30 June 2021, with impact in the accompanying consolidated income statement for the six-month period. In addition, a deferred tax expense amounting to EUR 78 million has been recognised in the accompanying consolidated income statement for the six-month period, corresponding to the substitute tax paid on 30 June 2021.

c) Current tax liabilities

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

	Thousands of Euros	
	30 June 2021	31 December 2020
VAT payable	127,918	45,276
Corporate income tax	75,605	44,195
Social security payable	4,325	3,455
Personal income tax withholdings	3,029	3,406
Other taxes	4,516	4,691
Current tax liabilities	**215,393**	**101,023**

d) Deferred taxes

Tax losses carry forwards

As at 30 June 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 11.5 million (EUR 10.9 million at 2020 year-end) which related to GBP 9.8 million (GBP 9.8 million at 2020 year-end), which is available to offset future non-trade income and capital gains of the company that incurred the loss, and

- Trading losses of EUR 6.2 million (EUR 6.5 million at 2020 year-end) which related to GBP 5.3 million (GBP 5.8 million at 2020 year-end) which is available to offset against future trading profits generated by the same company that incurred the loss.

In addition, as at 30 June 2021, tax losses from Spanish, French, Dutch, Irish, Portuguese and Finish companies available for carry forward against future profits, amounted to EUR 298.1 million, EUR 94 million, EUR 0.8 million, EUR 11.8 million, EUR 27 million and EUR 19.2[2] million. As at 31 December 2020, tax losses from Spanish, French, Dutch, Irish, Portuguese and Finish companies available for carry forward against future profits, amounted to EUR 184.1 million, EUR 77.1 million, EUR 0.8 million, EUR 12.8 million, EUR 19.8 million and EUR 18 million. Thus, as at 30 June 2021, the total amount of tax losses available for carry forward against future profits amounted to EUR 468.6 million (EUR 330 million at 2020 year-end).

[2] Four million euro of restricted tax losses in Finland are unlikely to be used in the near future.

The potential deferred tax asset arising on the losses carried forward in the group companies detailed above has not been recognized yet in the accompanying consolidated balance sheet, except for the tax losses in Spain and France recognized at 30 June 2021 amounting to EUR 74.6 million and EUR 26.1 million, respectively (EUR 46 million and EUR 22.3 million, respectively at 2020 year-end) as they will be recovered in less than 10 years according to the business plan prepared by the Management. The aforementioned tax losses do not have an expiration date. Thus, as at 30 June 2021, the deferred tax asset arising on the losses carried forward in the group companies, recognised in the accompanying consolidated balance sheet, amounted to EUR 100.7 million (EUR 68.3 million at 2020 year-end).

17. Employee benefit obligations and provisions and other liabilities

a) Current and non-current employee benefit obligations

Long Term Incentive Plan ("LTIP")

Rolling Long-term Incentive Plan (2018-2020)

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

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

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 150% if the target is beaten by 5% or more; and

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

As at 31 December 2020, the cost of the LTIP (2018-2020) was EUR 7.3 million, which has been paid during the first half of 2021.

For the 2018–2020 LTIP, the CEO and Deputy CEO must receive the minimum amount of 50% of their LTIP remuneration in Shares. The rest of the Senior Management and certain employees must receive the minimum amount of 40% of their LTIP remuneration in Shares. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The Share based compensation of this LTIP has been grossed up to partially offset the tax impact on the beneficiaries.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 3.7 million and EUR 3.6 million in the short-term employee benefit obligations and reserves, respectively, of the accompanying consolidated balance sheet as at 31 December 2020. Thus, the impact on the accompanying consolidated income statement for the 2020 year-end amounted to EUR 2.8 million.

Rolling Long-term Incentive Plan (2019-2021)

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

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

The achievement of the objectives established in the 2019-2021 LTIP will be assessed by the Appointments 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 2021 by the General Shareholders' Meeting.

For the LTIP 2019 – 2021 all Senior Management and Deputy CEO must receive a 50% of their LTIP remuneration in Cellnex shares and for the CEO the amount is 30% of their LTIP remuneration in Shares. The outstanding 50% or 70% may be paid in options. The rest of the beneficiaries must receive 100% of their LTIP remuneration in Shares. The Share based compensation of this LTIP will be grossed up to partially offset the tax impact on the beneficiaries.

As at 30 June 2021, the estimated cost of the 2019-2021 LTIP is approximately EUR 11 million. The cost of the 2019-2021 LTIP assuming full achievement of the Group's objectives is estimated at approximately EUR 11.0 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 8.5 million in reserves of the accompanying consolidated balance sheet as at 30 June 2021 (EUR 6.4 million in reserves as at 31 December 2020). Thus, the impact on the accompanying consolidated income statement for the 2021 six-month period amounted to EUR 2.5 million (EUR 1.5 million in the same period in 2020).

Rolling Long-term Incentive Plan (2020-2022)

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

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

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

For the 2020–2022 LTIP, the CEO must receive a 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. 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.

As of 30 June 2021, the estimated cost of the 2020-2022 LTIP amounts to approximately EUR 11.6 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 5.4 million in reserves of the accompanying consolidated balance sheet as at 30 June 2021 (EUR 3.4 million in reserves as at 31 December 2020). Thus, the impact on the accompanying consolidated income statement for the 2021 six-month period amounted to EUR 2.0 million (EUR 1.7 million in the same period in 2020).

Rolling Long-term Incentive Plan (2021-2023)

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

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

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

For the 2021–2023 LTIP, the CEO must receive a 30% of his LTIP remuneration in shares and the outstanding 70% may be paid in options. The rest of the Senior Management must receive a 40% of their LTIP remuneration in shares and the outstanding 60% may be paid in options. The rest of Management must receive 70% of their LTIP remuneration in shares and the outstanding 30% may be paid in options. The rest of the beneficiaries must receive 100% of their LTIP remuneration in shares.

As of 30 June 2021, the estimated cost of the 2021-2023 LTIP amounts to approximately EUR 14.8 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 2.5 million in reserves of the accompanying consolidated balance sheet as at 30 June 2021. The impact on the accompanying consolidated income statement for the 2021 six-month period amounted to EUR 2.5 million.

Reorganisation Plan (2018 – 2019)

During the first quarter of 2018, the Group reached an agreement with the workers' representatives of Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. regarding a collective redundancy procedure to conclude up to 180 employment contracts in 2018 and 2019 ("The Reorganisation Plan"), as detailed below.

On 27 February 2018, these group companies reached an agreement with the workers' legal representatives consisting of income plans for employees of 57 years of age or older as of 31 December 2017 and, on the other hand, lump-sum indemnity payments as a result of the voluntary termination of employment contracts for other employees not included in the annuity plan. The period during which employees could voluntarily participate in the annuity plan ended on 31 May 2018, whereas the period for claiming the lump-sum termination benefits started on 7 January 2019 and ended on 31 January 2019.

The provision for the workforce agreement was cashed out in 2018, 2019 and first months of 2020. Accordingly, efficiencies should crystalize from 2020 onwards.

This plan fits into the reorganisation process relating to the broadcasting business that is being undertaken by the Group's subsidiary companies. Under this plan, the Group is seeking to adapt its structure to the new business models, which have been widely modernised in recent years with the introduction of equipment, which can be maintained remotely, without the necessity to physically travel to the sites where the equipment is installed.

At 31 December 2018, a provision was recognised for this collective redundancy procedure, with an estimated cost of EUR 55 million. At 31 December 2020, the impact on the accompanying consolidated income statement for the period amounted to EUR 3.4 million (EUR 5 million in 2019). During 2020, following execution of part of this agreement, 18 employees were made redundant for a cost of EUR 3.4 million (65 employees were made redundant during 2019 for a cost of EUR 19 million). The aforementioned impact in 2020 corresponds to the Incentive Plan, which was contemplated in the initial agreement of 2018, for this 2020 period. As of 31 December 2020, the Reorganisation Plan has already been finalized.

The balance payable at 30 June 2021 associated with this collective redundancy procedure carried out by the Group represents expected payments related to this process, amounting to EUR 9.9 million and EUR 0.3 million recorded in the long and short term, respectively, of the accompanying consolidated balance sheet (EUR 9.9 million and EUR 0.3 million recorded in the long and short term, respectively, at 31 December 2020).

b) Provisions and other liabilities

The detail of “Provisions and other liabilities” at 30 June 2021 and 31 December 2020 is as follows:

I) Deferred payment on the Omtel Acquisition

In the context of the Omtel Acquisition (see Notes 2.h and 6 of the 2020 Consolidated Financial Statements), 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, at each period end. Therefore, as of 30 June 2021, the present value of the deferred payment amounted to EUR 482,562 thousand (EUR 475,836 thousand at 2020 year-end). Thus, the impact on “financial costs” of the accompanying consolidated income statement for the 2021 six-month period amounted to EUR 6,726 thousand (EUR 6,726 thousand at the same period of 2020).

II) Asset Retirement Obligation

Includes the contractual obligation to dismantle and decommission the mobile telecom infrastructures. (See Note 3.o. of the 2020 consolidated financial statements). As at 30 June 2021, the provision for asset retirement obligation, amounted to EUR 387,225 thousand (EUR 218,470 thousand at 2020 year-end).

III) Provision for other responsibilities

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 30 June 2021, the provisions for other responsibilities amounted to EUR 754,457 thousand (EUR 622,608 thousand at 2020 year-end). The increase compared to the previous year, derives entirely from the increase in the consolidation perimeter of the Cellnex Group during the first half of 2021 (see Note 4).

IV) Deferred income and other liabilities

This item 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. It also included 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 30 June 2021, this caption amounted to EUR 156,098 thousand (EUR 103,892 thousand at 2020 year-end). The increase compared to the previous year, derives mainly from the increase in the consolidation perimeter of the Cellnex Group during the first half of 2021 (see Note 4).

V) National Competition Committee Sanction

Includes the possible sanctions levied by the National Competition Committee (Note 17.c), which have been recorded in the consolidated balance sheet as of 30 June 2021 and 31 December 2020 for an amount of EUR 32,473 thousand, as the cash flow outflow has been estimated as probable.

VI) T-Mobile Infra Put Option

During the second quarter of 2021, in relation to the T-Mobile Infra Acquisition (see Note 4), Cellnex, DIV and a Dutch foundation entered into a put option 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.

As at 30 June 2021, based on the best estimation of the T-Mobile Infra Put Option and taking into account all the available information, the Group recognised a provision of EUR 261 million for this item in “provisions and other liabilities” long-term of the accompanying consolidated balance sheet.

c) Contingent liabilities

At 30 June 2021, the Group has guarantees with third parties amounting to EUR 120,402 thousand (EUR 84,050 thousand) at the end of 2020). These relate mainly to guarantees provided by financial institutions before public authorities in connection with grants and technical guarantees, and before third parties in connection with rental guarantees.

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. Based on the opinion of its legal advisers, the provision recorded in this regard at 30 June 2021, amounted to EUR 18.7 million in “non-current provisions and other liabilities” of the consolidated balance sheet (EUR 18.7 million at the end of 2020).

On 8 February 2012, the Board of the National Commission on Markets and Competition (CNMC in Spanish) imposed a fine of EUR 13.7 million on Cellnex Telecom, S.A. (formerly Abertis Telecom, S.A.U.) for having abused its dominant position, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The company allegedly abused its dominant position in wholesale service markets with access to infrastructure and broadcast centres of Cellnex Telecom, S.A. for broadcasting DTT signals in Spain, and retail service markets for transmitting and distributing DTT signals in Spain by narrowing margins. On 21 March 2012, the Group filed an appeal for judicial review against the decision of the CNMC with the National Appellate Court, also requesting a delay of payments with regard to the fine until the court passes a ruling on this matter. This delay was granted on 18 June 2012. On 20 February 2015 the National Appellate Court partially upheld the appeal, ordering the CNMC to recalculate the fine as it considered that the criteria used at the time by the CNMC were not appropriate. Notwithstanding the foregoing, on 26 May 2015, an appeal was filed with the Supreme Court against the judgement of the National Appellate Court on the grounds that it is not only about the recalculation of the amount but also that the Group did not break any competition rules. On 23 March 2018, the Supreme Court issued a judgment dismissing the appeal, and was awaiting the return of the file to the CNMC for the recalculation of the sanction. Cellnex Telecom, S.A., filed a nullity incident, which was dismissed on 19 July 2018. On 10 October 2018, Cellnex Telecom, S.A., filed an appeal with the Constitutional Court against the ruling. On 13 February 2019 the Constitutional Court dismissed Cellnex Telecom, S.A.’s appeal. Following the corresponding calculation procedure, the CNMC has ruled that the amount of the fine should not be amended. Cellnex Telecom, S.A., has filed an appeal against such decision. The original guarantee was provided on 4 February 2020. With regard to these proceedings, at 30 June 2021, the provision recognised based on the opinion of their legal advisers, amounted to EUR 13.7 million in “non-current provisions and other liabilities” of the consolidated balance sheet (EUR 13.7 million at the end of 2020).

Moreover, and because of the spin-off of Abertis Telecom S.A.U. (now Abertis Telecom Satélites, S.A.U.) on 17 December 2013, Cellnex Telecom, S.A. assumed all rights and obligations that may arise from the aforementioned legal proceedings, as they relate to the spin-off business (terrestrial telecommunications). An agreement has therefore been entered into between Cellnex Telecom, S.A. and Abertis Telecom Satélites, S.A.U. stipulating that if the aforementioned amounts have to be paid, Cellnex Telecom, S.A. will be responsible for paying these fines. At 30 June 2021, Cellnex Telecom, S.A. has provided three guarantees amounting to EUR 32.5 million (EUR 32.5 million at the end of 2020) to cover the disputed rulings with the CNMC explained above.

On 1 October 2014, the European Commission passed a ruling declaring that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received government aid in the amount of EUR 56.4 million to finance the digitalisation and expansion of the terrestrial television networks in remote areas of Castilla-La Mancha during the digital transformation process and that such state aid was not compatible with European legislation. The decision ordered Spain (through the regional government of Castilla-La Mancha) to recover the aid prior to 2 February 2015. On 29 October 2015, the Government of Castilla la Mancha began an aid recovery procedure amounting to EUR 719 thousand and this has been opposed, and on 4 July 2016 it was declared that this had lapsed ex oficio. Regardless of the above, on 15 December 2016 the General Court of the European Union passed a sentence that declined the appeals presented against it. An appeal was lodged against that judgment on 23 February 2017. On 26 April 2018, the Court of Justice of the European Union issued a judgment rejecting the appeals filed by Cellnex Telecom, S.A. and Telecom Castilla La Mancha, S.A. Likewise, on 20 September 2018, a judgment was handed down dismissing the appeal filed by the Kingdom of Spain. On 26 November 2018, the government of Castilla–La Mancha restarted the aid recovery proceeding for an amount of EUR 719 thousand During the first half of 2019, Cellnex paid the aforementioned amount to the government of Castilla-La Mancha. On 7 February 2019, the government of Castilla-La Mancha ruled in favour of the aid recovery. The Group filed an appeal against the resolution of the government of Castile-La Mancha, which was dismissed by the High Court of Castilla-La Mancha (*Tribunal Superior de Justicia de Castilla La-Mancha*) on 21 June 2021.

18. Revenue and expenses

a) Operating income

The detail of operating income by item during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	30 June 2021	30 June 2020
Services	1,019,611	705,807
Other operating income	41,214	16,908
Advances to customers (Note 8)	(1,523)	(2,144)
Operating income	**1,059,302**	**720,571**

“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.

b) Staff costs

The detail of staff costs by item during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	30 June 2021	30 June 2020
Wages and salaries	(74,254)	(56,505)
Social Security contributions	(15,008)	(12,295)
Retirement fund and other contingencies and commitments	(3,215)	(5,732)
Other employee benefit costs	(6,454)	(4,193)
Staff costs	**(98,931)**	**(78,725)**

c) Other operating expenses

The detail of other operating expenses by item during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	30 June 2021	30 June 2020
Reparis and maintenance	(32,246)	(23,151)
Utilities	(57,388)	(46,991)
Other operating costs	(119,059)	(78,811)
Other operating expenses	**(208,693)**	**(148,953)**

d) Non-recurring and non-cash expenses

As of 30 June 2021 and 2020, the items "Staff costs" and "Other operating expenses" above, contains (i) certain expenses that are non-recurring, or (ii) certain expenses that do not represent a cash flow, as detailed below:

i) Covid donations, which relate to a financial contribution by Cellnex to different institutions in the context of the Coronavirus Pandemic (non-recurring item), amounted to EUR 1,918 thousand.
ii) Redundancy provision, which mainly includes the impact in 2021 and 2020 six-month periods derived from the reorganisation plan detailed in Note 17.b of the accompanying consolidated financial statements (non-recurring item), amounted to EUR 3 thousand (EUR 4,271 thousand in the same period in 2020).
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 17.b of the accompanying consolidated financial statements, non-cash item), amounted to EUR 7,768 thousand (EUR 3,536 thousand in the same period in 2020), and extra compensation and benefits costs, which corresponds to extra non-conventional bonus for the employees (non-recurring item), amounted to EUR 0 thousand (EUR 540 thousand in the same period in 2020).
iv) Costs and taxes related to acquisitions which mainly includes taxes incurred during the business combinations processes (non-recurring item), amounted to EUR 37,428 thousand (EUR 23,576 thousand in the same period in 2020).

e) Depreciation and amortisation charge

The detail of "Depreciation and amortisation" in the consolidated income statement during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	30 June 2021	30 June 2020
Property, plant and equipment (Note 5)	(199,879)	(145,572)
Right-of-use assets	(192,043)	(132,015)
Intangible assets (Note 6)	(285,674)	(145,279)
Total	**(677,596)**	**(422,866)**

19. Contingencies, commitments and obligations

a) Contingencies

As at 30 June 2021, the contingent liabilities of the Cellnex Group are those detailed in Note 17.c of the accompanying condensed consolidated interim financial statements.

b) Commitments and obligations

i) The Hivory Acquisition

On 3 February 2021, the Group (through Cellnex France) entered into a put option agreement with Altice France, S.A.S. ("Altice") and Starlight HoldCo S.à r.l ("Starlight HoldCo"), which gave the right to Altice and Starlight HoldCo to require the Group to purchase, on an exclusive basis, their respective direct and indirect ownerships in the share capital of Hivory, S.A.S. ("Hivory"), which in aggregate amounts to approximately 100% of Hivory's share capital, for an estimated consideration (Enterprise Value) of approximately EUR 5.2 billion (the "Hivory Acquisition"). Altice and Starlight BidCo, S.A.S. ("Starlight BidCo"), a wholly-owned subsidiary of Starlight HoldCo, own shares representing 50.01% and 49.99%, respectively, of the share capital and voting rights of Hivory. There is also a minority interest holding less than 0.01% of the share capital of Hivory, which is outside the scope of the Hivory Acquisition. Altice and Starlight HoldCo exercised their put option on 19 May 2021. Additionally, pursuant to the Hivory MSA Amendment (as defined herein),

Hivory has agreed to the deployment of up to 2,500 sites by 2028, and other agreed initiatives in France, with an estimated investment of approximately EUR 0.9 billion.

Hivory is a company of the Altice group, the French leader in telecommunications infrastructures, owning and operating 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).

Through the Hivory Acquisition, the Group expects to grow its presence in France and to become an enabler of digitalization and 5G rollout in France by facilitating a quick and efficient network deployment for all players. Additionally, the Hivory Acquisition reinforces the Group's position as a leading independent tower operator, with the acquisition of approximately 10,535 sites with a tenancy ratio of 1.3 per site. Consequently, following the Hivory Acquisition, the Group expects to operate 21,085 sites in France (without taking into account any additional Build-to-suit sites to be executed). The Hivory Acquisition will entail long-term agreements with three anchor tenants in France: Société Française du Radiotéléphone ("SFR"), Bouygues Telecom and Free.

Completion of the Hivory Acquisition is subject to certain conditions precedent, as described in more detail below, and closing is expected in the second half of 2021. Cellnex France, Altice and Starlight HoldCo entered into the following agreements in the context of the Hivory Acquisition:

Hivory Put Option Agreement

On 19 May 2021, Altice and Starlight HoldCo exercised their option to sell (promesse unilatérale d'achat, within the meaning of Article 1124 of the French Civil Code) their respective direct and indirect ownerships in the share capital of Hivory (both direct and indirect, as applicable) to Cellnex France, who has irrevocably undertaken, subject to the terms and conditions of the Hivory Put Option Agreement, to acquire Altice's and Starlight HoldCo's respective shareholdings in Hivory. The Hivory Put Option Agreement contains certain representations and warranties by Altice and Starlight HoldCo.

Hivory SPA

In accordance to the above, pursuant to the Hivory SPA, Altice and Starlight HoldCo will sell to Cellnex France their respective ownerships of Hivory's share capital (that is, 50.01% ownership of Altice in Hivory and 49.99% ownership of Starlight BidCo in Hivory). Additionally, Starlight HoldCo will sell to Cellnex France 100% of the share capital of Starlight BidCo, as well as all rights of Starlight HoldCo towards Starlight BidCo under a shareholder's loan agreement entered into between Starlight HoldCo and Starlight Bidco. As consideration thereof, the Group shall pay approximately EUR 5.2 billion, subject to certain potential price adjustments to account for the financial debt, cash, working capital position, a warranty liability insurance and certain balance sheet items of Hivory and Starlight BidCo, at closing of the Hivory Acquisition.

The closing of the Hivory SPA, which is expected to take place within the second half of 2021, is subject to the following conditions precedent:

- the decision by the relevant antitrust authority declaring, under the applicable merger control regulations, that the contemplated transaction under the Hivory SPA can be completed; and
- the French Ministére de l'Economie authorizing the contemplated transaction under the Hivory SPA by means of the issuance of an investment control clearance decision.

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

Hivory MSA

Hivory is a party to a master services agreement with SFR, entered into on 30 November 2018, for the provision of certain services by Hivory to SFR, with an initial term of 20 years, to be extended for subsequent 5-year periods on an "all-or-nothing" basis, with undefined maturity (the "Hivory MSA"). In addition, pursuant to an amendment letter to the Hivory MSA between Altice and the Group entered into on 3 February 2021 (the "Hivory MSA Amendment"), the parties have a commitment to execute an amendment to the Hivory MSA providing for, among other things, a commitment of SFR to require Hivory to construct a minimum of 1,000 new sites and up to 2,500 sites in France in aggregate until 31 December 2028, for an estimated investment of approximately EUR 0.9 billion. The search and construction of sites is outsourced by Hivory to SFR. Hivory also has the possibility to propose, and SFR to elect at its sole discretion, an existing site of Hivory's portfolio in France instead of having to build a new site. The Hivory MSA Amendment further provides for an annual increase of 2% of the hosting fees to be paid by SFR.

The Group reached an agreement with Altice to advance the payment of a portion of the committed Build-to-suit program under the Hivory MSA, as amended by the Hivory MSA Amendment.

ii) The Polkomtel Acquisition

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 1,540 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 Group expects to finance this acquisition with available cash.

Pursuant to the Polkomtel MSA (as defined herein), Polkomtel will undertake to submit pre-orders requesting Polkomtel Infrastruktura to construct a minimum of 1,000 sites before the tenth anniversary of the date of the Polkomtel MSA, although the deployment of up to approximately 1,500 sites is expected by the Group. Additionally, pursuant to the Polkomtel MSA, each of Polkomtel and Aero will undertake, before the tenth anniversary of the date of the Polkomtel MSA, to submit pre-orders requesting Polkomtel Infrastruktura to provide each of Polkomtel and Aero with 10,000 and 5,000 additional emission services, respectively. The estimated total consideration to be received by Polkomtel Infrastruktura for all the above services amounts to approximately EUR 600 million).

The closing of the Polkomtel Acquisition took place in the second half of 2021, following receipt of the customary regulatory and administrative authorisations (see Note 23). In connection with the Polkomtel Acquisition, the group entered into the agreements described below:

Polkomtel SPA

On 26 February 2021, Cellnex Poland entered into an agreement with Cyfrowy and Polkomtel to acquire 99.99% of the share capital of Polkomtel Infrastruktura (the "Polkomtel SPA"), for an estimated total consideration (Enterprise Value) of approximately EUR 1,540 million. In order to secure the performance by Polkomtel Infrastruktura and Cellnex Poland of their respective obligations towards Cyfrowy and Polkomtel after completion of the transaction, Polkomtel will retain ownership of 0.01% of Polkomtel Infrastruktura's share capital and Polkomtel Infrastruktura will adopt new bylaws to give Polkomtel the benefit of certain personal rights contained in the new bylaws. The Polkomtel SPA contains certain representations and warranties of Cyfrowy and Polkomtel and certain indemnification obligations in case of breach thereof.

Polkomtel Buyback Agreement

Upon completion of the Polkomtel Acquisition, Polkomtel, Cellnex Poland and the Group entered into a buyback agreement ("Polkomtel Buyback Agreement") by virtue of which Polkomtel (or its nominee) is granted the right to require Cellnex Poland or the Group to sell and transfer back the shares of Polkomtel Infrastruktura (sold pursuant to the Polkomtel SPA) to Polkomtel (or its nominee), at a discount to fair market value 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 or gains control over Cellnex, or (iv) in certain circumstances, if a critical failure under the Polkomtel MSA occurs. In the event any of the triggering events (i) to (ii) occurs, Polkomtel may opt to exercise its right pursuant to the Polkomtel Buyback Agreement within three months or, alternatively, to have the fees of the Polkomtel MSA reduced by 50%. The Polkomtel Buyback Agreement shall terminate if (a) there is a change of control of Polkomtel or Cyfrowy or (b) the Polkomtel MSA is terminated by Polkomtel upon execution of a master services agreement with another provider with substantially the same scope as the Polkomtel MSA.

Polkomtel MSA

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

Pursuant to the Polkomtel MSA, Polkomtel will undertake to submit pre-orders requesting Polkomtel Infrastrucktura to construct a minimum of 1,000 sites before the tenth anniversary of the date of the Polkomtel MSA, although the deployment of up to approximately 1,500 sites is expected by the Group. Additionally, pursuant to the Polkomtel MSA, each of Polkomtel and Aero will undertake, before the tenth anniversary of the date of the Polkomtel MSA, to submit pre-orders requesting Polkomtel Infrastruktura to provide each of Polkomtel and Aero with 10,000 and 5,000 additional emission services, respectively. The estimated total consideration for all the above services amounts to approximately EUR 600 million.

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

iii) CK Hutchison Holdings Transaction in respect of the United Kingdom

In the second half of 2020, the Group 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 6 and 21 to the Consolidated Financial Statements for the year ended on 31 December 2020.

The CK Hutchison Holdings Transactions in respect of Austria, Denmark and Ireland were completed at the end of December 2020 following satisfaction or waiver of all applicable conditions precedent (the "CK Hutchison Holdings 2020 Completed Transactions". In addition, the CK Hutchison Holdings Transactions in respect of Sweden and Italy were completed in the first and second quarters of 2021, respectively, following satisfaction or waiver of all applicable conditions precedent (the "Hutchison Sweden Acquisition") and (the "Hutchison Italy Acquisition"), respectively.

Completion of the CK Hutchison Holdings Transactions in respect of the United Kingdom remains subject to certain remaining conditions precedent, including in connection with customary anti-trust and foreign investment clearances, which are expected to be satisfied or waived in 2022 (the "Hutchison United Kingdom Acquisition"). In accordance with IFRS 3, given that the Hutchison United Kingdom Acquisition had not been completed as of 30 June 2021, it was not accounted for in the accompanying condensed consolidated interim financial statements for the period ended 30 June 2021.

The CK Hutchison Holdings Transactions contemplate a total consideration (subject to certain adjustments) of approximately €10 billion, of which approximately €1.4 billion is expected to be paid in new and/or treasury Shares.

As of the date of these condensed consolidated interim financial statements, the Group has paid aggregate cash consideration to Hutchison of approximately €2.2 billion pursuant to the CK Hutchison Holdings 2020 Completed Transactions and approximately €0.8 billion and €3,4 billion pursuant to the Hutchison Sweden Acquisition and the Hutchison Italy Acquisition, respectively, all of which were financed with the Group's available cash.

The consideration for the CK Hutchison Holdings Transaction in respect of the United Kingdom is expected to be settled upon closing partly in cash and partly by the issue to Hutchison of new Shares and (if applicable) the transfer to Hutchison of treasury Shares. Under the terms of the transaction in respect of the United Kingdom, Hutchison is expected to receive approximately €1.4 billion in Shares (with the exact number of Shares to be received by Hutchison based on the Share price at closing). The issuance of the new Shares was approved by the general shareholders' meeting of Cellnex (the "General Shareholder's Meeting") held on 29 March 2021. However, in case the new Shares are not issued by Cellnex, payment is to be made fully in cash. In relation to the consideration for the CK Hutchison Holdings Transaction in respect of the United Kingdom that is expected to be partially settled through the issuance to Hutchison of new Shares and (if applicable) the transfer to Hutchison of treasury Shares in Cellnex, if as a result of a takeover bid prior to closing of such transaction a third party (alone or in concert with another shareholder) acquires the majority of the votes in Cellnex, Cellnex shall procure that Hutchison receives at closing such equivalent consideration as Hutchison would have received had it been a shareholder of Cellnex at the time of the takeover bid.

Agreements in respect of the United Kingdom

Pursuant to a sale and purchase agreement dated 12 November 2020, Hutchison agreed to sell to Cellnex UK (a fully-owned subsidiary of Cellnex, which acts as guarantor) 100% of the share capital of CK Hutchison Networks (UK) Limited ("Networks Co UK") and to the Group the debt rights in respect of certain amounts owed to Hutchison by Networks Co UK (the "CK Hutchison UK SPA").

Under the terms of the CK Hutchison UK SPA, the parties agreed that upon completion of the acquisition contemplated thereby, 2,167 sites will be transferred to the Group, and a Hutchison group company and a Group company will enter into certain agreements (including, among others, an enhanced economic benefit agreement (the "CK Hutchison EEBA")) (the "CK Hutchison New Agreements"), pursuant to which Hutchison irrevocably will assign to Cellnex UK rights and obligations in relation to the sites (passive infrastructures) currently managed by a joint operation between Hutchison and a third party (such joint operation currently manages both active and passive infrastructures), an equivalent of which amounts to approximately 3,833 additional sites (6,000 sites in aggregate). Following the termination of this joint operation, which is expected to occur in 2031, the legal title to a minimum of 3,000 of the 3,833 sites will be transferred to a member of the Group. The execution of the CK Hutchison New Agreements at closing is conditional upon On Tower UK or Hutchison 3G UK Limited receiving from the HM Revenue and Customs a positive VAT ruling in relation to the initial consideration under the CK Hutchison EEBA or the parties agreeing on and implementing an alternative structure to the CK Hutchison EEBA (the "EEBA VAT Condition") unless the EEBA VAT Condition is waived, subject to the terms and conditions set forth in the CK Hutchison UK SPA.

The consideration payable upon closing by the Group under the CK Hutchison UK SPA and the CK Hutchison EEBA is expected to amount to approximately €3.7 billion, of which approximately €2.3 billion is expected to be paid to Hutchison in cash. The remaining consideration is expected to be satisfied by the issuance and/or (if applicable) transfer of approximately €1.4 billion in new and/or treasury Shares, as applicable (with the exact number of Shares to be received by Hutchison based on the Share price at closing). The number of new Shares to be issued to Hutchison at closing of the CK Hutchison Holdings Pending Transaction in respect of the United Kingdom is expected to be of approximately 27 million Shares. Additionally, the Group expects to transfer such amount of treasury Shares as necessary to reach the approximately €1.4 billion consideration owed to Hutchison. The aggregate number of new Shares and/or treasury Shares to be transferred to Hutchison is subject to adjustment in case certain events relating to Cellnex's share capital occur prior to completion of the CK Hutchison Holdings Pending Transaction in respect of the United Kingdom, including, among others, issues of Shares in Cellnex by way of conferring subscription or purchase rights ("Adjustment Events"). Hutchison is expected to hold at closing of the CK Hutchison Holdings Pending Transaction in respect of the United Kingdom an interest of between approximately 4.4% and 6.2% in Cellnex's share capital, assuming that no Adjustment Events occur. The Shares subscribed by Hutchison in connection thereto will be subject to a 12-month lock-up on customary terms. Issuance of the new Shares has been approved by Cellnex's General Shareholders' Meeting held on 29 March 2021.

The completion of the CK Hutchison Holdings Pending Transaction in respect of the United Kingdom is subject to the satisfaction or waiver of applicable conditions precedent, including in relation to anti-trust and national security clearances, as required. As of the date hereof, certain conditions precedent are pending to be satisfied or waived, and are expected to be satisfied during 2022. If the CK Hutchison UK SPA terminates due to the failure to obtain antitrust authorization, the CK Hutchison UK SPA contemplates a break fee payable by the Group to Hutchison in certain circumstances.

Pursuant to the CK Hutchison UK SPA, it was also agreed that a Hutchison group company and a Group company would enter into a master services agreement whereby the Group will provide co-location services to Hutchison at the sites controlled by the Group (the "CK Hutchison UK MSA") in terms similar to those of the CK Hutchison Europe MSAs. The price to be paid by Hutchison in exchange for the above services in accordance with the CK Hutchison UK MSA will be annually adjusted to the CPI. The initial term of the CK Hutchison UK MSA is 15 years, with possible extensions for a further 15-year period and subsequent 5-year periods, on an "all-or-nothing" basis. Additionally, the CK Hutchison UK MSA sets forth the terms under which the Group will build up to approximately 600 sites by 2022 (the Group believes that there is a strong economic incentive in place for the customer, so that the likelihood of completing the program in an amount greater than the minimum Build-to-suit contractual commitment is high in the opinion of the Group), for an estimated total consideration of up to approximately €340 million (which the Group expects to finance with cash generated by the portfolio), including further initiatives.

Additionally, it was agreed that Cellnex UK (or another Group company) and/or Networks Co UK will also enter into a transitional services agreement and a reverse transitional services agreement with a Hutchison group company, both substantially in the same form as those signed in the context of the CK Hutchison Europe agreements, as contemplated above, and that such parties would also enter into an advisory agreement.

iv) Other purchase commitments

As at 30 June 2021, the purchase commitments for tangible and intangible assets are those detailed in Notes 5 and 6 of the accompanying condensed consolidated interim financial statements.

20. 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 30 June 2021 and have been used by Group management to analyse the financial performance of the different operating segments.

The Group has organised its business into three different customer focused units, supported by an operations division and central corporate functions. Income from the provision of services relates mainly to:

- Telecom Infrastructure Services: this is the Group's largest segment by turnover. It provides a wide range of integrated network infrastructure services to enable access to the Group's telecom infrastructure by MNOs, other wireless telecommunications, broadband network operators among others, allowing such operators to offer their own services to their customers.

  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: is the Group's second largest segment by turnover. The Group currently provides 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, Cellnex 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 fibre optic network of the Generalitat de Catalunya.

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 30 June 2021 and 31 December 2020 are as follows:

											Thousands of Euros
											30 June 2021
	Spain [1]	**Italy**	**France**	**UK**	**Switzerland**	**Portugal**	**Austria**	**Poland**	**Netherlands**	**Other countries**	**Total**
Goodwill and other intangible assets	234,879	4,447,498	2,045,721	2,894,996	1,365,378	1,314,498	1,136,378	1,376,550	1,239,802	2,141,416	**18,197,116**
Right-of-use assets	338,147	824,245	606,602	400,078	226,663	68,777	113,486	126,180	102,876	97,030	**2,904,084**
Tangible fixed assets	846,612	1,178,561	2,261,160	282,251	191,188	234,146	121,998	229,735	113,519	338,865	**5,798,035**
Other non-current assets	221,707	79,886	61,359	55,733	4,868	29,153	142,235	857	1,317	53,705	**650,820**
Total non-current assets	**1,641,345**	**6,530,190**	**4,974,842**	**3,633,058**	**1,788,097**	**1,646,574**	**1,514,097**	**1,733,322**	**1,457,514**	**2,631,016**	**27,550,055**
Total current assets	**8,904,012**	**208,909**	**188,830**	**128,970**	**44,880**	**103,266**	**16,315**	**54,369**	**33,996**	**66,310**	**9,749,857**
TOTAL ASSETS	**10,545,357**	**6,739,099**	**5,163,672**	**3,762,028**	**1,832,977**	**1,749,840**	**1,530,412**	**1,787,691**	**1,491,510**	**2,697,326**	**37,299,912**
Borrowings and bond issues	11,400,959	—	99,739	692,579	548,815	—	—	—	250,051	—	**12,992,143**
Lease liabilities	256,312	575,098	529,368	92,238	194,666	45,794	95,958	95,929	86,605	78,003	**2,049,971**
Other non-current liabilities	802,608	803,230	491,618	748,981	310,167	290,957	270,992	137,724	253,469	429,658	**4,539,404**
Total non-current liabilities	**12,459,879**	**1,378,328**	**1,120,725**	**1,533,798**	**1,053,648**	**336,751**	**366,950**	**233,653**	**590,125**	**507,661**	**19,581,518**
Borrowings and bond issues	148,809	—	(734)	1,234	2,308	70	(236)	—	—	(148)	**151,303**
Lease liabilities	43,221	141,110	119,154	25,843	29,197	13,724	12,304	24,732	20,018	9,995	**439,298**
Other current liabilities	(2,510,497)	618,445	1,107,139	327,442	132,499	411,393	202,739	139,168	(4,275)	506,831	**930,884**
Total current liabilities	**(2,318,467)**	**759,555**	**1,225,559**	**354,519**	**164,004**	**425,187**	**214,807**	**163,900**	**15,743**	**516,678**	**1,521,485**
TOTAL LIABILITIES	**10,141,412**	**2,137,883**	**2,346,284**	**1,888,317**	**1,217,652**	**761,938**	**581,757**	**397,553**	**605,868**	**1,024,339**	**21,103,003**

[1] In addition to the Spanish business, it also includes the Corporation and the finance company.

									Thousands of Euros
									31 December 2020
	Spain [1]	Italy	France	UK	Switzerland	Portugal	Austria	Other countries	Total
Goodwill and other intangible assets	237,948	1,045,363	2,088,353	2,851,975	1,418,587	1,345,563	1,159,017	1,894,489	**12,041,295**
Right-of-use assets	319,216	347,960	535,857	422,125	231,937	63,113	85,148	128,204	**2,133,560**
Tangible fixed assets	865,317	507,655	1,815,502	198,107	193,190	222,457	118,820	276,779	**4,197,827**
Other non-current assets	165,411	29,978	58,249	57,763	5,295	16,339	147,960	56,796	**537,791**
Total non-current assets	**1,587,892**	**1,930,956**	**4,497,961**	**3,529,970**	**1,849,009**	**1,647,472**	**1,510,945**	**2,356,268**	**18,910,473**
Total current assets	**4,487,285**	**148,245**	**180,401**	**90,526**	**82,955**	**108,511**	**26,616**	**34,615**	**5,159,154**
TOTAL ASSETS	**6,075,177**	**2,079,201**	**4,678,362**	**3,620,496**	**1,931,964**	**1,755,983**	**1,537,561**	**2,390,883**	**24,069,627**
Borrowings and bond issues	8,062,637	—	62,742	658,104	532,346	—	—	1	**9,315,830**
Lease liabilities	245,533	182,116	500,798	119,804	213,334	36,373	73,216	107,585	**1,478,759**
Other non-current liabilities	541,083	215,582	512,466	670,790	321,105	297,424	275,891	436,704	**3,271,045**
Total non-current liabilities	**8,849,253**	**397,698**	**1,076,006**	**1,448,698**	**1,066,785**	**333,797**	**349,107**	**544,290**	**14,065,634**
Borrowings and bond issues	73,036	—	(734)	2,946	1,622	71	—	—	**76,941**
Lease liabilities	46,463	51,454	72,811	29,335	20,481	20,051	22,973	20,492	**284,060**
Other current liabilities	(1,937,583)	703,361	684,404	312,675	74,767	395,097	215,408	262,122	**710,251**
Total current liabilities	**(1,818,084)**	**754,815**	**756,481**	**344,956**	**96,870**	**415,219**	**238,381**	**282,614**	**1,071,252**
TOTAL LIABILITIES	**7,031,169**	**1,152,513**	**1,832,487**	**1,793,654**	**1,163,655**	**749,016**	**587,488**	**826,904**	**15,136,886**

[1] In addition to the Spanish business, it also includes the Corporation and the finance company.

Segmental reporting is set out below:

										Thousands of Euros
										30 June 2021
	Spain [1]	Italy	France	Switzerland	UK	Portugal	Austria	Netherlands	Other countries	Total [*]
Operating income	264,449	178,237	172,246	72,427	154,257	50,526	35,938	35,822	95,401	**1,059,303**
Operating expenses	(113,988)	(55,196)	(20,545)	(8,460)	(44,765)	(5,333)	(4,078)	(11,402)	(40,595)	**(304,362)**
Depreciation and amortization	(87,921)	(90,536)	(151,302)	(59,085)	(106,423)	(52,465)	(36,402)	(22,084)	(71,378)	**(677,596)**
Net Interest	(128,313)	(25,145)	(36,747)	(15,302)	(19,341)	(6,329)	(8,914)	(1,496)	(12,699)	**(254,286)**
Profit of companies accounted for using the equity method	13	—	—	—	—	—	—	—	—	**13**
Income tax	18,764	64,327	4,741	1,766	(1,333)	3,111	3,156	662	619	**95,813**
Consolidated net profit	**(46,996)**	**71,687**	**(31,607)**	**(8,654)**	**(17,605)**	**(10,490)**	**(10,300)**	**1,502**	**(28,652)**	**(81,115)**
Attributable non-controlling interest	(231)	—	(4,577)	(2,567)	—	—	—	528	(7,344)	**(14,191)**
Net profit attributable to the Parent Company	**(46,765)**	**71,687**	**(27,030)**	**(6,087)**	**(17,605)**	**(10,490)**	**(10,300)**	**974**	**(21,308)**	**(66,924)**

[*] Corresponds to the contribution of each country segment to the Group's consolidated income statement. Therefore, these figures include the impact of the intercompany transactions that have been carried out during the six-month period ended on 30 June 2021. Additionally, this income statement by country incorporates all of the non-recurring and non-cash items detailed in section 1.3 of the Consolidated Management Report corresponding to the first semester of 2021.

[1] In addition to the Spanish business, it also includes the Corporation and the finance company.

								Thousands of Euros
								30 June 2020
	Spain [1]	Italy	France	Switzerland	UK	Portugal	Other countries	Total [*]
Operating income	267,355	163,647	147,869	66,564	8,069	29,012	38,055	**720,571**
Operating expenses	(122,489)	(46,001)	(26,430)	(8,445)	(7,679)	(4,053)	(12,759)	**(227,856)**
Depreciation and amortization	(85,149)	(86,584)	(125,169)	(60,169)	(8,335)	(35,770)	(21,690)	**(422,866)**
Net Interest	(63,849)	(24,614)	(26,101)	(13,397)	(1,150)	(4,450)	(1,529)	**(135,090)**
Profit of companies accounted for using the equity method	8	—	—	—	—	—	—	**8**
Income tax	1,090	4,590	6,370	1,177	286	424	1,148	**15,085**
Consolidated net profit	**(3,033)**	**11,038**	**(23,461)**	**(14,270)**	**(8,809)**	**(14,837)**	**3,225**	**(50,147)**
Attributable non-controlling interest	23	—	(2,431)	(4,559)	—	—	—	**(6,967)**
Net profit attributable to the Parent Company	**(3,057)**	**11,038**	**(21,030)**	**(9,711)**	**(8,809)**	**(14,837)**	**3,225**	**(43,181)**

[*] Corresponds to the contribution of each country segment to the Group's consolidated income statement. Therefore, these figures include the impact of the intercompany transactions that have been carried out during the six-month period ended on 30 June 2020. Additionally, this income statement by country incorporates all of the non-recurring and non-cash items detailed in section 1.3 of the Consolidated Management Report corresponding to the first semester of 2021.

[1] In addition to the Spanish business, it also includes the Corporation and the finance company.

The Group has two customers that exceeds 10% of its total revenue. The total income from these customers for the period ended on 30 June 2021 amounted to EUR 360,034 thousand. During the same period in 2020, the Group had two customers that exceeded 10% of its revenue and the amount ascended to EUR 222,178 thousand.

The information by business segment is set out below:

				Thousands of Euros
				30 June 2021
	Broadcasting infrastructure	Telecom Infrastructure Services	Network Services and others	Total
Services (Gross)	109,187	858,788	51,636	**1,019,611**
Other income	—	41,214	—	**41,214**
Advances to customers	—	(1,523)	—	**(1,523)**
Operating income	**109,187**	**898,479**	**51,636**	**1,059,302**

				Thousands of Euros
				30 June 2020
	Broadcasting infrastructure	Telecom Infrastructure Services	Network Services and others	Total
Services (Gross)	117,471	536,102	52,234	**705,807**
Other income	—	16,908	—	**16,908**
Advances to customers	—	(2,144)	—	**(2,144)**
Operating income	**117,471**	**550,866**	**52,234**	**720,571**

There have been no significant transactions between segments during 2021 and 2020.

21. Related parties

a) Directors and Senior Management

The remuneration earned by the Parent Company's directors as at 30 June 2021 and 2020 was as follows:

i. The members of the Board of Directors received EUR 814 thousand for exercising the duties in their capacity as directors of Cellnex Telecom, S.A. (EUR 775 thousand in the same period in 2020).

ii. For performing senior management duties, the Chief Executive Officer:

a. received EUR 650 thousand, corresponding to fixed remuneration (EUR 500 thousand in the same period in 2020).
b. accrued EUR 650 thousand corresponding to annual variable remuneration, estimated assuming 100% of accomplishment (EUR 500 thousand in the same period in 2020).
c. accrued EUR 460 thousand for the achievement of the multi-annual objectives established in the "Long Term Incentive Plan" that consolidates in December 2021, estimated assuming 100% of accomplishment.
Note: The accounting provisions for all the LTIPs in progress (2019-2021, 2020-2022 and 2021-2023), for the six-month period ended on 30 June 2021 amount to EUR 1,257 thousand (EUR 687 thousand in the same period in 2020). See Note 17.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 162 thousand and EUR 14 thousand, respectively (EUR 125 thousand and EUR 15 thousand in the same period in 2020).

Cellnex Telecom defines Senior Management as executives that perform management duties and report directly to the Chief Executive Officer. Fixed and variable remuneration for the six-month period ended on 30 June 2021 for members of Senior Management amounted to EUR 2,537 thousand (EUR 2,153 thousand in the same period in 2020) and accrued EUR 898 thousand for the achievement of the multi-annual objectives established in all the "Long Term Incentive Plan" that consolidates in December 2021, estimated assuming 100% of accomplishment. Note: The accounting provisions for all the LTIPs in progress (2019-2021, 2020-2022 and 2021-2023), for the six-month period ended on 30 June 2021 amount to EUR 2,223 thousand (EUR 1,377 thousand in the same period in 2020).

In addition, members of Senior Management received, as other benefits, contributions made to cover pensions and other remuneration in kind to the amount of EUR 209 thousand and EUR 97 thousand, respectively (EUR 163 thousand and EUR 87 thousand in the same period in 2020).

The Parent Company has taken out executives and directors civil liability policy for the members of the Board of Directors, the Chief Executive Officer and all the Senior Management of the Cellnex Telecom group at a cost amounting to EUR 524.6 thousand at 30 June 2021 (EUR 169.1 thousand in the same period in 2020).

b) Other disclosures on Directors

In accordance with the article 229 of the Spanish Limited Liability Companies Law, the directors have reported that neither they nor any persons related to them are involved in any situations that may lead to a direct or indirect conflict with the Company's interests.

c) Associates companies

As of 30 June 2021 and 31 December 2020 the Group does not hold balances for significant amounts with associates companies.

For its part, during the six-month period ended on 30 June 2021 and 2020, no significant transactions have been undertaken with associates companies.

d) Other related parties

Other related parties, include shareholders (and their subsidiaries) of Cellnex Telecom, S.A. that exercise significant influence over it, those with a right to appoint a director and those with a stake above 3% (see Note 12.a).

On 12 July 2018, ConnecT S.p.A acquired 29.9% of the Company's share capital. Currently, and after dissolution of ConnecT S.p.A,, part of this stake is no longer owned by ConnecT S.p.A, but ConnecT Due. ConnecT Due is controlled by Sintonia, a subholding company wholly-owned by Edizione and, in turn, Sintonia is the largest shareholder of Atlantia. As a result, as of the date of the accompanying consolidated financial statements, Edizione, together with its group of companies, is considered a related party to the Group.

In addition to the dividends paid to shareholders, the breakdown of the balances held and transactions performed with significant shareholders is as follows:

I) Services rendered and received

The Group, through its wholly-owned subsidiary TowerCo, entered into an agreement with 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. The consideration paid by TowerCo as of 30 June 2021 and 31 December 2020 amounted to EUR 1.5 million and EUR 3.9 million.

In addition to the aforementioned, during the period ended 30 June 2021 and 31 December 2020 no significant transactions with related parties have been undertaken.

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

II) Other

As of 30 June 2021 and 31 December 2020, the Group does not hold balances for significant amounts with related parties.

22. Other disclosures

a) Average number of employees

The average number of employees at Cellnex and its subsidiaries during the period, broken down by gender, is as follows:

	30 June 2021		30 June 2020	
Male	1,560	69%	1,182	73%
Female	688	31%	432	27%
Total	**2,247**	**100%**	**1,614**	**100%**

b) Seasonality

The Group's revenues from services do not exhibit a significant cyclical or seasonal pattern.

23. Post balance sheet events

Polkomtel Acquistion

As of the date of the accompanying condensed consolidated interim financial statements, the Polkomtel Acquisition has been completed, after all the conditions precedent were satisfied, as described in Note 19 b.ii).

Following this transaction, Cellnex Poland has acquired 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 1,540 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 Group has financed this acquisition with available cash.

In accordance with IFRS 3, given that the Polkomtel Acquisition had not been completed as of 30 June 2021, it was not accounted for in the accompanying condensed consolidated interim financial statements for the period ended 30 June 2021.

24. Explanation added for translation to English

These condensed consolidated interim 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.

Madrid, 28 July 2021

Cellnex Telecom, S.A. and Subsidiaries

Consolidated interim directors' report for the 6-month period ended on 30 June 2021

1. INFORMATION REQUIRED UNDER ARTICLE 262 OF THE SPANISH COMPANIES ACT

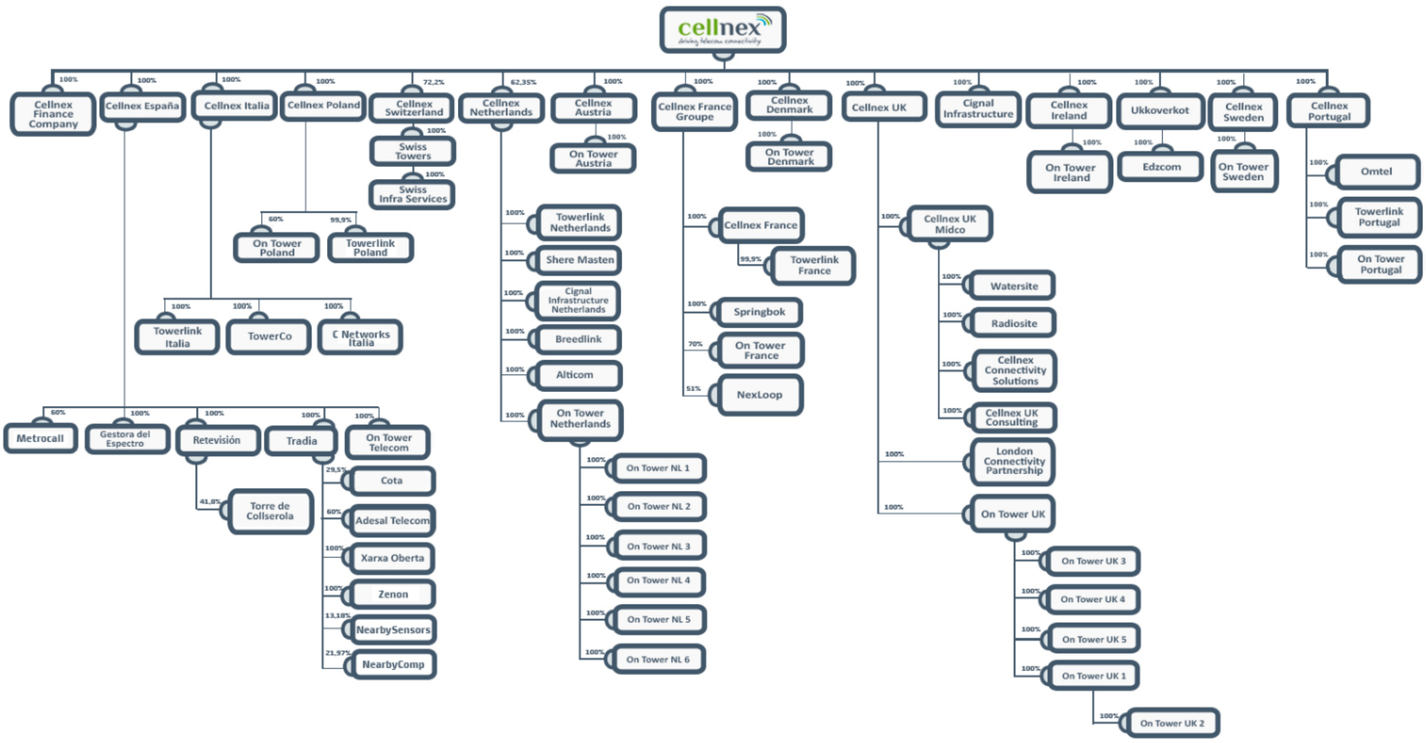
1.1. Situation of the Group

Cellnex Telecom, S.A. (a company listed on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges) is the Parent of a Group in which it is both the sole shareholder and the majority shareholder of the companies heading the various lines of business and geographical markets in which the Group operates.

The Cellnex Group provides services related to infrastructure management for terrestrial telecommunications through the following business segments:

- Telecom Infrastructure Services
- Broadcasting Infrastructure
- Other Network Services

The organisational structure of the Cellnex Group at 30 June 2021 is summarised as follows:



The detail of the Group's subsidiaries and associates at 31 December 2020 and of the percentages of ownership is shown in Appendixes I and II, respectively, to the consolidated financial statements for the year ended 31 December 2020. In addition, Note 2.i of these condensed consolidated interim financial statements includes the most significant changes in the scope of consolidation during the first half of 2021.

Cellnex Telecom is the leading neutral[3] European telecommunications infrastructure operator with a portfolio of up to 129,000 sites (including outstanding TIS sites to be rolled out by 2030) located in Spain, Italy, the Netherlands, France, Switzerland, the UK, Ireland, Portugal, Austria, Denmark, Sweden and Poland. As at 30 June 2021, the Group manages a portfolio of 81,755 sites and 3,994 nodes, which make a total of 85,749 infrastructures. This business model is based on innovative, efficient, sustainable, independent and quality management to create value for its shareholders, customers, employees and all stakeholders. In addition, the Group is the main Broadcasting Infrastructure provider in Spain with a majority share in the national and regional markets.

The Company is listed on the continuous market of the Spanish stock exchange and is part of the selective IBEX 35 and EuroStoxx 600 indices. It is also part of the FTSE4GOOD and CDP (Carbon Disclosure Project) and "Standard Ethics" sustainability indexes. Cellnex's reference shareholders include Edizione, GIC, ADIA, Blackrock, GQG Partners, Canada Pension Plan Investment Board, Criteria Caixa, Wellington Management Group, Capital Research and Management Company, The Children's Investment Master Fund, FMR and Norges Bank.

Strategy based on the sustained value creation

Strong operational and financial performance in the period

The first half of 2021 was once again a transformative period for Cellnex, which reflects the continued success of its growth strategy. During this period have been concluded several of the deals announced in 2020 and have been reached new agreements in key markets such as France, the Netherlands and Poland.

Furthermore, the Company successfully completed a rights issue amounting to EUR 7 billion, which was subscribed to by the vast majority (99.4%) of Cellnex's preferential shareholders. Investor demand was over 45 times the offer of new shares. This was the Cellnex's fourth rights issue after the two carried out in 2019 (for an amount of EUR 1.2 billion and EUR 2.5 billion, respectively) and one carried out in 2020 for an amount of EUR 4 billion. In the last 24 months, Cellnex has increased its share capital by EUR 14.7 billion to continue financing its growth. The rights issues demonstrated strong support by Cellnex shareholders, which will allow the Company to capitalise it on further opportunities.

In addition, Cellnex achieved organic growth of over 5 per cent. In this regard, the consistent and sustainable growth derived from both organic and inorganic sources stand out, as reflected in the strong financial performance in revenues, Adjusted EBITDA and Recurring Leveraged Free Cash Flow for the period. All the above allowed Cellnex to update the financial outlook for the 2021 financial year, with revenues between EUR 2,535 and EUR 2,555 million, Adjusted EBITDA between EUR 1,910 and EUR 1,930 million and Recurring Leveraged Free Cash Flow between EUR 955 and EUR 965 million. All operational and financial metrics aligned with financial outlook for 2025 (medium term guidance).

Cellnex and the Coronavirus Pandemic

Since the onset of the coronavirus crisis in Europe, Cellnex has adapted to an unprecedented situation and has managed to deliver on its organic and inorganic strategy whilst maintaining full financial flexibility. Cellnex, as an operator of telecommunications infrastructures for radio and TV (DTT), voice and data, communication networks for security forces (police and fire-fighters) and emergencies (medical and maritime rescue), deployed its contingency and business continuity plans across all countries in which it operates. The main objective has been to preserve the security and availability of the services, while ensuring the application of the strictest protection measures for Cellnex employees. In this regard, all countries followed the guidelines established by Cellnex Corporate, encouraging remote work and providing the necessary means to work from home properly.

---

[3] Neutral: with no mobile network operator as a shareholder having (i) more than 50% of the voting rights or (ii) the right to appoint or dismiss the majority of the members of the board. The loss of the Group's neutral position (i.e., by having one or more MNOs as a significant shareholder) may cause sellers of infrastructure assets to be reluctant to enter into new joint ventures, mergers, disposals or other arrangements with the Group (also impacting the organic growth of the Company). As the Group increases its size, management expects that large MNOs may be open to collaborating with the Group in several ways, such as by selling their sites or other infrastructure assets to Cellnex, including in exchange for Shares, which could negatively impact the Group's business and its prospects, as this type of transaction could affect the perception of the Group's neutrality.

Likewise, the Company set up several collaborative projects in the countries where it operates under the "Cellnex's COVID-19 Relief Initiative" by donating EUR 10 million over 2020-2021 financial years. On the one hand, Cellnex is providing five million euros over two years to fund a research project involving cutting-edge European research teams in the field of immunotherapy to detect and obtain T-cells that fight the SARS-CoV-2 infection. The additional five million euros have been allocated to social action projects with non-governmental organisations to assist people and groups in vulnerable situations, funding the purchase of protection equipment for healthcare staff as well as providing resources for the most vulnerable groups. Moreover, the company is working actively with various hospitals and on a technological project to develop, produce and provide a mechanical ventilation system for ICUs. Cellnex has played an active role in this collaboration, since it has not only supported the project economically, but also a team of engineers specialised in Internet of Things has participated in the challenge of finding a solution that would ensure the safety and efficiency required for type-approval while gathering data from the ventilator in real time and sending it for analysis via an application.

Corporate governance

The structure of the governing bodies and the decision-making process constitute further strengths of the Group. This structure is described in detail in the Annual Corporate Governance Report ("ACGR") for 2020, which forms part of the Consolidated Directors' Report for 2020.

Cellnex has implemented a defined and transparent set of rules and regulations for corporate governance which is compliant with all applicable Spanish governance standards.

The Internal Code of Conduct regulates, among other things, the directors' and managers' conduct with regard to the treatment, use and disclosure of the Group's material non-public information. The Internal Code of Conduct applies to, among other persons, all members of the Board of Directors, Senior Management and employees who have access to material non-public information and to the Group's external advisors when they handle such material non-public information.

As of the date of this Consolidated Interim Directors' Report, the Group believes that it substantially complies with the recommendations of the Spanish Unified Good Governance Code for listed companies, in its version approved as of 25 June 2020 (Código de buen gobierno de las sociedades cotizadas or the "Good Governance Code"). Certain of Cellnex's corporate practices as of the date of this Consolidated Interim Directors' Report, however, currently vary from the Good Governance Code in certain respects.

Cellnex also has a corporate website (www.cellnextelecom.com) through which it informs its shareholders, investors and the market at large of any significant events. Neither Cellnex's website nor any of its contents form part or is incorporated into this Consolidated Interim Directors' Report, whether by reference or otherwise, except as otherwise provided herein.

In addition, the Group has a code of conduct (the "Code of Ethics") approved by the Board of Directors and communicated to all employees. The Group has a Committee of Ethics and Compliance in charge of promoting the respect for business ethics and integrity and, in particular, the respect for the Code of Ethics. The Committee of Ethics and Compliance is also the responsible of criminal fulfilment of the Group. Furthermore, the Group has a whistleblowing channel accessible to all the Group's employees and stakeholders which allows them to report potentially significant irregularities detected within the companies of the Group.

The Group has also established an Internal Control over Financial Reporting System ("ICFRS") and it has a corporate risk control unit that is responsible for carrying out tests to verify compliance with the policies, manuals and procedures defined for the ICFRS, and for validating the effectiveness of controls in place to mitigate the risks related to these processes.

In relation to the Group's last completed financial year, with respect to members of the administrative, management or supervisory bodies, there are no potential material impacts on the corporate governance, including possible changes in the Board's and Board Committees' composition, already decided by the Board and/or the General Shareholders Meeting.

Changes in 2021

The most significant adaptations and changes in the Board's and Board Committees' composition during the 6-month period ended on 30 June 2021 are as follows:

- On 4 January 2021, the Board of Directors of Cellnex received a resignation letter of Mr. Franco Bernabé from his post as director and Chairman of the Board of Directors, invoking personal reasons. Until the appointment of a new Chairman, the Vice Chairman, Mr. Bertrand Kan, temporarily assumed the functions of Chairman of the Company.

- On 22 January 2021, the Board of Directors agreed to appoint Mr. Bertrand Boudewijn Kan as non-executive Chairman of the Company, following the favourable report from the Nominations and Remunerations Committee, to replace Mr. Franco Bernabè who submitted his resignation last 4 January 2021.

- On 25 February 2021, the Board of Directors agreed to appoint the independent director Mr. Leonard Peter Shore as Chairman of the Audit and Risk Management Committee to replace Mr. Bertrand Boudewijn Kan and the independent director Ms. Marieta del Rivero as Chairwoman of the Nominations, Remunerations and Sustainability Committee to replace Mr. Giampaolo Zambeletti, following a favourable recommendation from the Nominations, Remunerations and Sustainability Committee.

Strategic Plan: promoting growth and efficiency

The Group’s long-term vision is to enhance its position as a leading European neutral provider of telecom infrastructure by providing innovative services and network end-to-end solutions to MNOs and media broadcasting operators. Through long-term partnerships with its customers and its role as a trusted partner, resulting from its operational excellence of delivering value-added services, the Group has been able to acquire infrastructures, and it aims to continue its strategy of rolling up the European telecom infrastructure market.

With respect to its operating costs and capital expenditures, the Group aims to continue delivering cost efficiency programs to reduce the cost of providing services while increasing its ability to expand the offer of these services with limited increases in human and technical resources. The Group plans to selectively invest in the acquisition of plots of land where infrastructures are located, as long as they are available at attractive prices and are accretive to its long-term returns. The Group intends to continue investing in information and technology (“IT”) systems to improve its ability to proactively offer its customers the most suitable solutions for their strategic objectives. The Group also plans to maintain its infrastructures and active equipment in strong technical condition to continue offering high quality services to its customers. The main contributor to this efficiency plan is expected to be savings from ground leases. In this regard, the Group seeks to continue leveraging the following strategies: straight rent renegotiations to reduce the annual rent being paid and also extend the duration of ground services contracts, and cash advances, which are based on a lump sum being paid in advance in exchange for a reduction of the amount to be paid and an extension of the contract.

In this regard, Cellnex has a ground lease optimization approach that seeks long-term benefits, as well as a multi-tenant approach that allows the Group to extract network synergies, in terms of i) opex reduction through renegotiations with landlords to improve contract terms and extend contract durations using lump-sum and rent reduction landlord agreements (ground lease optimization) and ii) opex and capex reduction thanks to two or more anchor tenant networks allowing for decommissioning of redundant sites and a single BTS for more than one anchor tenant simultaneously (network synergies). As a result of this initiatives, c.€90-100Mn of recurring opex and lease savings are expected by 2025, as well as c.€250Mn of expected BTS Capex savings are also expected which could be re-invested if new opportunities with our clients are identified.

1.2. Significant events in the first half of 2021

The main highlights in the 6-month period ended on 30 June 2021 are as follows:

Main investments and commitments

Telecom Infrastructure Services

During the first half of 2021, the Group performed the most relevant acquisition transactions detailed below:

The CK Hutchison Holdings Transactions (See Note 4 of the accompanying condensed consolidated interim financial statements) 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. Consequently, Cellnex (through its fully owned subsidiary Cellnex Sweden) has acquired 100% of the share capital of On Tower Sweden (formerly HI3G Networks AB), owner of approximately 2,500 sites located in Sweden. Additionally, Cellnex has agreed to the deployment of up to 2,677 sites in Sweden by 2025. The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 0.8 billion. Furthermore, in Italy, Cellnex (through its fully owned subsidiary Cellnex Italia) has acquired 100% of the share capital of CK Hutchison Networks Italia SPA ("Networks Co Italy"), owner of approximately 9,140 sites located in Italy. Additionally, Cellnex has agreed to the deployment of up to 860 sites in Italy by 2027. The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 3.3 billion (see Note 4 of the accompanying condensed consolidated interim financial statements).

Completion of the CK Hutchison Holdings Transactions in respect of the United Kingdom remains subject to certain remaining conditions precedent, including in connection with customary anti-trust and foreign investment clearances, which are expected to be satisfied or waived in 2022. See Note 19 of the accompanying condensed consolidated interim financial statements.

In France, the Group entered into the Hivory Put Option Agreement with Altice and Starlight HoldCo pursuant to which Altice and Starlight HoldCo had the option to require Cellnex France to purchase their ownership in the share capital of Hivory for an estimated total consideration (Enterprise Value) of approximately EUR 5.2 billion. Altice and Starlight HoldCo exercised their put option on 19 May 2021. Hivory owns and operates approximately 10,535 sites in France. In addition, Hivory has agreed to the deployment of up to 2,500 additional sites in France by 2028. Completion of the Hivory Acquisition is subject to certain conditions precedent and closing is expected in the second half of 2021, as described in more detail in Note 19 of the accompanying condensed consolidated interim financial statements.

In Poland, Play and Cellnex Poland (as defined herein) agreed to amend the Iliad Poland Acquisition, which had originally been entered into during the second half of 2020, for the Group's acquisition of 60% of On Tower Poland's share capital. On Tower Poland owns a portfolio of approximately 7,428 sites in Poland. 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. The Iliad Poland Acquisition was completed in the first quarter of 2021, following the satisfaction of the conditions precedent. See Note 4 of the accompanying condensed consolidated interim financial statements.

Also in Poland, Cellnex Poland entered into an agreement to acquire 99.99% of the share capital of Polkomtel Infrastruktura (as defined herein), manager of a portfolio of approximately 7,000 passive infrastructures and active infrastructures in Poland. Additionally, Cellnex Poland agreed to the deployment of a minimum of 1,000 sites (although the deployment of up to approximately 1,500 sites is expected by the Group) and to provide Polkomtel and Aero with an aggregate of 15,000 additional emission services. These services consist of backhaul infrastructure (c.11,300 km of fiber (no FTTH exposure) and national network of microwave radio links); and active infrastructure (RAN equipment providing c.37,000 radio carriers covering all bands available to Polish MNOs providing all technologies (2G, 3G, 4G and 5G)). See Note 19 of the accompanying condensed consolidated interim financial statements. The closing of the Polkomtel Acquisition took place in the second half of 2021, following receipt of the customary regulatory and administrative authorisations (see Note 23 of the accompanying condensed consolidated interim financial statements).

In the UK, the Group was awarded a 25-year concessionary contract by Network Rail Infrastructure Limited to act as the neutral host and provide uninterrupted cellular internet, mobile reception and fiber services along the London - Brighton Mainline route.

In Switzerland, the Group entered into an agreement with Matterhorn to acquire the remaining 10% of the share capital of Swiss Infra from Matterhorn. As a result, Swiss Infra became a wholly-owned subsidiary of Swiss Towers.

In the Netherlands, the Group completed the T-Mobile Infra Acquisition entered into in the first quarter of 2021 and acquired T-Mobile Infra, owner of approximately 3,150 sites in the Netherlands, in exchange for 37.65% of the share capital of Cellnex Netherlands. Additionally, T-Mobile Infra and T-Mobile have agreed to the deployment of a minimum of 180 additional sites in the Netherlands by 2027. See Note 4 of the accompanying condensed consolidated interim financial statements.

Capitalisation and indebtedness

On 30 March 2021, the Parent Company's Board of Directors, approved a capital increase through cash contributions and recognising the preferential subscription right of the Cellnex's shareholders, which was carried out through the issuance and sale of 192,619,055 ordinary registered 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. On 27 April 2021, the 192,619,055 New Shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia. See Note 12 of the accompanying condensed consolidated interim financial statements. The funds from the capital increase will be used to support the acquisition of Cellnex's active projects pipeline.

In relation to bond issues, on 10 February 2021, the Group successfully completed the pricing of a triple-tranche EUR-denominated bond issuance 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 2.000%. On 10 March 2021 the Group successfully completed the pricing of a CHF-denominated bond issuance for an amount of CHF 150,000 thousand, maturing in March 2026 and with a coupon of 0.935%. On 25 May 2021, the Group successfully completed the pricing of a bond for EUR 1,000,000 thousand maturing in June 2028 and with a coupon of 1.500%. On 29 June 2021 Cellnex Finance successfully completed the pricing of a senior unsecured US Dollar-denominated bond issuance, guaranteed by Cellnex, for a nominal amount of USD 600 million 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 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 13 of the accompanying condensed consolidated interim financial statements.

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 net proceeds from the issuance will be used for general corporate purposes. Application will be made for the listing and admission to trading of the bonds on the Vienna MTF of the Vienna Stock Exchange.

Telecom Infrastructure Services ("TIS") site portfolio

The TIS site portfolio at 30 June 2021 is summarised below:

Framework Agreement	Project	Number of sites acquired	Beginning of the contract	Initial Terms + Renewals [(1)] (in years)
Telefónica	Babel	1,000	2012	10+10+5
Telefónica and Yoigo (Xfera Móviles)	Volta I	1,211	2013	10+10+5 (Telefónica)
				Until 2030+8 (Yoigo)
Telefónica	Volta II	530	2014	10+10+5
Business combination	TowerCo Acquisition	321	2014	Until 2038

Telefónica and Yoigo (Xfera Móviles)	Volta III	113	2014	10+10+5 (Telefonica)
				Until 2030+8 (Yoigo)
Telefónica	Volta Extended I	1,090	2014	10+10+5
Neosky	Neosky	10	2014	10+10+5
Telefónica	Volta Extended II	300	2015	10+10+5
Business combination	Galata Acquisition	8,423	2015	15+15 (Wind) (2)
Business combination	Protelindo Acquisition	261	2012	+15 (KPN)
			2016	+12 (T-Mobile)
Bouygues	Asset purchase	4,290	2016 - 2017	20+5+5+5 / 25+5+5 (3)
		19	2018	20+5 (3)
Business combination	Shere Group Acquisition	1,042	2011	+15 (KPN)
			2015	+10 (T-Mobile)
			2015	+15 (Tele2)
Business combination	On Tower Italia Acquisition	11	2014	9+9 (Wind)
			2015	9+9 (Vodafone)
K2W	Asset purchase	32	2017	Various
Business combination	Swiss Towers Acquisition	2,239	2017	20+10+10 (Sunrise Telecommunications) (4)
		293	2019	20+10+10 (Sunrise Telecommunications) (4)
Business combination	Infracapital Alticom subgroup Acquisition	30	2017	Various
Others Spain	Asset purchase	45	2017	15+10
		36	2018	15+10
		375	2018	20+10
Masmovil Spain	Asset purchase	551	2017	18+3
		85	2018	6+7
Linkem	Asset purchase	426	2018	10+10
Business combination	TMI Acquisition	3	2018	Various
Business combination	Sintel Acquisition	15	2018	Various
Business combination	BRT Tower Acquisition	30	2018	Various
Business combination	DFA Acquisition	9	2018	Various
Business combination	Video Press Acquisition	8	2019	Various
Business combination	On Tower Netherlands Acquisition	114	2019	7 (5)
Business combination	Swiss Infra Acquisition	2,806	2019	20+10 (6)
Business combination	Cignal Acquisition	660	2019	20 (7)
Business combination	Business unit from Iliad Italia, S.p.A.	2,381	2019	20+10 (6)
Business combination	On Tower France Acquisition	6,957	2019	20+10 (6)
Orange Spain	Asset purchase	1,500	2019	10+10+1 (8)
Business combination	Omtel Acquisition	3,151	2018	20+5 (9)
Business combination	Arqiva Acquisition	7,385	2020	10+1+1+4 (MBNL/EE) (10)
			2014	2024 (CTIL) (10)
Business combination	NOS Towering Acquisition	1,966	2020	15+15 (11)
Business combination	Hutchison Austria Acquisition	4,487	2020	15+15+5 (12)
Business combination	Hutchison Ireland Acquisition	1,127	2020	15+15+5 (12)

Business combination	Hutchison Denmark Acquisition	1,338	2020	15+15+5 (12)
Business combination	Hutchison Sweden Acquisition	2,578	2021	15+15+5 (12)
Business combination	Iliad Poland Acquisition	7,428	2021	20+10 (13)
Business combination	T-Mobile Infra Acquisition	3,134	2021	15+10 (14)
Business combination	Hutchison Italy Acquisition	9,140	2021	15+15+5 (12)
Business combination	Small M&A	9	2020	Various
Shared with broadcasting business		1,693		
Others		64		

(1) Renewals: most of these contracts have clauses prohibiting partial cancellation and can therefore be cancelled only for the entire portfolio of sites (typically termed "all or nothing" clauses), and some of them have pre agreed pricing (positive/negative).

(2) The initial term of the MSA with Wind is 15 years, to be extended for an additional 15-year period (previously confirmed), on an "all-or-nothing" basis. The fees under the MSA with Wind are CPI-linked.

(3) In accordance with the agreements reached with Bouygues during 2016 – 2020, at 31 December 2020 Cellnex had committed to acquire and build up to 5,400 sites that will be gradually transferred to Cellnex up to 2024 (see Note 5 of the accompanying consolidated financial statements). Of the proceeding 5,400 sites, a total of 4,309 sites have been transferred to Cellnex as of 30 June 2021 (as detailed in the previous table). Note that all Bouygues transactions, like most of the BTS programmes Cellnex has in place with other MNOs, have a common characteristic "up to" as Bouygues does not have the obligation to reach the highest number of sites. During 2016 – 2017 have been signed different MSA's with Bouygues in accordance with the different transactions completed (Glénan, Belle-Ille, Noirmoutier). All MSAs have an initial term of 20/25 years with subsequent renewable three/two 5-year periods, on an "all-or-nothing" basis. In relation to the MSA signed with Bouygues in 2018 (Quiberon transaction) the initial term is 20 years with subsequent renewable 5-year periods (undefined maturity).

(4) The MSA with Sunrise have an initial term of 20 years with two 10-year periods (undefined maturity), on an all-or-nothing basis.

(5) Contracts with customers are index-linked to the CPI and have an average duration of approximately seven years to be automatically extended (undefined maturity).

(6) The MSAs with Iliad and Salt have an initial term of 20 years, to be automatically extended for 10-year periods, on an all-or-nothing basis, with undefined maturity.

(7) Contracts with customers are index-linked to the CPI, have an average duration of c.20 years and a significant probability of renewal due to the portfolio's strong commercial appeal and limited overlap with third party sites.

(8) Orange Spain is the main customer of this portfolio of telecom sites, with which Cellnex has signed an inflation-linked Master Lease Agreement for an initial period of 10 years that can be extended by one subsequent period of 10 years and subsequent automatic one-year periods, on an "all-or-nothing" basis.

(9) The initial term of the Omtel MSA is 20 years, subject to automatic extensions for additional five-year periods, unless cancelled, on an "all-or-nothing" basis, with undefined maturity. The fees under the Omtel MSA are CPI-linked.

(10) The initial term of the MSA with MBNL and EE is 10 years with three extension rights. The duration of the MSA with CTIL is until 2024 (at least two years before, extension to be discussed).

(11) The NOS Towering MLA have an initial duration of 15 years, to be automatically extended for additional 15-year periods, on an "all-or-nothing" basis, with undefined maturity. The fees under the NOS Towering MLA will be CPI-linked.

(12) The initial term of each CK Hutchison Continental Europe MSA is 15 years, with possible extensions for a further 15-year period and subsequent 5-year periods, on an "all-or-nothing" basis (same duration for all countries). The fees under the CK Hutchison Continental Europe MSA are CPI-linked.

(13) The initial term of the Iliad Poland MSA is 20 years from the Iliad Poland Completion Date, subject to automatic extensions for successive 10-year periods, on an "all-or-nothing" basis, with undefined maturity. The fees agreed in the Iliad Poland MSA are annually adjusted in accordance with the Polish CPI (Communications section) provided that the increase shall not exceed 4% per year.

(14) The T-Mobile Infra MLA have an initial duration of 15 years, to be automatically extended for additional 10-year periods, on an "all-or-nothing" basis, with undefined maturity. The fees under the T-Mobile Infra MLA are CPI-linked.

As at 30 June 2021 the Group also maintains 3,994 antennas nodes with the DAS.

Broadcasting Infrastructure

As of the date of this Consolidated Interim Directors' Report, the Group provides Broadcasting Infrastructure services in Spain. The Group's strategy in this segment is to maintain its strong market position while capturing potential organic growth. The Group plans to maintain its leadership position in the Spanish national digital TV sector (in which it is the sole operator of national TV private multiplexs ("MUX")) by leveraging its technical knowledge of infrastructure and network infrastructure, its market understanding and the technical expertise of its staff. The contract fees with the blue-chip customers are CPI-linked. The Group plans to continue working closely with regulatory authorities in relation to technological developments in both the TV and radio broadcasting markets and to leverage its existing infrastructure and client relationships to obtain business in adjacent areas where it benefits from competitive advantages.

In addition to pursuing its growth strategy of internationalization and client diversification for its Telecom Infrastructure Services segment, the Group may also consider potential transactions related to its Broadcasting Infrastructure segment, provided that: (i) they allow the Group to consolidate a leading position in a country other than Spain, or (ii) if the relevant assets are part of a portfolio of infrastructures similar to its portfolio (e.g., that apart from being used for broadcasting services, they may also be used by MNOs). Any potential opportunity needs to meet the Group's strict investment criteria and be value accretive.

Other Network Services

In Other Network Services, the Group's strategy is based on capturing market growth to reinforce its market position. The Group aims to expand and increase its data transmission connectivity services, for both MNOs backhaul and corporate data access, by focusing on services and solutions where its valuable network can be leveraged to differentiate its proposition from its competitors, and by taking advantage of its favorable position to provide mutualized high speed data transmission to MNOs in its infrastructures. The Group plans to leverage its infrastructure and frequency planning know-how to design, roll-out and operate advanced telecom services for public administrations in the field of PPDR networks, including TETRA and 4G/LTE services networks. The Group aims to be a frontrunner in new types of infrastructure services including urban telecom infrastructure solutions.

In October 2020, the Group and Everynet entered into an agreement to deploy Smart IoT networks based in LoRaWAN technology in Italy, the United Kingdom and Ireland.

In addition, the Group provides fiber connectivity in Spain following the acquisition of Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A. ("XOC") in 2018. Its main customer is the public administration.

1.3. Business performance and results

The 6-month period ended on 30 June 2021 highlighted a unique combination of defensive and high quality structural growth with limited exposure to COVID-19, which is possible through consistent and sustainable organic growth, solid financial performance and a tireless focus on integration.

Alternative Performance Measures

In addition to the financial information presented in the accompanying condensed consolidated interim financial statements and prepared under IFRS-EU, the Company has included in this Consolidated Interim Directors' Report certain alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ("ESMA") on 5 October 2015 on alternative performance measures (the "ESMA Guidelines" and the "APMs"). The Group believes that the presentation of the APMs included herein complies with the ESMA Guidelines.

The Company has presented these APMs, which are unaudited, as supplemental information because they are used by the Group's management in making financial, operational and planning decisions and provide useful financial information that should be considered in addition to the financial statements prepared in accordance with the applicable accounting regulations (IFRS-EU), in assessing the Group's performance. In addition, Cellnex believes that the APMs presented herein may contribute to a better understanding of its results of operations by providing additional information on what the Company considers to be some of the drivers of its financial performance and because these APMs are in line with the main indicators used by the majority of the community of analysts and investors in the capital markets.

APMs are not defined under IFRS-EU, and should not be considered in isolation and may be presented on a different basis than the financial information included in the consolidated financial statements. In addition, they may differ significantly from similarly titled information reported by other companies, and may not always be comparable.

Prospective investors are cautioned not to place undue reliance on these measures, which should be considered as supplemental to, and not a substitute for, the financial information prepared in accordance with IFRS-EU included herein. The definition and determination of the APMs included herein are disclosed in the accompanying Consolidated Directors' Report, and their calculation has been validated by Deloitte.

Thus, Cellnex below provides information concerning those APMs it considers significant, as defined in the ESMA Guidelines, including: "Adjusted EBITDA", "Adjusted EBITDA margin", "Gross and Net Financial Debt", "Maintenance, Expansion and M&A capital expenditure" and "Recurring Leveraged Free Cash Flow".

The criteria used to calculate the APMs described below is the same as the previous period, and the Company presents comparative financial information from previous period for all of them.

Adjusted EBITDA

Adjusted EBITDA, as used in this Consolidated Interim Directors' Report, relates to the "Operating profit" before "Depreciation and amortization" and after adding back certain non-recurring expenses (such as COVID-19 donations, redundancy provision, extra compensation and benefit costs, and costs and taxes related to acquisitions), certain non-cash expenses (LTIP remuneration payable in shares) and advances to customers.

The Company uses Adjusted EBITDA as an operating performance indicator of its business units and is widely used as an evaluation metric among analysts, investors, rating agencies and other stakeholders. At the same time, it is important to highlight that Adjusted EBITDA is not a measure adopted in accounting standards and, therefore, should not be considered an alternative to cash flow as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, therefore, cannot be compared to the Adjusted EBITDA of other companies.

One commonly used metric that is derived from Adjusted EBITDA is Adjusted EBITDA margin, as described below.

As at 30 June 2021 and 2020, respectively, the amounts are as follows:

	Thousands of Euros	
	30 June 2021	30 June 2020
Broadcasting infrastructure	109,187	117,471
Telecom Infrastructure Services	898,479	550,866
Other Network Services	51,636	52,234
Operating income	**1,059,302**	**720,571**
Staff costs	(98,931)	(78,725)
Repairs and maintenance	(32,246)	(23,151)
Utilities	(57,388)	(46,991)
General and other services	(115,796)	(78,989)
Depreciation and amortisation charge	(677,596)	(422,866)
Operating profit	**77,345**	**69,850**
Depreciation and amortisation	677,596	422,866
Non-recurring expenses	47,117	31,922
Advances to customers	1,523	2,144
Adjusted operating profit before depreciation and amortisation charge (Adjusted EBITDA)	**803,581**	**526,783**

As at 30 June 2021 and 2020, non-recurring expenses and advances to customers are set out below (see in Note 18.d of the accompanying condensed consolidated interim financial statements):

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 1,918 thousand (EUR 0 thousand in the same period in 2020).
ii) Redundancy provision, which mainly includes the impact in 2021 and 2020 six-month periods derived from the reorganisation plan detailed in Note 17.b of the accompanying consolidated financial statements (non-recurring item), amounted to EUR 3 thousand (EUR 4,271 thousand in the same period in 2020).
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 17.b of the accompanying consolidated financial statements, non-cash item), amounted to EUR 7,768 thousand (EUR 3,536 thousand in the same period in 2020), and extra compensation and benefits costs, which corresponds to extra non-conventional bonus for the employees (non-recurring item), amounted to EUR 0 thousand (EUR 540 thousand in the same period in 2020).
iv) Advances to customers, which Includes the amortization of amounts paid for sites to be dismantled and their corresponding dismantling costs, amounted to EUR 1,523 thousand (EUR 2,144 thousand in the same period in 2020). These costs 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 (non-cash item).
v) Costs and taxes related to acquisitions which mainly includes taxes incurred during the business combinations processes (non-recurring item), amounted to EUR 37,428 thousand (EUR 23,576 thousand in the same period in 2020).

Adjusted EBITDA Margin

Adjusted EBITDA Margin corresponds to Adjusted EBITDA (as defined above), divided by operating income excluding i) elements passed through to customers from both expenses and revenues (mostly electricity costs) and ii) advances to customers. This concept only includes Services and does not take into account Other operating income and Advances to customers). The Company uses Adjusted EBITDA margin as an operating performance indicator and it is widely used as an evaluation metric among analysts, investors, rating agencies and other stakeholders.

According to the above, the Adjusted EBITDA Margin as at 30 June 2021 and 2020 was:

	Thousands of Euros	
	30 June 2021	30 June 2020
Operating income [(1)]	1,019,611	705,807
Adjusted EBITDA	803,581	526,783
Adjusted EBITDA Margin	**79%**	**74%**

[(1)] Operating income excluding i) elements passed through to customers from both expenses and revenues (mostly electricity costs), and ii) Advances to customers. This concept only includes Services and and does not take into account Other operating income and advances to customers). Se Note 18 a) of the accompanying condensed consolidated interim financial statements,

Gross Financial Debt

The Gross Financial Debt corresponds to “Bond issues and other loans”, “Loans and credit facilities” and “Lease liabilities”, and does not include any debt held by Group companies registered using the equity method of consolidation, “Derivative financial instruments” or “Other financial liabilities”. “Lease liabilities” is calculated as the present value of the lease payments payable over the lease term, discounted at the rate implicit or at the incremental borrowing rate.

According to the above, its value as at 30 June 2021 and 31 December 2020, respectively, is as follows:

	Thousands of Euros	
	30 June 2021	31 December 2020
Bond issues and other loans (Note 13)	11,135,429	7,534,957
Loans and credit facilities (Note 13)	2,003,959	1,854,488
Lease liabilities (Note 14)	2,489,269	1,762,819
Gross financial debt	**15,628,657**	**11,152,264**

Net Financial Debt

The Net Financial Debt corresponds to “Gross Financial Debt” less “Cash and cash equivalents”. Together with Gross Financial Debt, the Company uses Net Financial Debt as a measure of its solvency and liquidity as it indicates the current cash and equivalents in relation to its total debt liabilities. One commonly used metric that is derived from Net Financial Debt is “Net Financial Debt / Adjusted EBITDA” which is frequently used by analysts, investors and rating agencies as an indication of financial leverage.

The “Net financial debt” at 30 June 2021 and 31 December 2020 is detailed in Section “Liquidity and Capital Resources” of this Consolidated Interim Directors’ Report.

Capital expenditures

The Company considers capital expenditures as an important indicator of its operating performance in terms of investment in assets, including their maintenance, organic and Build-to-suit expansion, and acquisition. This indicator is widely used in the industry in which the Company operates as an evaluation metric among analysts, investors, rating agencies and other stakeholders.

The Group classifies its capital expenditures in four main categories:

Maintenance capital expenditures

Corresponds to investments in existing tangible or intangible assets, such as investment in infrastructure, equipment and information technology systems, and are primarily linked to keeping sites in good working order, but which excludes investment in increasing the capacity of sites.

Expansion (or organic growth) capital expenditures

Includes site adaptation for new tenants, ground leases (cash advances), and efficiency measures associated with energy and connectivity, and early site adaptation to increase the capacity of sites. Thus, it corresponds to investments related to business expansion that generates additional Recurring Leveraged Free Cash Flow (including decommissioning, telecom site adaptation for new tenants and prepayments of land leases).

Expansion capital expenditures (Build to Suit programs)

Corresponds to committed Build-to-suit programs (consisting of sites, backhaul, backbone, edge computer centers, DAS nodes or any other type of telecommunication infrastructure as well as any advanced payment related to it) as well as Engineering Services with different clients. Ad-hoc maintenance capital expenditure required eventually may be included.

M&A capital expenditures

Corresponds to investments in shareholdings of companies (excluding the amount of deferred payments in business combinations that are payable in subsequent periods) as well as significant investments in acquiring portfolios of sites or land (asset purchases).

Total capital expenditures for the period ended 30 June 2021 and 2020 are summarised as follows:

	Thousands of Euros	
	30 June 2021	**30 June 2020**
Maintenance capital expenditures	15,948	12,720
Expansion (or organic growth) capital expenditures	90,983	57,393
Expansion capital expenditures (Build to Suit programs)	622,993	192,587
M&A capital expenditures	5,564,872	389,488
Total investment	**6,294,795**	**652,188**

“Total Investment”, amounting to EUR 6,295 million (EUR 652 million at the same period of 2020), corresponds to “Total net cash flow from investing activities” of the accompanying Consolidated Statement of Cash Flows amounting to EUR 6,076 million (EUR 593 million at the same period of 2020), plus i) “Cash and cash equivalents” of the acquired companies in business combinations amounting to EUR 90 million (EUR 43 million at the same period of 2020, see Note 4 of the accompanying condensed consolidated interim financial statements); plus ii) "Cash advances to landlords" amounting to EUR 39 million (EUR 27 million at the same period of 2020, see Note 14 of the accompanying Consolidated Financial Statements); plus iii) "Others" amounting to EUR 90 million (EUR -11 million at the same period of 2020), which includes the substitute tax paid (see Note 16.b of the accompanying condensed consolidated interim financial statements), financial investments, timing effects related to assets purchases and the contribution of minority shareholders.

Recurring Leveraged Free Cash Flow

The Company considers that the Recurring Leveraged Free Cash Flow is one of the most important indicators of its ability to generate stable and growing cash flows which allows it to create value over time for its shareholders.

At 30 June 2021 and 2020 the Recurring Leveraged Free Cash Flow ("RLFCF") was calculated as follows:

	Thousands of Euros	
	30 June 2021	30 June 2020
Adjusted EBITDA [(1)]	803,581	526,783
Payments of lease installments in the ordinary course of business and interest payments[(2)]	(275,680)	(168,405)
Maintenance capital expenditures[(3)]	(15,948)	(12,720)
Changes in current assets/current liabilities [(4)]	(10,160)	(8,510)
Net payment of interest (without including interest payments on lease liabilities) [(5)]	(98,193)	(56,742)
Income tax payment [(6)]	(9,638)	(12,909)
Net dividends to non-controlling interests [(7)]	—	—
Recurring leveraged free cash flow (RLFCF)	**393,962**	**267,497**
Expansion (or organic growth) capital expenditures [(8)]	(90,983)	(57,393)
Expansion capital expenditures (Build to Suit programs) [(9)]	(622,993)	(192,587)
M&A capital expenditures (cash only) [(10)]	(5,475,018)	(346,119)
Non-Recurrent Items (cash only) [(11)]	(39,349)	(27,847)
Net Cash Flow from Financing Activities [(12)]	10,248,922	801,361
Other Net Cash Out Flows [(13)]	(3,525)	(4,733)
Net Increase of Cash [(14)]	**4,411,016**	**440,179**

(1) Adjusted EBITDA: Profit from operations before D&A (after IFRS 16 adoption) and after adding back (i) certain non-recurring items (such as COVID donations (€2Mn) and costs and taxes related to acquisitions (€37Mn)) and (ii) certain non-cash items (such as advances to customers (€2Mn) which include the amortisation of amounts paid for sites to be dismantled and their corresponding dismantling costs, and LTIP remuneration payable in shares and others (€8Mn)).

(2) Corresponds to i) payments of lease installments (€191Mn) in the ordinary course of business and; ii) interest payments on lease liabilities (€85Mn). See Note 14 of the accompanying condensed consolidated interim financial statements.

(3) Maintenance capital expenditures: investment in existing tangible or intangible assets, such as investment in infrastructure, equipment and information technology systems, which are primarily linked to keeping sites in good working order, but which excludes investment in increasing the capacity of sites.

(4) Changes in current assets/current liabilities (see the relevant section in the Consolidated Statement of Cash Flows for the period ended on 30 June 2021).

(5) Corresponds to the net of "Interest paid" and "interest received" in the accompanying Consolidated Statement of Cash Flows for the period ended on 30 June 2021, excluding "Interest payments on lease liabilities" (€85Mn) (see Note 14 of the accompanying condensed consolidated interim financial statements) and non-recurring financing costs related to M&A projects (€18Mn) (see caption "Net Payment of Interest").

(6) Corresponds to the "Income Tax received/(paid)" in the accompanying Consolidated Statement of Cash Flows for the period ended on 30 June 2021. It does not include the "Non-recurring Income tax paid" (€78Mn) regarding the substitutive tax paid (see Note 16.b of the accompanying condensed consolidated interim financial statements).

(7) Corresponds to the net of "Dividends to non-controlling interests" and "Dividends received" in the accompanying Consolidated Statement of Cash Flows for the period ended on 30 June 2021.

(8) Corresponds to cash advances to landlords (€39Mn), without considering other non-recurring cash advances, efficiency measures associated with energy and connectivity (€15Mn), and others (€37Mn, including early site adaptation to increase the capacity of sites). Thus, it corresponds to investments related to business expansion that generates additional Recurring leveraged free cash flow.

(9) Committed Build to Suit Programs and further initiatives (consisting of sites, backhaul, backbone, edge computing centers, DAS nodes or any other type of telecommunication infrastructure as well as any advanced payment in relation to them). It also includes Engineering Services or work and studies that have been contractualised with different customers, including ad-hoc capex eventually required.

(10) Corresponds to investments in shareholdings of companies as well as significant investments in acquiring portfolios of sites or land (asset purchases), after integrating into the consolidated balance sheet mainly the "Cash and cash equivalents" of the acquired companies. Mainly correspond to the acquisition of Hutchison Italy, Hutchison Sweden and Iliad Poland.

The amount resulting from (3)+(8)+(9)+(10), hereinafter the “Total Capex” (€6,205Mn), corresponds to “Total Investment” (€6,295Mn, see caption “Capital Expenditures” in the accompanying Consolidated Interim Directors’ Report for the period ended on 30 June 2021) minus the “Cash and cash equivalents” of the acquired companies (€90Mn, see Note 4 of the accompanying condensed consolidated interim financial statements).

The Total Capex (€6,205Mn) also corresponds to “Total net cash flow from investing activities” (€6,076Mn, see the relevant section in the accompanying Consolidated Statement of Cash Flows for the period ended on 30 June 2021), + Cash advances to landlords (€39Mn, see Note 14 of the accompanying Consolidated Financial Statements) + (€90Mn, including the Substitutive tax paid (see footnote 6), financial investments and timing effects related to assets purchases).

(11) Consists of "non-recurring expenses and advances to customers" that have involved cash movements, mainly corresponding to "COVID donations" and "Costs and taxes related to acquisitions".

(12) Corresponds to “Total net cash flow from financing activities” (€10,037Mn, see the relevant section in the accompanying Consolidated Statement of Cash Flows for the period ended on 30 June 2021), excluding payments of lease installments (€191Mn) in the ordinary course of business (see footnote 2) and Cash advances to landlords (€39Mn) (see footnote 10), and including non-recurring financing costs related to M&A projects (€18Mn, see caption "Net Payment of Interest").

(13) Mainly corresponds to some timing effects, factoring and “Foreign exchange differences” (see the relevant section in the accompanying Consolidated Statement of Cash Flows for the period ended on 30 June 2021).

(14) “Net (decrease)/increase in cash and cash equivalents from continuing operations” (see the relevant section in the accompanying Consolidated Statement of Cash Flow for the period ended on 30 June 2021).

Revenues and results

Operating income for the period ended on 30 June 2021 reached EUR 1,059 million, which represents a 47% increase over the same period in 2020. This increase was mainly due to the consolidation of the business combinations carried out i) in the second half of 2020 in the UK (the Arqiva Acquisition), Portugal (the NOS Towering Acquisition), Austria, Ireland and Denmark (the CK Hutchison Holdings Transactions completed in 2020), as well as the acquisitions completed ii) during the first half of 2021 in Sweden (the CK Hutchison Holdings Transactions), Poland (the Iliad Poland Acquisition) and the Netherlands (the T-Mobile Infra Acquisition). See Note 4 of the accompanying condensed consolidated interim financial statements).

Operating income from the Telecom Infrastructure Services segment increased by 63% to EUR 898 million due to both the organic growth achieved (collocations, BTS deployments, price escalators, among others) and the acquisitions performed during the second half of 2020 and the first half of 2021, as detailed above. The Group provides to its customers in Telecom Infrastructure Services coverage related services and access to the Group’s telecom or broadcasting infrastructures for MNOs to co-locate their equipment on the Group’s infrastructures, offering additional services that allow MNOs to rationalize their networks and optimize costs, through the dismantling of duplicate infrastructures (decommissioning) and building up new infrastructures (Build-to-suit) in strategic sites that can offer service to one or more MNOs. These services have the aim to complete the deployment of 4G and 5G in the future, reduce areas with no signal coverage and extend network densification. The Group acts as a neutral operator for MNOs (for example, by not having one or more MNOs as a significant shareholder represented in the Board of Directors and other governance bodies) and other telecom operators who generally require complete access to network infrastructure in order to provide services to end users. The Group acts as a multi-infrastructure operator. Its customers are responsible for the individual communication equipment hosted in the Group’s telecom and broadcasting infrastructures. Revenue is primarily generated from customer services agreements. At any point during the term of the MSA, MNO may request that Cellnex updates, improves or enhances any sites, including by carrying out engineering services and reinforcement of the site (usually a separate works and studies agreement (WSA) is signed, where it is specified that title to the works and studies shall be retained at all times by Cellnex, being the most common works and studies performed on sites is the reinforcement of the towers in order to host MNO’s 5G equipment. The Group generally receives monthly payments from customers, payable under long-term contracts (which in the case of anchor customers have long or undefined maturities with automatic extensions, unless cancelled). The annual payments vary considerably depending upon numerous factors, including, but not limited to, the infrastructure location, the number and type of customer’s equipment on the infrastructure, ground space required by the customer, customer ratio, equipment at the infrastructure and remaining infrastructure capacity. The main costs typically include related services (which are primarily fixed, with annual cost escalations) such as energy and ground costs, property taxes and repairs and maintenance. The majority of the land and rooftops where the Group's infrastructures are located are operated and managed via lease contracts, sub-lease contracts or other types of contracts with third parties. In general, MNOs engage in the maintenance of their own equipment under their responsibility, although in some cases they may subcontract to the Group the maintenance of their equipment as a separate and additional service.

The Group has an extensive experience in DAS network solutions. The Group has deployed approximately 4,000 DAS nodes, with a customer ratio of three MNOs per infrastructure, in venues such as stadiums, skyscrapers, shopping malls, dense outdoor areas, airports, underground lines and railway stations. DAS is a network of spatially distributed antennas connected to a common source, thus providing wireless service within a specific geographic area. The system can support a wide variety of technologies and frequencies, obviously including 2G, 3G, 4G and 5G in the future. The Group works as a real neutral host, together with the MNOs, in order to provide the optimal solution for the increasing need for coverage and densification in complex scenarios. The Group manages the complete life cycle of the solution: infrastructure acquisition, design, installation, commissioning, O&M, supervision and service quality assurance. The Group also operates active equipment of the network in relation to the DAS nodes that the Company manages.

The Group is also developing capabilities in fiber to the tower and edge computing centers infrastructure, in order to offer its clients the data processing capacity distributed in the network, without which the potential of 5G could not be realized. As such, in 2017 the Group acquired Alticom, a Dutch company that owns a portfolio of sites which has data centers, in 2018 and 2019 Cellnex signed an agreement to build 88 and acquire 62 edge computing centers for Bouygues Telecom and in 2020 it extended the scope to build another 90 sites of such characteristics with Bouygues Telecom in the context of the fiber co-investment deal to roll-out a transport network (backhaul and backbone) connecting all key elements of the telecom network of Bouygues Telecom through optic fiber.

In general, the Group's services contracts for co-location services with anchor customers have an initial non-cancellable term of 10 to 20 years, with multiple renewal terms (which in the case of anchor customers have long or undefined maturities with automatic extensions, unless cancelled), and payments that are typically revised based on an inflationary index like the consumer price index ("CPI") or on fixed escalators. The Group's customer contracts have historically had a high renewal rate. In this regard, the Group has experienced a high renewal rate of its MSAs / MLAs with MNO customers over the last 10 years although no agreement with anchor customers has reached its initial term. Contracts in place with Telefónica and Wind Tre may be subject to change in terms of the fees being applied at the time of a renewal, within a predefined range of the last annual fee (that reflects the cumulative inflation over the full initial term).

Operating income from the Broadcasting Infrastructure segment amounted to EUR 109 million which represents a 7% decrease compared with the same period in 2020. This business segment consists of the distribution and transmission of TV and radio signals as well as the O&M of broadcasting networks, the provision of connectivity for media contents, OTT broadcasting services and other services. As of the date of this Consolidated Interim Directors' Report, the Group provides Broadcasting Infrastructure services in Spain only. The provision of these services requires unique high mast infrastructures that, in most cases, only the Group owns, substantial spectrum management know-how, and the ability to comply with very stringent service levels. In Spain, the broadcast infrastructures the Group manages provide more than 99% of population coverage with DTT and radio, which is a combined portfolio larger than all of its competitors combined. The Group's Broadcasting Infrastructure segment is characterized by predictable, recurrent and stable cash flows as well as by the high technical know-how that allows the Group to provide consulting services. The Group classifies the services that it provides to its customers as a broadcast network operator in three groups: (i) Digital TV, (ii) Radio and (iii) Other broadcasting services. The Group's customers within the Broadcasting Infrastructure segment include all national and most regional and local TV broadcasters as well as leading radio station operators in Spain. Some of the key customers for DTT services include Atresmedia, CTTI, Mediaset España, Net Televisión, Veo Televisión and RTVE. The DTT broadcasting contracts do not have any volume risk, they have instead stable and visible pricing of MUXs, are compliant with applicable regulations and contain attractive indexation terms. The main features of the Group's DTT broadcasting contracts are: medium-term contracts with high renewal rates, no volume risk, stable and visible pricing, and indexation to CPI that allows the Group to cover increases in operational costs where CPI is positive. The Group recently completed a general cycle of renewal of contracts in the Broadcasting Infrastructures segment that has led to a downward revision of prices paid by the Group's customers. Contracts with most of the Group's customers in this business segment will face a new cycle of renewals in 2025 (although one of the main contracts will be up for renewal in 2021).

Operating income from the Other Network Services segment decreased its income by 1%, to EUR 52 million. The Group classifies the type of services that it provides in this segment in five groups: connectivity services, MC&PN services, O&M,

urban telecom infrastructure and optic fiber. "Connectivity services" include connectivity between different nodes of the telecommunication networks (backhaul) of the Group's clients and/or connectivity with its customers' premises (enterprise leased lines), using radio-links, fiber or satellite. The Group also provides specialized leased lines to telecom operators such as MNOs or FNOs, public administrations, and small and medium enterprises as well as companies in rural areas of Spain enabling high speed connectivity. Under "MC&PN services", the Group operates seven regional and two municipal TETRA networks in Spain which are critical for the communication needs of regional governments and municipalities where the networks are located and a highly reliable Global Maritime Distress and Safety System (GMDSS) for the Maritime Rescue Service for the Safety of Life at Sea, which provides communication services to ships in distress and risk situations in the coastal areas around Spain. Under "O&M" the Group manages and operates infrastructure (as opposed to outsourcing it to third parties) and provides maintenance services of customer equipment and infrastructure to the Group's customers (other than its broadcasting customers that are serviced by the Broadcasting Infrastructure segment). Through urban telecom infrastructure, the Group provides communications networks for smart cities and specific solutions for efficient resource and service management in the cities. Under "optic fiber" the Group uses optic fiber to connect its, or its clients', infrastructures (macro cells, DAS and Small Cells) and edge computing facilities. Please note that when the main customer is the public administration, and not a MNO, this business is reported under the Other Network Services business segment. The Group's main customers for its connectivity services are BT, Orange Spain, COLT, and Vodafone. Connectivity contracts usually have an initial term of three years and the fees charged are linked to the number of circuits deployed and the capacity used.

The transactions performed during 2020 and 2021, especially in Telecom Infrastructure Services' business segment has helped boost operating income and operating profit, with the latter also being impacted by the measures to improve efficiency and optimise operating costs.

In line with the increase in revenue, Adjusted EBITDA was 53% higher than in the same period of 2020 which reflects the Group's capacity to generate cash flows on a continuous basis.

In this context of intense growth, "Depreciation and amortisation" expense has increased substantially, by 60% compared to the previous period, as a result of the higher fixed assets (property, plant and equipment, and intangible assets) in the accompanying consolidated balance sheet, derived from the business combinations carried out during the second half of 2020 and the first half of 2021.

Moreover, the net financial loss increased by 88%, derived largely from the new bond issuances carried out during the first half of 2021 and the second half of 2020. On the other hand, the income tax for the first half of 2021 included the effect of the Reverse Big Merger (see Note 16 of the accompanying condensed consolidated interim financial statements), which resulted in a positive impact of EUR 60 million in the consolidated income statement for the period.

Therefore, the net loss attributable to the Parent Company on 30 June 2021 amounted to EUR 67 million due to the substantial effect of higher amortisations and financial costs, associated with the intense acquisition process and the consequent geographic footprint expansion, as mentioned above. This scenario remains consistent with the current strong growth that the Group continues to experience and, as mentioned in the 2020 Annual Results Presentation, is expected the group to continue having a net loss attributable to the parent company in the coming quarters.

Consolidated Balance Sheet

Total assets at 30 June 2021 stood at EUR 37,300 million, a 55% increase compared with the 2020 year-end, mainly as a result of the several business combinations completed during the first half of 2021. Around 64% of total assets relates to property, plant and equipment and other intangible assets, in line with the nature of the Group's business related to the management of terrestrial telecommunications infrastructure.

Thus, total investments executed in the first half of 2021 amounted to EUR 6,295 million, mostly for investments in shareholdings of companies due to the acquisitions in Sweden, Poland, the Netherlands and Italy (see Note 4 of the accompanying condensed consolidated interim financial statements). Also have been carried out investments related to business expansion that generates additional Recurring Leveraged Free Cash Flow (including decommissioning, telecom site adaptation for new tenants and prepayments of land leases), as well as expansion capital expenditures related to committed Build-to-suit programs and Engineering Services with different clients (see Note 5 of the accompanying condensed consolidated interim financial statements). In addition, during this period the Group has also invested in maintaining its infrastructure and equipment keeping sites in good working order, which is key to maintain a high level of service.

Consolidated net equity at 30 June 2021 stood at EUR 16,197 million, a 81% increase compared with the 2020 year-end, largely due to the capital increase amounting to EUR 7 billion carried out during the first half of 2021 (see Note 12 of the accompanying condensed consolidated interim financial statements).

In relation to bank borrowings and bond issues, at 30 June 2021, the Cellnex debt structure is marked by flexibility, low cost and high average life. The average life of debt is 6 years, the approximate average cost is 1,6% (debt drawn), and 85% at a fixed interest rate.

The Group's net financial debt as of 30 June 2021 stood at EUR 6,566 million compared to EUR 6,500 million at the end of 2020, as a result of several bond issuances carried out during 2021 for a total amount of EUR 3,637 million. Likewise, at 30 June 2021, Cellnex had access to immediate liquidity (cash and undrawn debt) for an amount of approximately EUR 19.8 billion (EUR 7.7 billion at the end of 2020).

At 30 June 2021, Cellnex holds a long-term "BBB-" (Investment Grade) with stable outlook according to the international credit rating agency Fitch Ratings Ltd as confirmed by a report issued on 4 March 2021 and a long-term "BB+" with stable outlook according to the international credit rating agency Standard & Poor's Financial Services LLC as confirmed by a report issued on 28 June 2021.

Consolidated cash flow generation

Net Payment of Interest

The reconciliation of the caption "Net payment of interest" from the consolidated cash flow statement corresponding to the period on 30 June 2021 and 2020, with the "net interest expense" in the consolidated financial statements is as follows:

	Thousands of Euros	
	30 June 2021	30 June 2020
Interest Income	6,959	7,574
Interest Expense	(261,245)	(142,663)
Bond & loan interest accrued not paid	85,123	39,146
Amortised costs – non-cash	40,280	21,547
Interest accrued in prior year paid in current year	(72,529)	(43,641)
Net payment of interest as per the Consolidated Statement of Cashflows [1]	**(201,412)**	**(118,037)**

[1] Net payment of interest as per the Consolidated Statement of Cash Flows, which corresponds to i) "interest payments on lease liabilities" for an amount of EUR 85,076 thousand (see Note 14 of the accompanying condensed consolidated interim financial statements) plus ii) "Net payment of interest (without including interest payments on lease liabilities)" for an amount of EUR 98,193 thousand (see section "Recurring leveraged free cash flow" of the accompanying Consolidated Interim Directors' Report), and plus iii) non-recurring financing costs related to M&A projects for an amount of €18,143 thousand (see section "Recurring leveraged free cash flow" of the accompanying Consolidated Interim Directors' Report).

Income Tax Payment

The reconciliation between the payment of income tax according to the consolidated statement of cashflows and the current income tax expense, corresponding to the period on 30 June 2021 and 2020, is as follows:

	Thousands of Euros	
	30 June 2021	30 June 2020
Current tax expense	**(44,101)**	**(29,932)**
Payment of income tax prior year	(1,903)	(3,760)
Receivable of income tax prior year	849	—
Income tax (receivable)/payable	37,666	21,736
Non-recurring Income tax paid	(78,400)	—
Others	(2,149)	(953)
Payment of income tax as per the Consolidated Statement of Cashflows	**(88,038)**	**(12,909)**

1.4. Liquidity and Capital Resources

Net financial debt

The “Net financial debt” at 30 June 2021 and 31 December 2020 is as follows:

	Thousands of Euros	
	30 June 2021	31 December 2020
Gross financial debt (1)	15,628,657	11,152,264
Cash and short term deposits (Note 11)	(9,063,043)	(4,652,027)
Net financial debt	**6,565,614**	**6,500,237**

(1) As defined in Section “Business performance and results” of the accompanying Consolidated Interim Directors’ Report corresponding to the period ended on 30 June 2021.

At 30 June 2021, the net financial debt amounted to EUR 6,566 million (EUR 6,500 million at the end of 2020), including a consolidated cash and cash equivalents position of EUR 9,063 million (EUR 4,652 million at the end of 2020).

Net financial debt evolution

	Thousands of Euros	
	30 June 2021	31 December 2020
Beginning of Period	**6,500,237**	**3,926,207**
Recurring leveraged free cash flow	(393,962)	(610,265)
Expansion (or organic growth) capital expenditures	90,983	145,618
Expansion Capex (Build to Suit programs)	622,993	559,417
M&A Capex (cash only)	5,475,018	5,509,513
Non-Recurrent Items (cash only)	39,349	36,941
Other Net Cash Out Flows	3,525	(32,250)
Issue of equity instruments, Treasury Shares and Payment of Dividends (1)	(6,836,460)	(3,982,646)
Net repayment of other borrowings (2)	(46)	1,014
Change in Lease Liabilities (3)	726,450	622,631
Accrued Interest Not Paid and Others (4)	337,527	324,057
End of Period	**6,565,614**	**6,500,237**

(1) Corresponds to "Issue of equity instruments, Acquisition of Treasury Shares and Dividends paid" in the accompanying Consolidated Statement of Cash Flows for the period ended 30 June 2021.

(2) Corresponds to "Net repayment of other borrowings" (see the relevant section in the accompanying Consolidated Statement of Cash Flows for the period ended 30 June 2021).

(3) Changes in "Lease liabilities" long and short term of the accompanying Consolidated Balance Sheet as of 30 June 2021. See Note 14 of the accompanying condensed consolidated interim financial statements.

(4) "Accrued interest not paid and others" include the debt assumed on the T-Mobile Infra Acquisition (See Note 4 of the accompanying Consolidated Financial Statements).

Liquidity availability

The breakdown of the available liquidity at 30 June 2021 and 31 December 2020 is as follows:

	Thousands of Euros	
	30 June 2021	**31 December 2020**
Available in credit facilities (Note 13)	10,782,504	12,919,216
Cash and cash equivalents (Note 11)	9,063,043	4,652,027
Available liquidity	**19,845,547**	**17,571,243**

As at 30 June 2021, Cellnex weighted average cost of debt (considering both the drawn and undrawn borrowings) was 1.4% (1.1% as at 31 December 2020).

Regarding the Corporate Rating, at 30 June 2021, Cellnex holds a long-term "BBB-" (Investment Grade) with stable outlook according to the international credit rating agency Fitch Ratings Ltd as confirmed by a report issued on 4 March 2021 and a long-term "BB+" with stable outlook according to the international credit rating agency Standard & Poor's Financial Services LLC as confirmed by a report issued on 28 June 2021.

1.5. Main risks and uncertainties

The Cellnex Telecom Group has implemented a risk management model that has been approved and is monitored by the Audit and Control Committee, and is applicable to all business and corporate units in countries where the Group operates. The risk management model is aimed at effectively ensuring that the Group's objectives are achieved.

The main risks to the fulfillment of the Group's objectives are as follows:

Strategic risks	I)	Risks related to the environment in which the Group operates and risks stemming from the specific nature of its businesses.
	II)	Risks of increasing competition.
	III)	The Group's status as a "significant market power" ("SMP") operator in the digital terrestrial television ("DTT") market in Spain imposes certain detrimental obligations on it compared to its competitors.
	IV)	Industry trends and technological developments may require the Group to continue investing in asset class-businesses adjacent to telecommunication towers, such as fibre, edge computing and small cells.
	V)	Spectrum may not be secured in the future, which would prevent or impair the plans of the Group or limit the need for the Group's services and products.
	VI)	Risk related to a substantial portion of the revenue of the Group is derived from a small number of customers.
	VII)	Risk of infrastructure sharing.
	VIII)	Risk of non-execution the entire committed perimeter.
	IX)	The expansion or development of the Group's businesses, including through acquisitions or other growth opportunities, involve a number of risks and uncertainties that could adversely affect operating results or disrupt operations.
	X)	Risks inherent to the businesses acquired and the Group's international expansion.
	XI)	Risk related to the non-control of certain subsidiaries.
	XII)	Risks related to execution of Cellnex's acquisition strategy.
	XIII)	Regulatory and other similar risks.
	XIV)	Litigation.
	XV)	Risk related to the Company's significant shareholder's interests may differ from those of the Company.
Operational risks	XVI)	Risks related to the industry and the business in which the Group operates.
	XVII)	Risk of not developing the strategic sustainability plan.
	XVIII)	Risks related to maintaining the rights over land where the Group's infrastructures are located.
	XIX)	Failure to attract and retain high quality personnel could negatively affect the Group's ability to operate its business.
	XX)	The Group relies on third parties for key equipment and services, and their failure to properly maintain these assets could adversely affect the quality of its services.
Financial risks	XXI)	Financial information.
	XXII)	Expected contracted revenue (backlog).
	XXIII)	Foreign currency risks.
	XXIV)	Interest rate risk.
	XXV)	Credit risk.
	XXVI)	Liquidity risks.
	XXVII)	Inflation risk.
	XXVIII)	Risk related to the Group's indebtedness.
	XXIX)	The Company cannot assure that it will be able to implement its Dividend Policy or to pay dividends (and even if able, that the Company would do so).
Compliance risks	XXX)	Fraud and compliance risks.
	XXXI)	Risk associated with significant agreements signed by the Group that could be modified due to change of control clauses.

Strategic risks

I) Risk related to the environment in which the Group operates and risks stemming from the specific nature of its businesses.

The Group's business includes the provision of services through its three different segments: (i) Telecom Infrastructure Services, (ii) Broadcasting Infrastructure and (iii) Other Network Services. Any factor adversely affecting the demand for such services could potentially have a material adverse impact on its business, prospects, results of operations, financial condition and cash flows.

Through the Telecom Infrastructure Services segment, the main business activity, the Group facilitates access to the spectrum (owned by its customers), by means of providing access to telecom through its connectivity services as well as the related passive and active infrastructure to external MNOs, typically under mid- and long-term contracts. Therefore, the Telecom Infrastructure Services segment is highly dependent on the demand for such infrastructures and a decrease in such demand may adversely affect the Group's business.

In the Broadcasting Infrastructure activity, the demand for the Group's communications depends on the coverage needs from its customers, which, in turn, depend on the demand for TV and radio broadcast by their customers.

Likewise, for the Other Network Services segment, the demand for connectivity, public protection and disaster relief ("PPDR") networks, operation and maintenance ("O&M"), Smart City and Internet of Things ("IoT") services depends on the demand from public administrations as well as entities operating in the private and public sectors.

The willingness of the Group's customers to use the Group's communications infrastructures, contract its services, or renew or extend existing contracts on its communications infrastructures on the same terms, can be affected by numerous factors, including, among others:

- increased use of network sharing, roaming or resale arrangements by MNOs;
- increased sharing initiatives among MNOs (both related to passive and active network sharing), roaming or resale arrangements by MNOs;
- mergers or consolidations among the Group's customers such as MNOs;
- the ability and willingness of MNOs to maintain or increase capital expenditures on network infrastructure;
- the financial condition of the Group's customers, including the availability or cost of capital;
- governmental licensing of spectrum or restrictions on or revocations of spectrum licenses;
- changes in electromagnetic emissions' regulations;
- changes in demand for TV and radio services and consumption habits (channels, etc.) by end consumers, including the level of multimedia content consumption;
- significant increases in the attrition rate of customers or decreases in overall demand for broadcast space and services, caused by, among others, the adoption of new digital patterns by customers and the obsolescence of the products and services rendered by the Group's companies;
- a decrease in consumer demand for wireless telecom and broadcasting services due to economic, political and market/regulatory conditions, disruptions of financial and credit markets or other factors, including inflation, zoning, environmental, health or other existing government regulations or changes in the application and enforcement thereof, as well as taxes/customs duties levied on the Group's services;
- the evolution of the advertising business' revenue in the media sector, and especially, TV, internet and radio;

- changes in connectivity to the internet;
- an increase in demand for private networks;
- the evolution of public internet;
- changes in the data traffic demand worldwide as well as changes in data transmission prices and speed;
- the availability or capacity of the Group's infrastructure or associated land interests where the infrastructure is located;
- the location of the Group's wireless infrastructure;
- changes in, or the success or failure of, the Group's customers' business models;
- delays or changes in the deployment of next generation wireless technologies or the failure by the Group to anticipate the development of new wireless technologies;
- technological advances and development of alternative technologies that the Groups does not currently use, such as the development of satellite-delivered and optical fibre-delivered radio and video services and internet TV;
- the existence of alternative providers of the Group's services or, alternatively, the self-provision of services by the Group's customers;
- the willingness of the Group's current or future customers to make contractual arrangements with the Group under the current terms and conditions; and
- the Group's customers' desire to renegotiate its agreements with them or to adversely amend current contractual arrangements (especially those relating to broadcasting services and other network services, where Cellnex faced last year a general cycle of renewal of contracts with customers).

As a result of these factors the Group's customers may scale back their need or demand for its services which could materially and adversely affect the degree of utilisation of the capacity of the Group's communications infrastructures and its network and connectivity development services, which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

To reduce its exposure to risks as a result of the environment in which it operates, the Group pursues a selective international expansion plan, diversification and growth policy, fostering understanding with Government Agencies to develop infrastructures. In addition, it has continued to implement an efficiency plan in order to streamline operating investments and expenditures.

II) Risk of increasing competition

The Group may experience at any time increased competition in certain areas of activity from established and new competitors, for example as a result of other infrastructure providers entering the European market. Telxius has recently completed an agreement with American Tower for the sale of its telecommunication towers division in Europe. Therefore, American Tower is significantly increasing its presence in the European market and becoming a key player and strong competitor of the Group. The industry is competitive and customers have access to alternatives in telecom infrastructure services and other network services, whereas for broadcasting TV the alternatives are more limited. Where the Group acts as a provider of services, competitive pricing from competitors could affect the rates and services income. In addition, competition in infrastructure services could also increase the cost of acquisition of assets and limit the Group's ability to grow its business. Moreover, the Group may not be able to renew existing services agreements or enter into new services agreements. The higher prices for assets, combined with the competitive pricing pressure on services agreements, could make more difficult for the Group to achieve targeted returns on investments.

Increasing competition for the acquisition of infrastructure assets or companies in the context of the Group’s business expansion, which could make the acquisition of high quality assets significantly more costly, in the current environment of low rates and taking into consideration the Group's business nature, with long term contracts, fixed fees normally inflation-linked, more and more infrastructure funds and private equity firms are showing appetite towards this kind of assets. Some competitors are larger than the Group and may have greater financial resources (such as KKR), while other competitors may apply investment criteria with lower return on investment requirements. Likewise, Cellnex also faces competition or may face future competition from its US peers. Additionally, some of the Group´s customers have set up their own infrastructure companies, while more European MNOs are increasingly showing their willingness to set their own infrastructure vehicles, which could drive to scarcity in terms of assets for sale (thus generating inflation on prices for assets), combined with more competitiveness on the normal course of the Company’s business limiting the organic growth potential.

Besides, if the Group is unable to compete effectively with its competitors or anticipate or respond to customer needs, the Group could lose existing and potential customers, which could reduce its operating margins and have a material adverse effect on the Group´s business, prospects, results of operations, financial conditions and cash flows.

III) The Group’s status as a “significant market power” (“SMP”) operator in the digital terrestrial television (“DTT”) market in Spain imposes certain detrimental obligations on it compared to its competitors

In 2006, when the Spanish terrestrial TV broadcast market was articulated, the Group was classified as a SMP operator by the competition authorities. Given its dominant market position, the National Commission of Markets and Competition (Comisión Nacional de los Mercados y de la Competencia, or “CNMC”, the former Comisión del Mercado de las Telecomunicaciones, or “CMT”) imposed certain conditions (regulatory remedies) on it to allow it to operate in the broadcasting market which, amongst others, set out that if the Group is not able to reach a voluntary commercial agreement with an operator, the CNMC will dictate the commercial conditions of the agreements. The CNMC has introduced certain flexibility to those conditions as per the latest regulation of the market, carried out in 2019 which has concluded on July 17, 2019 with the publication of Resolution approving the definition and analysis of the wholesale market for the television broadcasting transmission service (Market 18/2003) and notified to the European Commission and the European Electronic Communications Regulators Entity.

The competitors of the Group in the market who are not considered to be a SMP operator because of their low market share and limited coverage capacity are not subject to these obligations. These obligations and potential additional obligations imposed on the Group by the competition authorities vis-à-vis its competitors could materially and adversely affect the Group’s business, prospects, results of operations, financial condition and cash flows.

IV) Industry trends and technological developments may require the Group to continue investing in asset class-businesses adjacent to telecommunication towers, such as fibre, edge computing and small cells

European MNOs are apparently moving towards a less infrastructural business model, thus the share trends in the telecommunications sector are increasing, especially given the upcoming 5G technological cycle. In this context, Cellnex may need to reinforce its offer in order to meet the needs of its customers, increasingly investing in asset-class businesses adjacent to telecommunication towers, such as fibre, edge computing, small cells.

While the above adjacent businesses can be managed through co-location services offered by a neutral provider (in a similar way to the Group’s current Telecom Infrastructure Services business segment and potentially with comparable economic principles), the Group may face certain additional risks, such as (i) execution risk of entering into new businesses; (ii) weak local know-how about the commercial potential of new business deployments; (iii) higher financing requirements, requiring in turn increased financing capabilities; (iv) the need to be large-scale to become a relevant player in these businesses given global and local competence; (v) increased risk of overbuilding capacity affecting the price equilibrium in the market; (vi) compliance with new regulations; (vii) risk of over-paying, giving increasing valuations due to investment demand; and (viii) increased competition against players holding better operational capabilities, among others.

The Company believes it holds the technical know-how to support the long term needs of its customers and has been gradually investing in adjacent asset-class businesses in order to gain experience and mitigate potential future risks, but the investment in asset-class businesses adjacent to telecommunication towers could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

V) Spectrum may not be secured in the future, which would prevent or impair the plans of the Group or limit the need for the Group's services and products

The Group and its customers are highly dependent on the availability of sufficient spectrum for the provision of certain services. The amount of spectrum available is limited and the process for obtaining it is highly complex and costly.

In the Broadcasting Infrastructure segment, the Group owns the infrastructures and equipment that TV and radio broadcasters use to compress and distribute their signals in Spain. In particular, the Group distributes and transmits signals for DTT, the leading TV platform in Spain. The evolution of technology standards, formats and coding technologies is likely to influence the future spectrum demand for broadcasting services. Even if the Group currently uses "multiplexing", a method by which multiple analogue signals or digital data streams are combined into one signal over a shared medium, with the aim of maximizing the limited capacity of the spectrum, the Group cannot guarantee that its customers or DTT broadcasters will have sufficient access to spectrum in the long-term to maintain and develop its services.

The Spanish government is responsible for the allocation of spectrum in Spain. On 24 September 2014, Royal Decree 805/2014, of September 19, was published in the Official Gazette approving the National Technical Plan for DTT (the "National Technical Plan for DTT"). Under the so-called "Digital Dividend", in line with all EU countries, the Spanish government released the 800 megahertz ("MHz") band of frequencies previously used by DTT, to the benefit of the deployment of fourth generation mobile telecommunications technology ("LTE" or long-term evolution), a communication standard for high-speed data mobile devices used by MNOs. The release of the 800 MHz band as a result of the reallocation of spectrum to MNOs represented a loss of 72 MHz of spectrum originally allocated to broadcasting. The digital migration was completed on 31 March 2015. The National Technical Plan for DTT reduced the number of private multiplex ("MUX") from eight to seven at a national level, and on a general basis, from two to one at the regional level.

The Decision (EU) 2017/899 of the European Parliament and of the Council, of May 17, 2017, on the use of the 470-790 MHz frequency band in the Union sets up the spectrum usage until 2030 (the so-called "second Digital Dividend"). As a consequence, the Spanish government published on June 21, 2019 the Royal Decree 391/2019 approving the new National Technical Plan for DTT and the regulation of certain aspects of the liberalization of the "second Digital Dividend" was passed. This Royal Decree regulates how the 700 MHz band will be liberalized and how the radio-electric channels and the new digital MUXs will be distributed among the Spanish Public Radio and Television Corporation and other license holders, obligations of minimum range of reception and the technical specifications that the television services have to meet. The current number of MUXs (and their coverages) on the sub 700MHz band will be maintained, as well as the offer of DTT channels. This Royal Decree also states that the DTT service will be offered in the sub-700 MHz band and that the 700 MHz band shall not be used by audiovisual communication service providers by June 30, 2020, in order to make it available for the 5G mobile services from that date onwards. The Royal Decree further establishes that the sub-700 MHz will continue to be used for television broadcasting until, at least, 2030. On the same date and on October 11, 2019, respectively, the Spanish government approved the Royal Decree 392/2019 and the Royal Decree 579/2019, which regulate the granting of subsidies to compensate certain costs related to television audiovisual communication services, as a consequence of the implementation of the liberalization of the "second Digital Dividend". Also, on 28 July 2020, the Spanish government approved the Royal Decree 706/2020 and the Royal Decree 707/2020, which regulate the granting of additional direct subsidies for that same purpose of compensating the costs related to the liberalization of the "second Digital Dividend.

Due to the sanitary crisis caused by the Coronavirus Pandemic, the Spanish government declared the state of emergency by means of Royal Decree 463/2020, of 14 March. In this context, the government decided to postpone (not suspend) the execution of the pending phases for the implementation of the liberalization of the "second Digital Dividend". The Ministry of Economic Affairs and Digital Transformation, in a press note released on March 30, 2020, has explained that the above measure has been communicated to the European Commission. Notwithstanding the above, due to the ending of the state of emergency on 21 June 2020, the Spanish Council of Ministers of 23 June 2020 agreed on 31 October 2020 as the new deadline for the implementation of the liberalization of the "second Digital Dividend", which was duly complied and the liberalization has been completed. On 15 December 2020, the Spanish government launched a public consultation, which ended on 17 January 2021, on the conditions to apply to the 5G frequency auction process.

The Group believes that any delays in 5G rollouts in member states of the European Union ("Member States" and the "EU", respectively) due to the Coronavirus Pandemic are likely to be temporary rather than long lasting, considering the systemic importance of universal broadband access. However, 5G rollouts could also be adversely affected by growing concerns, fueled in part by unreliable sources propagated through social and other media, that 5G's radio waves could pose health risks, which could materially affect the Group's business, prospects, results of operations, financial condition and cash flows.

Since the allocation of spectrum is decided by the Spanish government, the Group is highly dependent on political decisions for the future of its DTT broadcasting business, which decisions are outside of its control. In the event that the number of MUXs available for DTT is further reduced, the Group's customers could lose some of its current DTT multiplex spectrum currently licensed.

VI) Risk related to a substantial portion of the revenue of the Group is derived from a small number of customers

In the Telecom Infrastructure Services segment its main clients are telecom operators (mostly MNOs); in the Broadcasting Infrastructure segment its main clients are media broadcasters (TV channels and radio stations); and in the Other Network Services segment its main clients are (i) a small number of public administrations, at national, regional and/or local levels, (ii) safety and emergency response organizations, (iii) companies operating in the utility sector, and (iv) certain telecom operators. The ongoing consolidation process in the telecom and broadcasting sectors may result in a decrease in the number of MNOs or media broadcasting operators in the future, which could potentially have a negative impact on the main segments of the Group.

The Group's reliance on a small group of customers may adversely affect the development of the its business. As such, the loss of one or more of any of the Group's main customers, resulting from, amongst others, a merger, bankruptcy, insolvency, network sharing, loss of licenses, roaming, joint development, resale agreements or contract early termination may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

The Group cannot guarantee that contracts with its major customers will not be terminated (including contractual agreements to transfer or build sites under the Group's acquisition agreements, purchase commitments and build-to-suit programs), or that these customers will renew their contracts with the Group on the same terms or at all. Further, the Group is exposed to constant renegotiation and renewal processes of its contracts with its customers (especially those related to the Other Network Services segment, where the Group faced last year a general cycle of renewal of contracts with customers), which may result in the current contractual arrangements being adversely amended, which could in turn affect the total value of its contracts. The Group completed last year a general cycle of renewal of contracts in the Broadcasting Infrastructures segment that has led to a downward revision of prices paid by the Group's customers. Contracts in the Other Network Services and the Broadcasting Infrastructure segments have generally shorter terms than contracts in the Telecom Infrastructures Services segment, and accordingly they need to be renewed more frequently.

In addition, the maturities of the lease contracts, sub-lease contracts and other types of contracts with third parties to operate and manage land and rooftops where the Group's telecommunications infrastructures are located, are generally shorter than the contracts that the Group has entered into with its customers for the provision of services in such infrastructures. As a result, there is a mis-match in the maturities of both contractual relationships which could prevent the Group from successfully providing agreed upon services to its customers, as the Group may not have access to primary resources essential to execute such contractual obligations. The real property interests of the Group relating to its infrastructures consist primarily of ownership interests, fee interests, easements, licenses and rights-of-way. A loss of these interests at a particular infrastructure may interfere with the Group's ability to operate infrastructures and generate revenues. Any damage or destruction to the Group's infrastructure due to unforeseen events, including natural disasters, may impact the Group's ability to conduct its business. Additionally, if the loss of service is not deemed to be due to an unforeseeable force majeure event, the Group could be held responsible for failing to satisfy its obligations under its transmission contracts, which could result in service credit penalties or suspension of normal fees and annual charges. If the Group is unable to provide services to its customers, it could lead to a loss of customers, resulting in a corresponding material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

In addition, some contracts entered into by the Group provide that certain expenses are passed through to the Group's customers, such as energy costs, and the Group cannot guarantee that the pass through mechanism will protect 100% of the energy cost borne by the Group during the full term of the contract, which may have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. In addition, Cellnex could potentially be exposed to fines if Cellnex were found to be engaged in the electricity resale business simply because energy costs are included in the charges for which it bills its customers. Electricity supply is a regulated activity in countries where Cellnex operates.

In the ordinary course of its business, the Group experiences disputes with its customers, generally regarding the interpretation of terms in the Group's commercial agreements. It is possible that such disputes could lead to a termination of the Group's contracts with customers or a material modification of the terms of those agreements, either of which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. If the Group is forced to resolve any of these disputes through litigation, its relationship with the relevant customer could be terminated or damaged, which could lead to decreased revenue or increased costs, resulting in a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Additionally, in relation to Telecom Infrastructure Services, the Group currently differentiates from its competitors through the neutrality of its position in the market. The loss or weakening of such neutral position as a result of one customer becoming a reference or controlling shareholder of the Company could lead to the termination of contracts or to a loss of customers; and hence, to a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

VII) Risk of infrastructure sharing

While the Group believes the neutral operator model presents certain advantages and there is a growing trend of externalization of the provision of wireless communications infrastructure, extensive sharing of site infrastructure, roaming or resale arrangements among wireless service providers as an alternative to using the Group's services may slow down entering into new service agreements. Moreover, if MNOs utilize shared equipment (either active or passive) rather than deploy new equipment, it may result in the decommissioning of equipment on certain existing infrastructure because parts of the customers' networks may become redundant.

Any potential merger, integration or consolidation of the Group's customers would likely result in duplicate or overlapping networks, which may result in the termination or non-renewal of customer contracts (for example where they are co-customers on an infrastructure) and in the loss of commercial opportunities resulting in a lower number of potential customers for the Group. Likewise, the Judgment of the General Court (First Chamber, Extended Composition) issued on May 28, 2020 which annulled the Commission Decision C(2016) 2796 of May 11, 2016, declaring incompatible with the internal market the concentration resulting from the acquisition of Telefónica Europe Plc by Hutchison 3G UK Investments Ltd. may increase the interest of the Group's customers to merge, which could result also in the loss of commercial opportunities for the Group. These two scenarios could materially and adversely affect revenues from the Group's wireless infrastructure and its commercial prospects.

In addition, customer -consolidation may result in a reduction in their total future capital expenditures because their expansion plans may be similar. Both MNOs' and broadcasters' consolidation could decrease the demand for the Group wireless infrastructure, which in turn could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

VIII) Risk of non-execution the entire committed perimeter

The framework agreements with anchor customers may include agreements by which the parties agree further acquisitions or construction of infrastructures over a defined period or acquisition or construction of a maximum number of infrastructures. Such framework agreements may or may not be implemented, either in whole or in part, due to a potential integration or consolidation of the Group's customers. Moreover, customers could decide not to pursue such agreements due to a change in their business strategy.

In addition, framework agreements with anchor customers may include the unilateral right to dismiss a low-digit percentage of the total sites (respiration rate clause) per year.

If these circumstances occurred, there is no guarantee that the Group may have enough contractual protection in order to be compensated for such changes, which in turn could have a material adverse effect for the Group.

IX) The expansion or development of the Group's business, including through acquisitions or other growth opportunities, involve a number of risks and uncertainties that could adversely affect operating results or disrupt operations

The Group's strategy is aimed at strengthening and expanding its operations, including through the acquisition of assets, entities or minority interests (including minority stakes in companies where the Group already holds a majority interest), joint ventures, mergers and other arrangements in the countries where the Group currently operates or elsewhere, which could require, among other matters, new debt and the issuance of shares (of Cellnex or its affiliates) to finance such growth opportunities and in the case of acquisitions of minority interests as described above, payments of prices which are inflationary, strongly revaluated, or higher than the original price paid by the Group (as it is already agreed upon in the relevant shareholders agreements). Since Cellnex's ordinary shares (the "Shares" or individually, a "Share") were admitted to listing on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges (the "Spanish Stock Exchanges") in May 2015 and until the date of this Consolidated Interim Directors' Report, the Group has entered into numerous transactions.

This growth strategy has contributed to the Group's accounting losses in recent years and exposes the Group to operational challenges and risks, such as the need to identify potential acquisition opportunities on favorable terms, the diversion of management's attention from existing business, the potential impairment of acquired intangible assets, including goodwill, or the acquisition of liabilities or other claims from acquired businesses, including liabilities under "successor liability" doctrines in connection with employment, pension, tax, regulatory, environmental, accounting and other matters, which may significantly impact the value of the acquired target and the overall viability and success of the intended business.

Prior to entering into an acquisition agreement, the Group generally performs due diligence with respect to the target or the relevant assets, but such inspection is limited by its nature. Additionally, the Group's analysis and risk evaluation prior to entering into any acquisition agreements are based on the accuracy and completeness of the information available to the Group. The Group may not independently verify the accuracy or completeness of certain of the information made available to it in the context of its due diligence procedures.

Any assets acquired by the Group may be subject to hidden material defects that were not apparent or that otherwise the Group failed to discover or consider at the time of the acquisition. To the extent the Group or other third parties underestimated or failed to identify risks and liabilities associated with an acquisition, the Group may incur, directly or indirectly, in unexpected liabilities, such as defects in title, an inability to obtain permits enabling the Group to use the underlying infrastructure as intended, or other environmental, structural or operational defects or liabilities requiring remediation. Failure to identify any such defects, liabilities or risks or to adequately address any such defects, liabilities or risks could expose the Group to unanticipated costs and liabilities or could result in the Group having acquired assets which are not consistent with its investment strategy, which are difficult to integrate within its portfolio, which fail to perform in accordance with expectations, and/or which adversely affect the Group's reputation, which, in turn, could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

In addition, achieving the benefits of new acquisitions depends in part on the timely and efficient integration of the acquired business operations, communications infrastructure portfolio and personnel. Integration may be difficult and unpredictable for many reasons, including, among other things, differing financial, accounting, reporting, information technology and other systems and processes, cultural differences, differences in customary business practices and conflicting policies, procedures and operations. In addition, integrating businesses may significantly burden management and internal resources. There could also be integration risks related to the commercialization of the spaces where newly acquired sites are located, as well as in connection with the transition of the payments, the retention of existing customers on newly acquired sites, including obtaining the necessary prior consents to assign the relevant services agreements, and the implementation of the Group's standards, controls, procedures and policies with regards to any newly acquired towers. The Group may also face the risk of failing to efficiently and effectively integrate the new assets into the Group's existing business or to use such assets to their full capacity.

The Group's growth strategy is also linked, among other factors, to the capacity to successfully decommission and build new infrastructures. The framework agreements signed with anchor customers may include agreements for the further acquisition or construction of infrastructures over a defined period of time or for the acquisition or construction of a maximum number of infrastructures. Such framework agreements may or may not be wholly implemented, due to a potential integration or consolidation of the Group's customers or due to a change in their business strategy or to the impact of the Coronavirus Pandemic, among others. In addition, framework agreements with anchor customers may include the unilateral right of the customer to dismiss a low single-digit percentage of the total sites per year. Any of the foregoing could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. In addition, the Build-to-suit programs are executed on the basis of agreements with third-party suppliers or the customers that will use the new infrastructures, and so the Group relies on third parties to effectively execute its contractual obligations. Moreover, the Group may face additional challenges in managing its expansion into new countries or into countries where the Group may have limited knowledge and understanding of the local market, business relationships and familiarity with the local governmental procedures and regulations.

In the ordinary course of its business, the Group reviews, analyzes and evaluates potential transactions, assets, interests, activities or potential arrangements that the Group believes may add value to its business or its scope of services. Failure to timely identify growth opportunities may adversely affect the expansion or development of the Group's business. In addition, the failure to correctly assess the terms and conditions of potential transactions could imply unexpected costs to the Group, or could prevent the Group from obtaining the full benefit of the related business expansion (e.g., by way of changes in the expected perimeter of the relevant transaction upon closing), or any benefit at all, any of which could in turn materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows. Moreover, the Group may fail to sufficiently assess the price adjustments that should be effected to account for potential changes in the perimeter of the target, or may fail to successfully effect them, which could imply unexpected costs to the Group and could materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

The Group may face contingencies, including delays, in the implementation of its growth through acquisitions strategy (including due to the lack of suitable acquisitions, the failure to negotiate and agree acceptable purchase agreements or the failure to satisfactorily complete due diligence). In addition, the completion of any pending or future acquisitions may be subject to the satisfaction of certain conditions precedent, some of which may not be within the Group's control, and failure to satisfy such conditions may prevent, delay or otherwise materially adversely affect the completion of the relevant acquisition. As such, there is no assurance that any such pending or future acquisitions will be completed or, if completed, that it will be completed on the same terms as are described in the transaction agreements. For example, necessary regulatory or administrative authorizations or approvals, including antitrust approvals, may be refused or may only be granted by way of the provision of certain remedies, involving divestitures or otherwise, on onerous terms, and any such refusal or imposition of remedies, involving divestitures or otherwise, on onerous terms may limit the Group's ability to grow its portfolio of assets in a particular market or jurisdiction as expected or at all, or may result in significant delays and/or significant unexpected costs in relation to a particular acquisition.

In particular, completion of the Hivory Acquisition is subject to the satisfaction of certain conditions, some of which are not within the Group's control, and failure to satisfy such conditions may prevent, delay or otherwise materially adversely affect the completion of the Hivory Acquisition. Such conditions include the obtaining of an antitrust clearance decision by the relevant antitrust authority and the issuance of an investment control clearance decision by the French Ministère de l'Economie. There is no assurance that the Hivory Acquisition will be completed or, if completed, that it will be completed on the terms described in the Hivory Transaction Agreements (as defined herein), including regarding the portfolio of wireless communications passive infrastructures owned by Hivory (as defined herein). If the Group fails to complete the Hivory Acquisition on the same terms as are described in the Hivory Transaction Agreements, it may not be able to obtain the expected synergies of the proposed business expansion represented by such transaction, and failure to complete the Hivory Acquisition could result in significant costs to the Group, all of which could materially and adversely affect the Group's expansion plans, business, prospects, results of operations, financial condition and cash flows.

Even if compliant with antitrust legislation, the Group may not be able to consummate such transactions, undertake such activities or implement new services successfully due to disruptions in its activities, increased risk of operations or other consequences which could negatively impact the Group's business and its prospects. In addition, the loss of the Group's neutral position (for example, by having one or more MNOs as a significant shareholder represented in the Board of Directors and other governance bodies of Cellnex) may cause sellers of infrastructure assets to be reluctant to enter into new joint ventures, mergers, disposals or other arrangements with the Group, and adversely impact its organic growth. As the Group increases its size, management expects that large MNOs may be open to collaborating with the Group in several ways, such as by selling their sites or other infrastructure assets to the Group, including in exchange for Shares, which could negatively impact the Group's business and its prospects as this type of transactions could affect the perception of the Group's neutrality.

Market conditions and other factors, such as the Group's competitors' willingness to also expand their businesses through the acquisition of the same assets, entities or minority interests that the Group seeks to acquire, may also adversely affect the Group's ability to identify and execute acquisitions or increase the acquisition costs.

Additionally, the Group may experience at any time increased competition in certain areas of activity from established and new competitors, for example as a result of other infrastructure providers entering the European market. Further, any such competitors could become a significant landlord of the Group's portfolio. The Group's main competitors are Vantage Towers, Telxius (which recently sold its telecommunications towers division in Europe and in Latin America to American Tower), Inwit, TDF, Hivory (prior to the completion of the Hivory Acquisition), CTIL, MBNL (prior to the completion of the CK Hutchison Holdings Pending Transactions in respect of the United Kingdom), American Tower and Phoenix Tower. The industry is competitive and customers have access to alternatives in telecom infrastructure services and other network services, whereas for broadcasting TV the alternatives are more limited. Where the Group acts as a provider of services, competitive pricing from competitors could affect the Group's rates and services income. In addition, competition in infrastructure services could also increase the cost of acquisition of assets and limit the Group's ability to grow its business. Moreover, the Group may not be able to renew existing services agreements or enter into new ones. Higher prices for assets, combined with the competitive pricing pressure on services agreements, could make it more difficult for the Group to achieve its return on investment criteria. Increasing competition for the acquisition of infrastructure assets or companies in the context of the Group's business expansion could make the acquisition of high quality assets significantly more costly (in the current low interest rate business environment and taking into consideration the nature of the Group's business, with long-term contracts and fixed fees which are normally inflation-linked, infrastructure funds and private equity firms are showing increasing appetite towards this class of assets), and could materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows. Some competitors are larger than the Group and may have greater financial resources, while other competitors may apply investment criteria with lower return on investment requirements. Likewise, the Group also faces competition or may face future competition from its peers. In addition, some of the Group's customers have set up their own infrastructure companies and more European MNOs are increasingly showing their willingness to establish their own infrastructure vehicles, which could lead to increases in the demand for assets for sale (thus leading to increases in asset prices), as well as increased competition in the ordinary course of the Group's business, limiting potential growth. If the Group is unable to compete effectively with such customers and other competitors, or to effectively anticipate or respond to customer needs or consumer sentiment, it could lose existing and potential customers, which could reduce the Group's operating margins and have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

The Group is also subject to a number of construction, service provision, financing, operating, regulatory and other risks related to the development, expansion and maintenance of its infrastructure, many of which are beyond its control. The operation, administration, maintenance and repair of some of the Group's infrastructures requires coordination and integration of highly sophisticated and specialized hardware and software technologies and equipment, which, consequently, require significant operating expenses and capital expenditures, as well as highly- qualified personnel with the relevant technical know-how. Any failure in the functioning of any of such technologies or equipment may expose the Group to reputational risks, as well as the risk of losing clients, amongst others.

There are additional risks associated with doing business internationally, including changes in a specific country's or region's political or economic conditions, inflation, deflation or currency devaluation, expropriation, unwind of state aids, subsidies and contracts or governmental regulation restricting foreign ownership or requiring reversion or divestiture, increases in the cost of labor (as a result of unionization or otherwise), power and other goods and services required for the Group's operations and changes in consumer price indexes in foreign countries which could adversely affect the Group's results of operations.

As a result, the Group is unable to predict the timeline for the successful execution of its growth strategy and there is no guarantee that the Group will be successful in identifying such acquisitions or making any investments in a timely manner or at all. Generally, if the Group cannot identify, implement or integrate attractive acquisition opportunities on favorable terms or at all, or if the Group's foreign operations and expansion initiatives do not succeed as expected, they could adversely affect the Group’s ability to execute its growth strategy. Any of the foregoing could materially and adversely affect the Group’s business, prospects, results of operations, financial condition and cash flows.

X) Risks inherent in the businesses acquired and the Group’s international expansion

Notwithstanding the Group’s diversification of its risk exposure through the internationalization of its operations, the Group cannot assure that the countries where it operates will not experience economic or political difficulties in the future.

The Group’s customers in European markets such as Spain, Italy, France and the United Kingdom represent a significant portion of the operating income of the Group, therefore especially exposing it to risks affecting these countries. In addition, the Group will increase its presence in Poland, Italy, the United Kingdom and France, following completion of the Polkomtel Acquisition, the CK Hutchison Holdings Pending Transaction in respect of United Kingdom and the Hivory Acquisition, and therefore will also be especially exposed to risks affecting those countries.

Adverse economic conditions may have a negative impact on demand for the services the Group provides and on its customers’ ability to meet their payment obligations. In periods of recession, the demand for services provided by the Group tends to decline, adversely affecting the Group’s results of operations. A negative or low growth cycle could affect the Group in the European markets where the Group operates as of the date of this Consolidated Interim Directors' Report (in particular, in those countries where there are customers which represent a significant portion of the operating income of the Group).

This may be further accentuated by a potential recession in the markets where the Group operates and in others as a result of the coronavirus COVID-19 pandemic (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 this Consolidated Interim Directors' Report (in particular, in those countries where there are customers which represent a significant portion of the operating income of the Group). The uncertainty surrounding the Coronavirus Pandemic and its effects on the global economy, as of the date of this Consolidated Interim Directors' Report, are expected to significantly impact global growth in future periods, due to the restriction or suspension of production, operational and business activities, disruptions to travel and transportation and adverse impacts on labor supply affecting both supply and demand chains. In addition to affecting demand for the Group’s services (or the Group’s customers’ services) and its customers’ ability to meet their payment obligations, the Coronavirus Pandemic could, among other effects, also depress the value of the Group’s assets and investments, limit the Group’s ability to finance its future operations and capital needs, disrupt the Group’s supply chain, generate or lead to deflation (reducing the revenue of the Group in the future, considering that most of the Group’s contracts with customers are inflation-linked), disrupt the Group’s growth plans and increase the likelihood and/or magnitude of other risks described in this Consolidated Interim Directors' Report. While the Group’s business activity has remained largely unaffected by the Coronavirus Pandemic, the extent to which the Coronavirus Pandemic impacts the Group’s business and results of operations in the future will depend on future developments. For example, the Group could suffer delays in the execution of Build-to-suit programs, changes in the expected organic growth or severe disruptions due to its suppliers being unable to meet their current commitments. The Group cannot assure that any estimates, forecasts, forward-looking statements or opinions contained herein or which may have been expressed in the past will remain accurate or will not abruptly change as a result of the spread and effects of the Coronavirus Pandemic. Moreover, the Group’s inability to reduce the impact of the foregoing could have a material and adverse effect on its business, results of operations, financial condition and prospects.

Likewise, the Group is directly exposed to adverse political conditions in the European markets where the Group operates as of the date of this Consolidated Interim Directors' Report (in particular, in those countries where there are customers which represent a significant portion of the operating income of the Group). Also, changes in the international financial markets’ conditions as a result of the Coronavirus Pandemic pose a challenge to the Group’s ability to adapt to them as they may have an impact on its business. The Group cannot predict how the economic and political cycle in such markets will develop in the short-term or in the coming years, or whether there will be a deterioration in political stability in them.

Therefore, the Group may be adversely affected by the adverse economic conditions or potential instability in the European markets where the Group operates as of the date of this Consolidated Interim Directors' Report (in particular, in those countries where there are customers which represent a significant portion of the operating income of the Group), while at the same time a more geographically diversified revenue source allows a lower risk exposure to specific country-related issues. In addition, the Group may be adversely affected by economic, social and political conditions in the countries in which its customers, suppliers and other counterparties operate.

Countries or supranational organizations, such as the European Union, in the markets where the Group or its customers operate may develop and implement legislation, adopt decisions or otherwise change laws, regulations and treaties, or their interpretation thereof, which could materially and adversely affect the Group's business, prospects and results of operations. The European Commission has conducted investigations in multiple countries focusing on whether local rulings or local legislation violate European Union state aid rules and concluded that certain countries, including Spain, have provided illegal state aid in certain cases. The decisions of the European Commission and the national authorities in relation to such investigations, and any such changes to laws, regulations and treaties, or their interpretation thereof, and any related expropriation, cancellation, unwind, claw-back and recovery of state aids and subsidies could materially and adversely affect the Group's business, prospects and results of operations.

Because of the Group's significant presence in the United Kingdom, it may face the risk of political and economic uncertainty derived from the United Kingdom's decision to leave the EU which became effective on January 31, 2020 ("Brexit"). Prior to that, on January 24, 2020, the United Kingdom signed the Agreement on the withdrawal of the United Kingdom from the EU and the European Atomic Energy Community (the "Withdrawal Agreement"). Under the terms of the Withdrawal Agreement, a transition period ran until December 31, 2020, during which time the United Kingdom continued to benefit from, and was bound by, many EU laws. On December 24, 2020, the EU and the United Kingdom entered into three agreements setting out the terms of their future relationship. These are the Trade and Cooperation Agreement, the Agreement on Nuclear Cooperation, and the Agreement on Security Procedures for Exchanging and Protecting Classified Information, each of which applies provisionally until formally ratified by both parties. The Trade and Cooperation Agreement covers the general objectives and framework of the relationship between the United Kingdom and the EU, including in relation to trade, transport, visas, judicial, law enforcement and security matters, and mechanisms for dispute resolution. Under the terms of the Trade and Cooperation Agreement, the United Kingdom firms no longer benefit from automatic access to the EU single market and there is no longer free movement of people between the United Kingdom and the EU. As of the date of this Consolidated Interim Directors' Report, the application of the Trade and Cooperation Agreement is unclear and its effect on the United Kingdom economy and markets is unknown. In addition, while domestic law derived from EU law, EU law directly applicable in the United Kingdom, and EU rights, powers, liabilities and obligations recognized and available in the United Kingdom, in each case immediately before December 31, 2020, were, subject to certain exceptions, retained by the United Kingdom, the United Kingdom's law may diverge from EU law in the future. The legal, political and economic uncertainty resulting from Brexit may adversely affect the Group's business, prospects, results of operations, financial condition and cash flows in the United Kingdom, in particular because of the Group's significant presence in the United Kingdom (which will be further increased upon completion of the CK Hutchison Holdings Pending Transaction with regards to Hutchison's tower business and assets in the United Kingdom).

Growing public debt, reduced growth rates and any measures of monetary policy that may be implemented in the future in the credit markets all could affect the Group's business. A change in any of these factors could affect the access of the Group to the capital markets and the terms and conditions under which it can access such capital, which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. Moreover, as a significant portion of the contracts of the Group with operators are inflation-linked and some do not have a minimum limit or floor, deflationary macroeconomic circumstances will have an adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. In addition, the Group cannot assure that any estimates, forecasts, forward-looking statements or opinions contained herein or which may have been expressed in the past will remain accurate or will not abruptly change as a result of the spread and effects of the Coronavirus Pandemic. Moreover, the Group's inability to reduce the impact of the foregoing could have a material and adverse effect on its business, results of operations, financial condition and prospects.

Risks related to the Hivory Acquisition

The Hivory Acquisition may fail to close if certain conditions precedent are not met or if none of Altice or Starlight HoldCo exercises its respective put option

Completion of the Hivory Acquisition (as defined herein) is subject to the exercise by both Altice and Starlight HoldCo (both as defined herein) of their respective put options as described herein and the satisfaction of certain conditions, some of which are not within the Group's control, and failure to satisfy such conditions may prevent, delay or otherwise materially adversely affect the completion of the Hivory Acquisition. Such conditions include the obtaining of an antitrust clearance decision by the relevant antitrust authority and the issuance of an investment control clearance decision by the French Ministére de l'Economie.

Both Altice and Starlight HoldCo, beneficiaries of the Hivory Put Option Agreement (as defined herein), have the right and not the obligation to require the Company to purchase their respective direct and indirect shareholdings in Hivory. In the event one or both beneficiaries do not exercise such options, the Hivory Put Option Agreement will be terminated with no costs, indemnities or penalty of any kind payable by or to any party, and the Hivory Acquisition will not be completed. There is no assurance that Altice and Starlight HoldCo will both exercise their respective put options, and that the Hivory Acquisition will be completed. Starting from February 3, 2021 and until the earlier of (i) the execution of the Hivory SPA and (ii) the expiry of a ten-month period from such date, Altice and Starlight HoldCo have irrevocably undertaken not to participate in any discussions or negotiations with any third party that could reasonably lead to any sale or transfer of all or part of Altice's and Starlight HoldCo's shareholding (direct and indirect, as applicable) in Hivory or all or part of the assets of Hivory.

As such, there is no assurance that the Hivory Acquisition will be completed or, if completed, that it will be completed on the terms described in the Hivory Transaction Agreements (as defined herein), including regarding the portfolio of wireless communications passive infrastructures owned by Hivory. For example, necessary regulatory or administrative authorizations or approvals, including antitrust approvals, may be refused or may only be granted by way of the provision of certain remedies on onerous terms, and any such refusal or imposition of remedies on onerous terms may limit the Group's ability to grow its portfolio of assets as expected or at all, or may result in significant delays and/or significant unexpected costs in relation to the Hivory Acquisition. The expansion or development of the business of the Group, including through acquisitions or other growth opportunities, involves a number of risks and uncertainties that could adversely affect its operating results or disrupt its operations" for additional information). The closing of the Offering is not conditioned on, and is expected to be consummated before, the closing of the Hivory Acquisition. Accordingly, investors who exercise Preferential Subscription Rights or subscribe for New Shares should be willing to do so whether or not the Hivory Acquisition is completed.

If the Group fails to complete the Hivory Acquisition on the same terms as are described in the Hivory Transaction Agreements, it may not be able to obtain the expected synergies of the proposed business expansion represented by such transaction, and failure to complete the Hivory Acquisition could result in significant costs to the Company, all of which could materially and adversely affect the value of the Company's shares and the Group's expansion plans, business, prospects, results of operations, financial condition and cash flows.

Liabilities and defects may emerge that were hidden or unknown at the time of the execution of the Hivory Put Option Agreement

Prior to entering into any agreements relating to the Hivory Acquisition, the Group performed due diligence on Hivory to identify any risks, including any potential liability arising out of the business and defects of the acquired tower business. However, the Group's capacity to physically inspect the acquired towers was limited and such towers may be subject to defects or risks that were unknown at the time of the execution of the Hivory Put Option Agreement or at the time of completion of the Hivory Acquisition or were known but were not considered material.

In addition, the Group will assume all rights and liabilities attached to Hivory upon the closing of the Hivory Acquisition, including liabilities under "successor liability" doctrines in connection with employment, pension, tax, regulatory, environmental, accounting and other matters. The Group may be subject to unknown or non-disclosed liabilities or contingencies, including those resulting from tax, labor, regulatory or accounting matters, as well as new contingencies derived from past events which the Group is unaware of or could not anticipate.

To the extent that the Group failed to identify, fully quantify or assess the materiality of such risks, the Group may incur unexpected liabilities and further costs, relating to, among others, property, environmental, labor, tax or regulatory matters, as well as structural and operational defects.

The Group may be unable to adequately address any such risks and the realization of any such risks could expose the Group to unanticipated costs and liabilities and prevent or limit the Group from realizing the projected benefits of the Hivory Acquisition, which could adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

The Group could not independently verify the accuracy or completeness of the information on the Hivory Acquisition

The Group's analysis and risk evaluation prior to entering into any agreements relating to the Hivory Acquisition with Altice and Starlight Holdco assumed the accuracy and completeness of the information available to the Group. The Group could not independently verify the accuracy or completeness of certain of the information made available to it in the context of its due diligence procedures.

The Group may be unable to successfully integrate Hivory into the Group from an operational perspective

The operational integration of Hivory into the Group could prove to be difficult and complex, and the benefits and synergies from such integration may not be in line with the Group's expectations. This may imply difficulties and costs in integrating Hivory into the Group which are beyond the Group's control and exceed those foreseen at the time of the signing of the Hivory Transaction Agreements.

Difficulties may arise as a result of conflicts between control structures, procedures, standards, business cultures and policies, or compensation structures of the Group and those of Hivory, or the need to implement, integrate and harmonize diverse business operating procedures and financial, accounting, reporting, information technology and other systems, which could adversely affect the Group's ability to maintain relationships with Hivory's customers, employees, suppliers and other business partners following the acquisition.

There is also an integration risk related to the commercialization of the space where the sites operated by Hivory are located, as well as in connection with the transition of the payments, the retention of existing customers on sites operated by Hivory, including obtaining the necessary prior consents to assign the relevant service agreements and the maintenance of the Group's standards, controls, procedures and policies with regards to towers operated by Hivory.

The Group may also face the risk of failing to efficiently and effectively integrate the new assets into the Group's existing business or to use such assets to their full capacity. The Group expects to successfully combine both businesses; however, in the event it cannot reach its objectives within the anticipated timeframe, or at all, or if the underlying assumptions for its expectations prove to be incorrect, the anticipated benefits and cost savings of the Hivory Acquisition may not be fully realized, which could materially and adversely affect the Group's business and the value of the Company's shares, prospects, results of operations, financial condition and cash flows.

Additionally, the significant demands on the attention of the Group's management arising from the integration of Hivory could result in other areas of the Group's business not receiving the attention they require, which could have an adverse effect on its business. If the Group is unable to manage the expanded organization efficiently, this could result in a loss of market share and of key customers, in addition to any other difficulties that could arise if full integration of assets and resources of Hivory is not achieved, which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

XI) Risk related to the non-control of certain subsidiaries

Although Cellnex has full control and a 100% stake in the vast majority of its subsidiaries, Cellnex has made and may continue to make equity investments, which may include minority investments, in certain strategic assets managed by or together with third parties, including governmental entities and private entities. In addition, the Company has full control over certain subsidiaries in which shareholders are holders of a minority investment. The Group subsidiaries with the highest percentage of minority shareholders was Cellnex Switzerland, and after the completion of the Iliad and Salt Acquisitions (See Note 12.f of the accompanying consolidated financial statements), the Group subsidiaries with the highest percentage of minority shareholders would change.

Investments in assets over which Cellnex has partial, joint or no control are subject to the risk that the other holders of interest in the assets (making use their minority rights), who may have different business or investment strategies than Cellnex or with whom it may have a disagreement or dispute, may have the ability to independently make or block business, financial or management decisions, such as the decision to distribute dividends or the appointment of members of management, which may be crucial to the success of the project or Cellnex's investment in the project, or otherwise implement initiatives which may be contrary to its interests, creating impasses on decisions and affecting its ability to implement the foreseen strategy. Additionally, the approval of other shareholders or partners may be required to sell, pledge, transfer, assign or otherwise convey Cellnex's interest in such assets. Alternatively, other shareholders may have rights of first refusal or rights of first offer in the event of a proposed sale or transfer of Cellnex's interests in such assets. These restrictions may limit the price or interest level for Cellnex's interests in such assets, in the event it wants to dispose such interests. In addition, minority shareholders may target an exit through different mechanisms (i.e. put options, right of first offers, rights to acquire belonging to Cellnex, etc.) and the Company has the willingness to acquire such minority stakes. However, the price of this acquisition may be inflationary and strongly revaluated (as it has happened in Cellnex Switzerland) or because this mechanisms may have already a defined price in the SHA, which is higher than the current original price paid by Cellnex.

Other holders of interest in the Group´s assets may become insolvent or file for bankruptcy at any time, or fail to fund their share of any capital contribution that might be required. Finally, they may be unable, or unwilling, to fulfil their obligations under the relevant shareholder or joint investment agreements or may experience financial or other difficulties that may adversely affect Cellnex's investment in a particular joint venture. This may result in litigation or arbitration procedures generating costs and diverting Cellnex's management team from their other managerial tasks. In certain of Cellnex's joint ventures, it may also be reliant on the particular expertise of other holders of interest and, as a result, any failure to perform Cellnex's obligations in a diligent manner could also adversely affect the joint venture. If any of the foregoing were to occur, Cellnex's business, prospects, results of operations, financial condition and cash flows could be materially and adversely affected.

XII) Risks related to execution of Cellnex's acquisition strategy

Cellnex' strategy includes the aim to strengthen and expand its operations, among others, through acquisitions. This strategy of growth exposes Cellnex to operational challenges and risks, such as the need to identify potential acquisition opportunities on favourable terms. It also may expose Cellnex to other risks such as the diversion of management's attention from existing business or the potential impairment of acquired intangible assets, including goodwill, as well as the acquisition of liabilities or other claims from acquired businesses.

Prior to entering into an acquisition agreement, Cellnex generally performs a due diligence exercise on the potential changes to existing or new tax laws or international tax treaties, methodologies impacting the Group's international operations, or fees directed specifically at the ownership and operation of communications infrastructures or its international acquisitions, which may be applied the acquisition. To the extent Cellnex or other third parties underestimated or failed to identify risks and liabilities associated with an acquisition, it may incur, directly or indirectly, in unexpected liabilities, such as defects in title, an inability to obtain permits enabling Cellnex to use the underlying infrastructure as intended, environmental, structural or operational defects or liabilities requiring remediation. Failure to identify any defects, liabilities or risks could result in Cellnex having acquired assets which are not consistent with its investment strategy which are difficult to integrate with the rest of the portfolio or which fail to perform in accordance with expectations, and/or adversely affect Cellnex's reputation, which, in turn, could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows.

Generally, if Cellnex cannot identify, implement or integrate attractive acquisition opportunities on favourable terms or at all, it could adversely impact its ability to execute its growth strategy.

XIII) Regulatory and other similar risks

Risks related to changes in tax and legal regulations and socio-political changes are significant, given that the Group carries out an activity subject to government regulations, as well as to the regulatory framework in the European Union (the “EU”). These changes in tax and legal regulations could be applied or enforced retroactively. The main rules applicable to the Group and its customers include the availability and granting of licences for the use of the spectrum, the rates for its use and the commercial framework for the sale of terrestrial radio broadcasting assets and the obligations imposed on the Group by the Spanish competition authorities in relation to its broadcasting infrastructure activities.

Moreover, environmental and health regulation imposes additional costs and may affect the Group's results of operations. In the countries in which the Group operates, it is subject to environmental laws and electromagnetic regulations, as well as to the EU laws and regulations, concerning issues such as damage caused by air emissions, noise emissions and electromagnetic radiation. These laws are increasingly stringent and may create in the future substantial environmental compliance liabilities and costs.

Public perception of possible health risks associated with cellular and other wireless communications technologies could affect the growth of wireless companies, which could in turn slow down the Group’s growth. In particular, negative public perception of these health risks could undermine the market acceptance of wireless communications services, increase opposition to the development and expansion of telecom infrastructures and lead to price increases of the infrastructure services where the infrastructures are located. The potential connection between radio frequency emissions and certain negative health or environmental effects has been the subject of substantial study by the scientific community in recent years and numerous health-related lawsuits have been filed against wireless carriers and wireless device manufacturers. If a scientific study or court decision in the jurisdictions in which the Group operates or elsewhere resulted in a finding that radio frequency emissions pose health risks to consumers, it could negatively impact the Group’s customers and the market for wireless services, which could materially and adversely affect the Group’s business, prospects, financial condition, results of operations and cash flows. The Group insurance coverage may not be sufficient to cover all or a substantial portion of any liability it may have.

The Group’s services are affected by the current electromagnetic emission rules applicable in terms of limiting the emissions coming from equipment of the Group’s customers hosted by the Group. Despite the fact that the ratio emitting equipment is held by Cellnex, the Group´s customers are liable for the emissions of their own equipment. In the event that such rules were amended against the Group´s interest, they could limit its growth capacity and may adversely affect its business, prospects, results of operations, financial condition and cash flows.

The Group mitigates the risks to which is exposed from possible regulatory changes through coordination in the relevant areas to ensure that it follows prevailing local legislation and that it is able to anticipate regulatory changes.

XIV) Litigation

The Group is subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of business and otherwise. The results of legal and regulatory proceedings cannot be predicted with certainty. The Group cannot guarantee that the results of current or future legal or regulatory proceedings or actions will not materially harm the Group’s business, prospects, financial condition, results of operations or cash flows, nor can it guarantee that it will not incur losses in connection with current or future legal or regulatory proceedings or actions that exceed any provisions that it may have set aside in respect of such proceedings or actions or that exceed any available insurance coverage, which may have a material adverse effect on the Group’s business, prospects, results of operations, financial condition and cash flows.

XV) The Company's significant shareholder's interests may differ from those of the Company

As of the date of this Consolidated Interim Directors' Report, there are two significant shareholders of Cellnex represented in the Board of Directors with one director each: (i) Edizione S.R.L ("Edizione"), which pursuant to publicly available information on the website of the Spanish Securities Market Commission (the "CNMV"), indirectly holds approximately 8.53% of Cellnex's share capital; and (ii) GIC Private Limited ("GIC"), which pursuant to publicly available information on the website of the CNMV, directly and indirectly holds approximately 7.03% of Cellnex's share capital. Pursuant to publicly available information on the website of the CNMV, there are other significant shareholders with stakes above 5% of the share capital.

Cellnex's principal significant shareholders may have an influence over those matters requiring shareholders' approval, including the appointment and dismissal of the members of the Board of Directors, the payment of dividends, changes in the issued share capital of Cellnex and the adoption of certain amendments to the bylaws. There can be no assurance that any current or future significant shareholder will act in a manner that is in the best interest of the Group, which could, in turn, adversely affect the Group's business, prospects results of operations, financial condition and cash flows.

Operational risks

XVI) Risks related to the industry and the business in which the Group operates

The sector where the Group develops its activities is characterized by rapid technological changes and it is essential to be able to offer the products and services demanded by the market and to select the appropriate investments.

The development and implementation of new technologies designed to enhance the efficiency of wireless networks or new technologies developing alternative network solutions (either broadcasting infrastructure or alternative technologies to the network services provided), or changes in the Group customers' business models, could reduce the need for infrastructure-based wireless services, reduce the need for broadcasting or network services, decrease demand for the Group's infrastructure space or reduce rates or other fees obtained in the past. In this regard, the Group faces the risk that its customers may not adopt the technologies the Group invests in. For example, as communication technologies continue to develop, competitors may be able to offer wireless telecom infrastructure products and services that are, or that are perceived to be, substantially similar to or better than those offered by the Group, or offer technologies that provide similar functionality with competitive prices and with comparable or superior quality.

The Group cannot be certain that existing, proposed or as yet undeveloped technologies of its complementary segments (such as, 5G, "Small Cells", DAS, data centres/edge computing and fibre will not become dominant in the future and render the technologies and infrastructure the Group currently uses obsolete. Should the Group's competitors develop and commercialize new technologies designed to improve and enhance the range and effectiveness of wireless telecom networks, it could significantly decrease demand for existing infrastructure. In fact, the Broadcasting Business is threaten due to substitute new technologies such as cable TV, satellite TV, or OTTs. The Group's business and growth prospects could be jeopardized if it was not able to promptly identify and adapt to shifting technological solutions and/or if it failed to acquire or develop the necessary capabilities and expertise to meet the clients' changing needs. The development and implementation of new services with a significant technological component is also subject to inherent risks that the Group may not be able to overcome.

In addition, customers of the Group's services may reduce the budgets they may have allocated to telecom infrastructure, broadcasting infrastructure or other services, as the industry constantly invests in the development and implementation of new technologies or because of changes in their business model. Examples of these technologies include spectrally efficient technologies, which could reduce the Group´s customers' network capacity needs and as a result could reduce the demand for infrastructure-based wireless services.

Moreover, certain Small Cell-based complementary network technologies, in which the Group is actively working, could shift a portion of its customers' investments away from the traditional infrastructure-based networks, which may reduce the need for MNOs to add more equipment at communication infrastructures. Moreover, the emergence of alternative technologies could reduce the need for infrastructure-based broadcast or network services. For example, the growth in the delivery of wireless communications, radio and video services by direct broadcast satellites could materially and adversely affect demand for the Group's infrastructure services. Further, a customer may decide to no longer outsource infrastructures or otherwise change its business model, which would result in a decrease in the Group's revenue.

In the Broadcasting Infrastructure activity, digital terrestrial television ("DTT") is the method most widely used to transmit TV signals in Europe but an eventual unexpected increase in Spain of the use of alternative distribution platforms (such as satellite, cable or internet protocol television ["IPTV"]) or the growth and deployment of Wi-Fi network could reduce the Group's current business volume. In the Other Network Services activity the Group uses, among other technologies, terrestrial trunked radio ("TETRA") services technology or radio links to deliver its services, and the use of alternative technologies could reduce its revenues and limit potential future growth. The development and implementation of any of these and similar technologies, as well as of new products and technologies, may render some of the products and services offered by the Group obsolete which could have a material adverse effect on its business, prospects, results of operations, financial condition and cash flows

XVII) Risk of not developing the strategic sustainability plan

Cellnex's degree of involvement and commitment to the environment and the fight against climate change has led it to develop a Strategic Plan for sustainability based on 11 lines of action, all of which are aligned with the United Nations' ODS.

Failure to develop the plan would entail a reputational risk. A worse rating in the sustainability indices and in the analyses of proxy advisors would mean a worse valuation by investors. It would also represent a failure to comply with the commitments acquired in environmental matters with various international bodies and institutions (United Nations, Global Compact, Business for 1.5°C or Science Based Targets initiative according to IPPC (SBTi)), as well as with our stakeholders and society in general.

The company may not comply with the environmental requirements established in the Spanish and/or European Legislative Framework, or with the requirements of listed companies such as those established in the Non-Financial Information and Diversity Act.

Failure to implement the measures set out in the Strategic Sustainability Plan to reduce the impact of climate change would ultimately have direct consequences for the company's activity. Among these are the management of energy efficiency and the associated carbon footprint, due to the impact on, for example, cooling systems to compensate for the increase in temperatures at the various types of the Group's telecommunications sites; or supply chain management by incorporating suppliers into the sustainability and carbon footprint reduction criteria.

XVIII) Risks related to maintaining the rights over land where the Group's infrastructures are located

The Group's real property interests relating to its infrastructures consist primarily of ownership interests, fee interests, easements, licenses and rights-of-way. A loss of these interests at a particular infrastructure may interfere with the Group's ability to operate infrastructures and generate revenues. In the context of acquisitions, the Group may not always have the ability to access, analyse and verify all information regarding titles and other issues prior to completing an acquisition of infrastructures and the absence of title or other issues can affect the Group's rights to access and operate an infrastructure.

The Group owns the majority of its telecommunications infrastructures it operates; however, the vast majority of the land and rooftops where these infrastructures are located is operated and managed through lease contracts, sub-lease contracts or other types of contracts with third parties (with the exception of the UK, where the group owns a large amount of the land where its sites are located). Thus, for various reasons, land owners could decide not to renew, or to adversely amend the terms of the ground lease contracts with the Group. In particular, the increasing presence of ground lease aggregators may negatively affect the Group´s ability to renew those contracts under commercially acceptable terms. For instance, the Group could lose its rights over the land, the land could be transferred to third parties or reversion of assets may be mandatory at the end of the relevant concession period. The Group also has long-term rights to use third party infrastructures and the non-compliance with its obligations would lead to the loss of the right to use these infrastructures. Lastly, in the future the Group must revert back to the corresponding government authorities certain assets under the terms of certain concession agreements.

In addition, the maturities of the lease contracts, sub-lease contracts or other types of contracts with third parties to operate and manage land and rooftops where the Group's telecommunications infrastructures are located, are generally shorter than the contracts that the Group has entered into with its customers to provide services. In that sense, there is a mis-match in the maturities of both contractual relationships which could prevent the Group from succesfully providing agreed upon services, as the Group may not have access to primary resources essential to execute those contractual obligations.

The Group's inability to use the land where its infrastructures are located may have a material adverse effect on the Group's ability to comply with its contractual obligations and to complete its current or future infrastructure or growth projects as expected on schedule or within budget, if at all. This may in turn have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Likewise, and in line with the Group's industry peers that operate telecom or broadcasting infrastructure, the Group may not always have all the necessary licenses and permits of its infrastructure assets. The lack of necessary licenses, property titles and permits could give rise to monetary fines and, as an interim measure, the authorities could order that the affected equipment or infrastructures be sealed-off or even decommissioned until the required authorization or license is obtained. Criminal liability could also arise in certain circumstances.

Similarly, the basic resources to provide service to the Group's customers may not be guaranteed. As such, some infrastructures linked to the broadcasting business are subject to the contract renewal conditions set at the time when the company CTTI was privatized and contributed assets to Cellnex's subsidiary Tradia. The duration of the contract is 35 years, distinguishing a mandatory period of 25 years until February 10, 2025 subject to be renewed for an additional period of 10 additional years if Cellnex has fulfilled its financial rent obligations to date, the maintenance of such infrastructure is adequate and there is reserved space in favor of CTTI.

To minimise these risks, the Group has specific control policies, procedures, plans and systems for each area, which are periodically reviewed and updated by specific external auditors for each area (financial reporting, quality, occupational risks, etc.). The Group also continually monitors and analyses its insurable risks and has implemented an insurance program to ensure a level of coverage and risk in keeping with the policies that have been introduced.

XIX) Failure to attract and retain high quality personnel could negatively affect the Group's ability to operate its business

The Group's ability to operate its business, grow and implement its strategies depends, in part, on the continued contributions of its senior executive officers and other key employees. The loss of any of its key senior executives, especially if lost to a competitor, could have an adverse effect on its business unless and until a replacement is found. The Group may not be able to locate or employ qualified executives on acceptable economic terms. Moreover, if the relationship with one or more of the Group's key employees ends for any reason, there is no assurance that the Group will be able to replace them in the short term with people of comparable experience and qualifications. Any material delay in replacing such individuals may have an adverse effect on the public perception of the strength of the Group's business, prospects, results of operations, financial condition and cash flows. In addition, the Group believes that its future success, including the ability to internationally expand the Group's business, will depend on its continued ability to attract and retain highly skilled personnel with experience in its key business areas. Demand for these persons is intense and the Group may not be able to successfully recruit, train or retain qualified managerial personnel, especially in new markets where the Group may operate.

Any failure by the Group to attract and retain skilled and experienced employees or the loss of any of its key employees, could harm its business and growth prospects and have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

XX) The Group relies on third parties for key equipment and services, and their failure to properly maintain these assets could adversely affect the quality of its services

The Group relies on third-party suppliers to provide key equipment and services that are essential for the Group's operations. Some of these are only available from a limited number of third parties. For example, the Group relies on transmission capacity and other critical facilities that are owned by third parties. In addition, the build-to-suit programs are executed on the basis of agreements with third-party suppliers, and so the Group relies on third-parties to effectively execute its contractual obligations. The Group does not have operational or financial control over these partners, and it has no influence with respect to the manner in which these suppliers conduct their business. If these suppliers fail to provide equipment or services on a timely basis or in accordance with the agreed terms, the Group may be unable to provide services to its customers until an alternative supplier can be found. In addition, existing or new competitors in the markets where the Group operates may compete for services from the Company's existing suppliers and such competitors may obtain more favorable terms than those the Group currently benefits from. Additionally, it is possible that current suppliers of services could become competitors, therefore competing as consumers of services they provide. Either of these occurrences could result in upward pricing pressure on these contracts and the Group may not be able to renew its contracts at all or at the same rate as in the past, and could lose market share. If any of these contracts are terminated or the Group is unable to renew them on favorable terms or negotiate agreements for replacement services with other providers at comparable terms, this could have a material adverse effect on the Group's business and capacity to fulfil their contractual obligations, prospects, results of operations, financial condition and cash flows.

Likewise, any commercial dispute with a supplier, the termination of a relationship, as well as insolvency, bankruptcy, end of or curtailing business, so forth, of any supplier, including such situations in which the supplier is forced to cease the provision of services to the Group for any reason or fails to provide the services or goods deemed necessary for the Group to carry out its activities, the Group may be exposed to additional costs and may not be able to comply in full with all the contracts with its customers. If this circumstance occurred, it could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

Financial risks

XXI) Financial information risk

To mitigate risks relating to financial reporting and to ensure the reliability of such information, the Group has established an Internal Control over Financial Reporting System ("ICFRS"). The Group has a corporate risk control unit that is responsible for carrying out tests to verify compliance with the policies, manuals and procedures defined for the ICFRS, and for validating the effectiveness of controls in place to mitigate the risks related to these processes.

However, there can be no assurance that any policies and procedures established by the Group will be followed at all times or effectively detect and prevent all violations of the applicable laws and regulations in every jurisdiction in which one or more of the Group employees, consultants, agents, commercial partners, contractors, sub-contractors or joint venture partners are located. As a result, the Group could be subject to penalties and reputational damage if its employees, agents, suppliers or business partners take actions in violation of the compliance systems as well as violate any anti-corruption or anti-bribery laws. Violations of such laws may also lead to other consequences such as the early termination of the financing contracts, which, together with the above, could materially and adversely affect the Group business, prospects, financial conditions, results of operations and/or cash flows.

XXII) Expected contracted revenue (backlog)

Expected contracted revenues from the service agreements (backlog) represents management's estimate of the amount of contracted revenues that the Group expects 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 but does not include adjustments for inflation. One of the main assumptions for calculating backlog is the automatic renewal of contracts for services with the Group's anchor customers. Such contracts have renewable terms including, in some cases, 'all or nothing' clauses that only allow the renewal of the entire portfolio of the relevant project (not the renewal of a portion thereof) on terms that are generally pre-agreed and may result an increase or a decrease in price, within certain parameters. In some instances, the contracts for services may be cancelled under certain circumstances by the customer at short notice without penalty.

It should be noted that the first renewals of the Telecom Infrastructure Services contracts will take place in 2022 and 2023, being Telefónica (as defined herein) the customer of the relevant contract. In addition, contracts with mayor customers in the Broadcasting Infrastructure segment will face a new cycle of renewals in the following years with most of its customers.

The termination of the contracts ("churn") with mayor customers in both of the segments above may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows. It should also be noted that contracts in place with Telefónica and Wind may be subject to change in terms of the fees being applied at a time of a renewal, within a predefined range applied to the last annual fee (that reflects the cumulative inflation of the full initial term). In addition, the Group´s definition of backlog may not necessarily be the same as that used by other companies engaged in similar activities. As a result, the amount of the Group backlog may not be comparable to the backlog reported by such other companies. The realization of the Group backlog estimates is further affected by the performance under its contracts. The ability to execute the Group's backlog is dependent on its ability to meet the clients' operational needs, and if the Group was unable to meet such needs, the ability to execute its backlog could be adversely affected, which could materially affect the Group's business, prospects, financial condition, results of operations and cash flows. There can be no assurance that the revenue projected in the Group's backlog will be realized or, if realized, will result in profit. Contracts for services are occasionally modified by mutual consent. Because of potential changes in the scope or schedule of services the Group provides to its clients, the Group cannot predict with certainty when or if its backlog will be realized. In the case of "engineering services", that are pre-agreed and associated to incremental fees may be phased over a longer than expected period of time, reduced or even cancelled, seriously affecting the management's estimate of contracted revenues over time. Even where a project proceeds as scheduled, it is possible that the client may default and fail to pay amounts owed to the Group. Delays, payment defaults or cancellations could reduce the amount of backlog currently estimated, and consequently, could inhibit the conversion of that backlog into revenues, which would in turn materially affect the Group business, prospects, financial condition, results of operations and cash flows.

XXIII) Foreign currency risk

As the Group's 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, recognized 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, on the one hand, 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 and tends towards a balanced hedge of this risk. In fact, the Group is open to assessing different hedging strategies, including allowing 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 the exchange rate between the euro, and, respectively, the pound sterling, the Swiss franc, the Danish krone, the Swedish krona and the Polish zloty may have negative consequences on the Group, affecting its overall performance, business, results in operations, financial condition and cash flows.

XXIV) 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 9 of the accompanying consolidated financial statements).

As at 30 June 2021 and 31 December 2020 there are financing granted from third parties covered by interest rate hedging mechanisms (see Note 9 of the accompanying condensed consolidated interim financial statements).

XXV) Credit risk

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

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

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

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

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

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

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.

XXVI) 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 amounting to EUR 19,846 million, considering cash and available credit lines, as at 30 June 2021, and has no immediate debt maturities (the maturities of the Group's financial obligations are detailed in Note 13 of the accompanying condensed consolidated interim financial statements).

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.

XXVII) Inflation risk

Despite a long period of historically low inflation, there is no assurance that inflation may not increase as a result of among others. 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.

XXVIII) Risk 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, including:

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

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

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

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

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

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

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

Any increase in interest rates would increase the Group's finance costs relating to its variable-rate indebtedness and increase the costs of refinancing its existing indebtedness and issuing new debt, which could adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

XXIX) The Company cannot assure that it will be able to implement its Dividend Policy or to pay dividends (and even if able, that the Company would do so)

If there are any distributable profits, declaration of a dividend requires a resolution of the General Shareholders' Meeting upon the recommendation of the Board of Directors In the implementation of the Company's Dividend Policy (as defined herein), Cellnex is focused on distributing an annual dividend in an amount increased by 10% with respect to the dividend distributed the year before. However, the Company's ability to distribute dividends in an amount increased by 10% with respect to the dividend distributed the year before, depends on a number of circumstances and factors including, but not limited to, the amount of net profit attributable to the Company in any financial year, any limitations to the distribution of dividends included in the Company's financing agreements and the Company's growth strategy. In the future, the Company may not have cash available to pay dividends in an amount increased by 10% with respect to the dividend distributed the year before or have the reserves legally required for the Company to be able to do so. Even if the Company does have adequate cash and reserves, the Company's shareholders and Board of Directors may choose not to distribute dividends in an amount increased by 10% with respect to the dividend distributed the year before. In addition, the Company's ability to distribute dividends at all, depends on the same circumstances and factors and even if the Company does have adequate cash and reserves, the Company's shareholders and Board of Directors may choose not to distribute dividends at all.

Consequently, the Company cannot assure that it will pay a dividend in the future in compliance with the Company's Dividend Policy, or that it will pay any dividend.

Compliance risks

XXX) Fraud and compliance risks

The Group's operations are also subject to anti-bribery and anti-corruption laws and regulations and affect where and how its business may be conducted. The Group has established certain systems to monitor compliance with applicable laws and regulations and provides training to its employees to facilitate compliance with such laws and regulations.

The Cellnex group has a code of conduct (the "Ethics' Code") approved by the Board of Directors. The corporation prepares an Ethics' Code Framework which is then adapted in each country . This Ethics' Code is communicated to all employees.

The Group has created a corporate compliance function to improve compliance with the Group's Ethics' Code, implemented through specific regulations for each country and the establishment of whistle-blowing channels and the supervision of oversight and control measures to prevent criminal acts. The main values and principles included in the Ethics' Code are: integrity, honesty, transparency, loyalty, commitment to and defence of Group interests, and responsibility in all actions. The Ethics' Code includes among its fundamental principles the commitment to strictly comply with the obligation of the Group to offer reliable financial information prepared in accordance with applicable regulations, and the responsibility of its employees and management to ensure this is so, by correctly carrying out of their functions and by notifying the governing bodies of any circumstance which might affect that undertaking.

XXXI) Risk associated with significant agreements signed by the Group that could be modified due to change of control clauses

Certain material contracts entered into by the Group, including the Group's material debt agreements and most of the Group's agreements with anchor customers, could be modified or terminated if a change of control clause is triggered. A change of control clause may be triggered if a third-party, 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). 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. Moreover, in relation with the consideration for the CK Hutchison Holdings Transactions (as defined herein) in respect of the United Kingdom that is expected to be partially settled through the issuance to CK Hutchison Networks Europe Investments S.à.r.L. ("Hutchison") of new Shares, if as a result of a takeover bid prior to closing of such transaction, a third party (alone or in concert with another shareholder) acquires the majority of the votes in Cellnex, Cellnex shall procure that Hutchison receives at closing such equivalent consideration as Hutchison would have received had it been a shareholder of Cellnex at the time of the takeover bid (see Note 19 of the accompanying condensed consolidated interim financial statements)). Additionally, in the context of the Polkomtel Acquisition, the Group will enter into a buyback agreement with Polkomtel (as defined herein) by virtue of which Polkomtel (or its nominee) will be granted the right to require Cellnex Poland or Cellnex to sell and transfer back the shares of Polkomtel Infrastruktura (sold pursuant to the Polkomtel SPA, as defined herein) to Polkomtel (or its nominee), at a discount to fair market value in certain circumstances.

With regards to the material contracts entered into by Group companies with anchor customers, the triggering of a change of control provision is generally limited to events where the acquiring company is a competitor of the anchor customer. In such circumstances, the anchor customer may be granted an option to buy back assets (generally the infrastructures where they are being serviced). In addition, such buy back option may also be granted in the event that a 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.

Additionally, the bonds issued under the EMTN Programme, the Convertible Bonds, the Guaranteed EMTN Programme (see Note 13 of the accompanying condensed consolidated interim financial statements) and the bank financing contracts of the Group include certain change of control clauses which could trigger an early repayment under the respective debt arrangement.

Finally, asset buy back options can also be exercised in case of an explicit breach by a Group company of the contractual obligations under services level agreements with its customers ("SLAs"). These asset buy back options will be executed at a price below fair market valuation. In addition, the Group may enter into contracts related to joint future investments that have a buy back clause whereby the customer has the right to acquire the related assets during defined periods. While the Group's management currently believes that the likelihood of exercising such option is not high, given it would require the relevant customer to make a significant payment to the Group, the Group can provide no assurance that any such options will not be exercised.

If a change of control clause included in any of the Group's material contracts is triggered, or if a company of the Group fails to comply with its contractual obligations under an SLA or a joint investment agreement, it may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

1.6. Use of financial instruments

During the 6-month period ended on 30 June 2021 the Group followed the policy for the use financial instrument described in Note 4 of the consolidated financial statements for the year ended on 31 December 2020.

1.7. R&D+i activities

As part of the Group's business, it is committed to investing in Research, Development and Innovation ("R&D+i"). The Group's R&D+i is closely linked to its strategy, and this is embodied in its aim to be a company that generates value for society, customers and shareholders, through innovative, efficient, neutral and high-quality management in delivering service and contributing technological solutions. This commitment to R&D+i represents one of the main challenges for the Group in the current global context, characterized by its strong innovative character and for being a company that is strongly linked to the digital world and the communication technologies.

In this sense, the Group works on different projects to be prepared towards innovation, specifically in two areas: innovation and product strategy. This model also embodies a cross-cutting approach, where working procedures are defined in multidisciplinary teams and enhanced cooperation with the stakeholders that deal with the Group:

- Funded innovation projects: projects in collaboration with public and private entities. These are three-year term projects that are in their first experimental phase and which are usually partially subsidized by a public body. The most relevant projects fall into three areas: 5G, IoT/security and ITS (Intelligent Transport Systems).
    - Regarding 5G Technologies, the "5G Catalunya Pilot" consists of seven use cases based on 5G technology, and it is aimed at developing holographic solutions for the education sector; autonomous and connected transport vehicles for industrial environments; immersive remote shopping experiences in urban markets; as well as the optimization of mobility, control and management of radio network with a large number of people, among others. It will also facilitate the development of state-of-the-art 5G networks for the management of citizen security and emergencies in Barcelona, as well as the application of 5G in remote television broadcasts through mobile devices. The Group is also working on 5G rural environments in projects like Lean that explores the various possibilities for deploying a 5G network in selected rural areas in an economically viable manner.
    - In IoT/Security, the Group has several initiatives like AI Mars, a project in collaboration with the Spanish military police, aiming to investigate technologies and methodologies to support surveillance and prevention of incidents in areas with high concentration of people, and Resisto, a cybersecurity and physical security project for critical infrastructure such as Torre de Collserola, Torrespaña, seaports, etc.

  - Regarding ITS, the Group participates in Estiba, aimed at the development of 4.0 technologies for the digitalization of Spanish ports, Resiltrak, a project focused on the railway world and its maintenance and repair, and Bicisendas, the development of innovative cycle lanes.

- New Strategic products: projects that are in a more advanced stage of the innovation process in which the short- and long-term potential of the products that could be added to the Group's portfolio is analyzed. They are classified in three areas: Site of the future, Broadcast evolution and Portfolio enrichment.

  - The product strategy department continued enhancing Media Services such as HbbTV services as well as his flagship application, Loves TV. This year also supposed a milestone in Ultra High Definition, with the first 8K transmission enabled by the Group.
  - The Group looks for increasing its portfolio in several strategic areas such as is scouting and developing products in several strategic areas such as Next generation central office or Non terrestrial networks. Furthermore, the Group is exploring how the combination of DAS and MEC (Multi-Access Edge Computing) opens the door to a new generation of services that will increase the demand for these network infrastructures.
  - In the site of the future, the Group is evaluating and testing new radio access technologies (including OpenRAN and C-RAN) and edge computing with operators.

- Supporting activities: together with these areas, the Group is driving open innovation, in order to explore external capabilities to be introduced into new potential products either from start-ups or other relevant corporations. At the same time, it aims to share knowledge, making innovation accessible to other internal areas, such as business or operations.

  - In this regard, the Group participated in "Madrid in motion", a mobility hub with the Madrid City Council and the local transport authorities that is aimed at solving Madrid's significant mobility challenges by identifying start-ups and innovative solutions capable of generating value with a real impact on the city. At the same time, the Group joined the "Europe in motion" initiative expanding the scope of the mobility and innovation principles of Madrid in motion.
  - Moreover, the Group collaborated in The Collider, an entrepreneurship program from the Mobile World Capital. The programme is designed to identify early-stage technological initiatives and provide them with business and economic support.
  - In the same line of innovation, the Group joined the Telecom Infra Project ("TIP"), a global community of companies working together to accelerate the development and deployment of open and disaggregated technology solutions to deliver high quality connectivity. The Group is currently engaging in some initiatives with TIP mainly in Ireland.
  - Under the umbrella of the UK 5G Create project, the Group, along with the British Consulate is scouting start-ups and middle-sized companies that can benefit the Group's value chain.
  - The Group also participated in Enterprise challenge, a program organized by the BEST (Barcelona Education in Science and Technology) Foundation, which fosters Open Innovation through collaboration between companies and universities.
  - Furthermore, the Group is a relevant technological player at the global level, being part of the board and cooperating with several research centers and universities, such as Eurecat, i2Cat, Gradiant, Tecnalia. University of Bristol and many others.

The Group has an efficient and consolidated innovation model based on streamlined integration processes, as well as on standardizing the development of innovative activity. This model fosters a culture of innovation throughout the Group that encourages everyone to continue working in line with the vision of cross-cutting integration of innovation, and working with multidisciplinary teams, both within and outside the Group.

1.8. Corporate social responsibility and environmental

Cellnex'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 Company's stakeholders. References to countries in this section correspond to the operations of the Group in the relevant geography.

This commitment is set forth in the Cellnex 2016-2020 corporate social responsibility master plan (the "CSR Master Plan"), which constitutes the reference framework and the tool for systematizing the strategic objectives, monitoring indicators and the actions and programmes under way for each of the axes of the CSR Master Plan. One of these axes is related to sustainable development of the business.

In this sense, Cellnex has developed a sustainability and climate change policy for the entire Group in line with the United Nations Sustainable Development Goals (the "SDGs") and is working to implement a global environmental management system that seeks to ensure compliance with local environmental regulations and will seek to continuously improve the environmental management processes of its activities and facilities.

Cellnex 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 31 December 2020, 2019 and 2018, 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.

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.

With the aim to raise the level of the company's responsibility in the field of sustainability, Cellnex defined a strategic sustainability plan, which was approved by the company's senior management during the year ended 31 December 2019 (the "Strategic Sustainability Plan"). The project aims to raise the level of the Group's responsibility in the field of sustainability to work towards becoming a leader in environmental management. The plan also seeks to achieve a high level of commitment among the Group's stakeholders that contributes to increasing their environmental awareness. The Strategic Sustainability Plan covers five years (2019-2023).

The Strategic Sustainability Plan is part of the Group's daily activities and is structured around 11 lines linked to the SDGs. To that end, the Group carried out an analysis of risks and opportunities in order to identify the SDGs that Cellnex may influence, beginning with the definition of three strategic goals related to sustainability: (i) leading the sustainability indexes of the telecommunications sector; (ii) reducing the Group's carbon footprint by 30% by 2025, 50% by 2030 and 100% by 2050 (in line with the United Nations' goal); and (iii) improving infrastructure resilience to climate change. On the basis of the corporate goals, it will set up specific goals for the different geographical areas and standardize global management systems and regulations at Group level.

The first strategic line of the Strategic Sustainability Plan consists of planning and management of sustainability, for which an action plan will be devised (the "Action Plan"). The Action Plan will include more detailed actions that facilitate the execution of the Strategic Sustainability Plan in order to plan, communicate, train and implement a certifiable management system. Over the coming years, the development of the Action Plan aims to design the implementation and future certification of a global integrated management system under a number of International Standards (ISO 9001, ISO 14001, ISO 45001, AS8000, with a focus on energy certification ISO 50001) for all business units.

Following this strategy, Cellnex implemented several actions during 2020: actions to complete the screening of the Scope 3 (as defined herein) of Cellnex's carbon footprint calculation, actions to identify sites in protected areas and associated regulations –specifically sites located in areas of the Natura 2000 Network–, a Life cycle assessment for the Telecom Infrastructure Service, and the update of the assessment of risks and opportunities related to climate change, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The increasing regulation in Europe in the field of sustainability, the greater awareness of those aspects beyond the purely economic ones, as well as the challenges faced by organizations such as Cellnex (greater transparency, shareholder involvement, climate change, risks in the value chain, circular economy, SDGs, etc.) have made the Company to bolster its commitment to Environmental, Social and Governance ("ESG") issues in recent years. In this regard, in 2020 the Company's ESG strategy set out in the CSR Master Plan, was updated by defining a new ESG Master Plan (2021-2025) (the "ESG Master Plan") at Group level. Together with the ESG Master Plan, the current CSR policy of the Group has been updated by the new ESG Policy, drafted in line with the Good Governance Code (as defined herein). The ESG Master Plan was approved by the Board of Directors in December 2020 and the ESG Policy was approved in February 2021. The ESG Master Plan is aligned with the SDGs.

Within the environmental management system already implemented and certified, Cellnex Spain periodically updates the identification and evaluation of its environmental aspects, risks and opportunities related to the Company'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.

Owing to the nature of Cellnex's business, the most important material environmental aspect is energy. In this context, Cellnex monitors its energy consumption to achieve maximum efficiency and the lowest possible impact on the environment and hence on society.

The energy transition is Cellnex's great challenge for the upcoming years. The Global Energy department is finalizing an energy transition plan, for which the Sustainability department is collaborating by setting appropriate guidelines in carbon emissions reduction calculation and SBTi (as defined herein) management. The aim is to achieve emission reduction targets of 50% by 2030 and 100% by 2050 (the "Energy Transition Plan"). The Energy Transition Plan will be a key lever to achieve Cellnex's carbon footprint reduction goals via, amongst other actions, ensuring that energy supplies to Cellnex are from renewable sources. This Energy Transition Plan will be implemented in all countries in which Cellnex operates. The Energy Transition Plan will be based on (i) Energy 4.0 principles like smart metering or digitalization of energy related processes and procedures; (ii) purchase of renewable energy; and (iii) energy efficiency. Cellnex Spain has been working on negotiating Green Power Purchase Agreements ("PPA") in 2020. In November 2020, the Company entered into a PPA with Endesa, whereby Endesa will be the preferred supplier of 100% of Cellnex's energy in Spain for the next ten years, with a minimum of 20% of the energy contracted produced completely from renewable sources of energy. In Italy, PPA discussions are being held, in order to acquire 30% of Cellnex Italy's energy consumption from a green-certified supply. In the United Kingdom and the Netherlands, 100% of the energy consumed is green.

Thanks to these actions, from January 2021 40% of Cellnex's energy consumption is green energy, certified with Guarantees of Origin, without considering the increase in scope derived from the latest acquisitions, especially the CK Hutchison Holdings Transactions. Moreover, Cellnex will actively promote and closely work with its customers to ensure that 100% of the Group's energy, based on its actual perimeter, will be green by 2025, and in not more than 3 years for any new acquisition.

In terms of energy efficiency, Cellnex continued working towards achieving more efficient procedures and taking initiatives to reduce energy consumption. One of the main energy efficiency measures implemented on sites is a type of cooling system that lowers the air temperature of the sites by using external cool air which leads to a more efficient air conditioning than traditional systems. These free-cooling systems have already been installed at numerous sites in Spain, Italy and the Netherlands.

Cellnex measured and obtained independent third-party confirmation of its carbon footprint, to ascertain the Company's impact on climate change and to set a baseline for managing and reducing its emissions. Since 2015, the carbon footprint has been calculated yearly at the Group level. Each year, the companies acquired by Cellnex are incorporated into the carbon footprint calculation. The operational scope is based on the ISO 14064-1:2018 as well as the Greenhouse Gas Protocol criteria. Cellnex carried out in 2020 a complete screening of its indirect emissions for the eight countries where Cellnex is already operating, in order to determine their significance as per the Greenhouse Gas Protocol Corporate Value Chain ("Scope 3") and the ISO 14064-1:2018. This will be the basis on which the emission reduction targets will be defined to keep the increase in global temperature below 1.5 °C, as marked by the Science Based Target initiative ("SBTi") to which Cellnex has joined. These relevant categories have also been included in the carbon footprint calculation, that has been verified following the ISO 14064-1:2018 Standard.

As part of its efforts to manage greenhouse gas emissions, in 2020 Cellnex Spain offsetted 2.850t CO_2 by purchasing 2.850 VER (Verified Emissions Reductions) credits on the voluntary market Rio Taquesi Hydroelectric Power Project in Bolivia, with the Verified Carbon Standard (VCS), to achieve neutrality in Scope 1 carbon footprint emissions from all countries.

In October of 2019 (signature in July), Cellnex undertook to develop a Science-Based Emission Reduction Target over the next 24 months, which will be recognized by the SBTi (https://sciencebasedtargets.org/).

In the same month, Cellnex joined the UN Global Compact initiative "Business ambition for 1.5ºC". This is a global initiative, signed by more than a hundred companies, 10% of which are Spanish. This initiative defines two areas of action: "Science-based 1.5 °C targets", adapting their Greenhouse Gas Protocol emissions from all relevant areas to 1.5 °C emission scenarios, and "Zero emissions commitment", setting a public target of zero emissions by 2050. In this way, Cellnex is committed to setting science-based targets with a view to containing the global temperature increase to 1.5 °C above pre-industrial levels.

Once again Cellnex also took part in the Carbon Disclosure Project (CDP), one of the most highly recognized organizations for its work on climate change, which seeks to assess the quality of – and systems for reporting – the information provided by private companies or by the public sector in the sustainability and environment area. This year Cellnex was rated the "A" score, the highest score allocated by the CDP

The Group is also implementing a Corporate Social Responsibility Management System based on the requirements of the international SA8000 standard, with the purpose of achieving its future certification. As a driver of the Integrated Management System and in its commitment to quality and excellence, Cellnex Spain, Cellnex Italy and Cellnex UK hold the ISO 14001 Standard for an Environmental Management System certification, issued by TÜV Rheinland, apart from those certified at Group level.

As part of its effort to continue improving, Cellnex Spain has set the objective of reinforcing its Management System with the ISO 50001 (Energy) and ISO 20000 Standard for Service Management.

Finally, in May 2021, Cellnex received a ESG Risk Rating score of 15.5 by Sustainalytics, placing Cellnex in the TOP 5 telecom companies and positioning it as having 'low ESG risk'.

The Company has invested significant amounts in environmental activities regarding civil works, equipment and environmental licensing projects. The Company considers that the potential contingencies, indemnities and other environmental risks associated with its activities are adequately covered by civil liability insurance policies that the Company has subscribed.

1.9. Employees

The Group's team is distributed geographically, as of the date of this Consolidated Interim Directors' Report, in Spain, Italy, France, the Netherlands, the United Kingdom, Switzerland, Ireland, Portugal, Austria, Denmark, Sweden and Poland. This multidisciplinary team is key to a successful business, which enables the Group to be one of the main telecommunications infrastructure operators in Europe.

The Group's workforce is predominantly male, reflecting the current situation of the sector. Regarding equity, diversity and inclusion, during the first half of 2021 and the year ended 31 December 2020 the Group worked on the roll-out across the countries where the Group operates of the Equity, Diversity and Inclusion Programme for the 2019-2022 period. Additionally, the Group approved a Protocol against harassment and discrimination based on sexual orientation or gender identity within the Group. Additionally, an inclusive language manual has been prepared including the five diversity axes of the Group (gender, generational, affective-sexual, cultural and functional), the Group's current equality plans are being updated and a new Equality Plan for the Group will be prepared. As of the date of this Consolidated Interim Directors' Report, the Group continues to implement remote working policies applicable to all its employees.

2. OTHER INFORMATION

2.1. Shareholder Remuneration

The dividends the Parent Company intends to distribute against distributable reserves and/or against the net profit attributable to the Parent Company for the year ending on 31 December 2021, will be equivalent to the dividend distributed corresponding to the year ended on 31 December 2020, increased by 10%.

The Parent Company has approved a shareholders' remuneration policy, as amended from time to time, which aims to keep the appropriate balance between shareholder remuneration, the Parent Company's profit generation and the Group's growth strategy, pursuing an adequate capital structure. In the implementation of the Shareholders' Remuneration Policy, the Parent Company is focused on distributing an annual dividend in an amount increased by 10% with respect to the dividend distributed the year before (understanding as dividend any distribution made to shareholders against either net profit or distributable reserves attributable to the Parent Company for that financial year) (the "Shareholders' Remuneration Policy"). As a result, each year the Parent Company distributes dividends against either net profit or distributable reserves attributable to the Parent Company for the respective financial year.

According to the Shareholders' Remuneration Policy, (i) the shareholder remuneration corresponding to the fiscal year 2021 will be equivalent to that of 2020 (EUR 29.3 million) increased by 10% (to EUR 32.2 million) and (ii) the shareholder remuneration corresponding to the fiscal year 2022 will be equivalent to that of 2021, increased by 10% (to EUR 35.4 million).

The payment of these dividends distributed against distributable reserves and/or against the net profit attributable to the Company for the period, will be made on the specific dates to be determined in each case and will be duly announced.

On 21 July 2020, the Annual Shareholders' Meeting approved the distribution of a dividend charged to the share premium reserve to a maximum of EUR 109 million, to be paid upfront or through installments during the years 2020, 2021, 2022 and 2023. It was also agreed to delegate to the Board of Directors the authority to establish, if this is the case, the amount and the exact date of each payment during said period, always attending to the maximum overall amount stipulated.

During the first half of 2021, in compliance with the Parent Company´s dividend policy, the Board of Directors, pursuant to the authority granted by resolution of the Annual Shareholders' Meeting of 21 July 2020, approved the distribution of a cash pay-out charged to the share premium reserve of EUR 11,820 thousand, which represented EUR 0.01740 for each existing and outstanding share with the right to receive such cash pay-out.

Thus, the total cash pay-out to shareholders distributed against net profit or distributable reserves for the financial year ended on 31 December 2020 was EUR 0.06017 gross per Share, amounting to an aggregate distribution of EUR 29,285 thousand.

Notwithstanding the above, the Parent Company's ability to distribute dividends against distributable reserves and/or against the net profit attributable to the Parent Company for the period, depends on a number of circumstances and factors including, but not limited to, the amount of net profit attributable to the Parent Company in any financial year, any limitations on the distribution of dividends included in the Group's financing agreements (as of the date of this Consolidated Interim Directors' Report, there is no covenant limiting the distribution of dividends in any financing agreement entered into by the Company, other than the Nexloop Senior Facility and the syndicated facilities agreement entered into by Swiss Towers, which include covenants restricting the distribution of dividends by Nexloop and by Cellnex Switzerland and Swiss Towers, respectively, subject to certain conditions), and the 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.

2.2. Business outlook

As a result of the expected contribution of assets and companies acquired, especially during the year ended 31 December 2020, and their progressive integration into the Group as a whole, as well as expected organic growth, the Group expects to increase various key indicators by at least 50% for the year ending 31 December 2021 compared to the year ended 31 December 2020.

The Group expects its revenues for the year ending 31 December 2021 to increase to approximately between EUR 2,535 million and EUR 2,555 million and its Adjusted EBITDA for the year ending 31 December 2021 to increase to approximately between EUR 1,910 million and EUR 1,930 million, as a result of (i) the full-year effect of the Arqiva Acquisition (compared to approximately five and a half months in 2020) and the NOS Towering Acquisition (compared to approximately three months in 2020); (ii) the contribution of the CK Hutchison Holdings 2020 Completed Transactions (which will be accounted for during approximately twelve months in 2021); and (iii) the contribution of the transactions closed between 1 January 2021 and the date of this Consolidated Interim Directors' Report or previously entered into and expected to be closed during 2021; such transactions being: the CK Hutchison Holdings Swedish Transaction (which will be accounted for during approximately eleven months in 2021), the Iliad Poland Acquisition (which will be accounted for during approximately nine months in 2021), the T-Mobile Infra Acquisition (which will be accounted for during approximately seven months in 2021), the CK Hutchison Holdings Transaction with regards to Italy (which will be accounted for during approximately six months in 2021), the Polkomtel Acquisition (which will be accounted for during approximately five months and a half in 2021) and the Hivory Acquisition (which is expected to be accounted for during approximately three months in 2021). The Group expects the CK Hutchison Holdings Pending Transaction with regards to the United Kingdom to close in 2022 so no contribution to the Group's revenues and Adjusted EBITDA for the year ending 2021 is expected from such transaction. The above increases are net of the effect of the new economic terms of contracts in the Broadcasting Infrastructure segment, following the recently completed contract renewal cycle, and certain other offsetting factors such as Group adaptation costs (corporate functions).

The Group expects its Recurring Leveraged Free Cash Flow (RLFCF) for the year ending 31 December 2021 to be in the range of EUR 955 million to EUR 965 million (an approximately 60% increase from EUR 610 million in 2020), assuming maintenance capital expenditures to revenues to be approximately in the range of 3% to 4% of the operating income for the year ending 31 December 2021, change in working capital to remain stable, interest cost to amount to approximately 1.5% of the cost of debt and corporate taxes paid to be approximately 3% of the operating income for the year ending 31 December 2021. All operational and financial metrics aligned with financial outlook for 2025 (medium term guidance).

The Group also expects an increase in PoPs above 5% during the year ended 31 December 2021.

Additionally, the Group has previously issued long-term targets through 2025 that are considered valid by the Group as of the date of this Consolidated Interim Directors' Report (the "2025 Targets"). The 2025 Targets are underpinned by highly visible financials, targeting a revenue CAGR of approximately 21% in the 2020 – 2025 period, an Adjusted EBITDA CAGR of approximately 24% for the same period and a Recurring Leveraged Free Cash Flow (RLFCF) CAGR of approximately 28% for the same period. The Group also expects an increase in PoPs above 5% per annum in the 2020 – 2025 period.

The 2021 Profit Forecasts and the 2025 Targets are based on several assumptions. All of the assumptions relate to factors which are outside the full control of the Board of Directors. The 2021 Profit Forecasts have been compiled and prepared on a basis which is both comparable with the historical financial information and consistent with the Group's accounting policies.

2.3. Market figures: Cellnex on the stock market

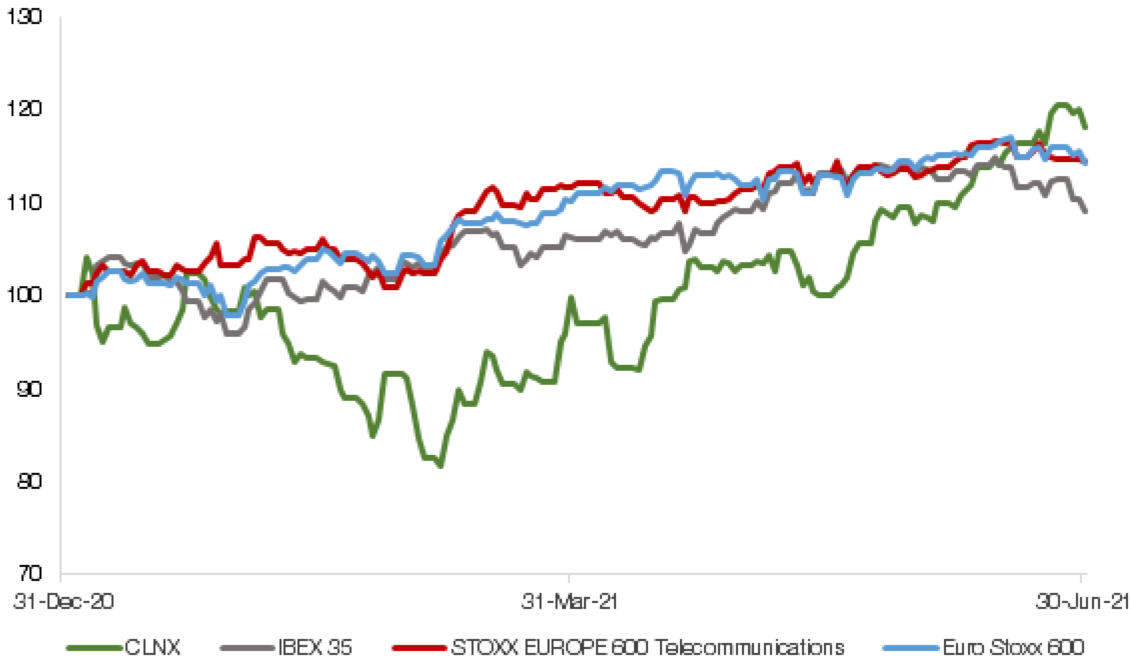
On 20 June 2016, the IBEX 35 Technical Advisory Committee approved Cellnex Telecom's (CLNX: SM) inclusion in the benchmark index of Spain's stock exchange, the IBEX 35, which brings together the principal companies on the Spanish stock exchange in terms of capitalisation and turnover. This milestone brought with it a broadening of the shareholder base, giving Cellnex higher liquidity and making it more attractive to investors. At present Cellnex has a solid shareholder base and the majority consensus of analysts who follow our company 85% - is a recommendation to buy.

As at 30 June 2021, the share capital of Cellnex Telecom increased by EUR 48,155 thousand to EUR 169,832 thousand (EUR 121,677 thousand at the end of 2020), represented by 679,327,724 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid (see Note 12.a of the accompanying condensed consolidated interim financial statements).

Cellnex's share price experienced a 18% increase during the first half of 2021, closing at EUR 53.72 per share. The average volume traded has been approximately 2,047 thousand shares a day. The IBEX 35 and the STOXX Europe 600 increased by 9% and 14% respectively and the STOXX Europe 600 Telecom increased by 14% during the same period.

Cellnex's market capitalization stood at EUR 36,493 million at 30 June 2021, 408% higher than at start of trading on 7 May 2015, compared to a 21% drop in the IBEX 35 in the same period.

The evolution of Cellnex shares during the first half of 2021, compared to the evolution of IBEX 35, STOXX Europe 600 and STOXX Europe 600 Telecom, is as follows:



The detail of the main stock market indicators of Cellnex in 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021	31 December 2020
Number of shares	679,327,724	486,708,669
Stock market capitalisation at period/year end (millions of euros)	36,493	23,907
Share price at close (EUR/share)	53.72	49.12
Maximum share price for the period (EUR/share)	54.8	57.06
Date	44,372	44,139
Minimum share price for the period (EUR/share)	37.18	33.05
Date	44,263	43,906
Average share price for the period (EUR/share)	45.18	47.33
Average daily volume (thousand shares)	2,047,180	1,317,890

2.4. Treasury shares

In accordance with the authorisation approved by the Board of Directors, at 30 June 2021 the Company held 237,794 treasury shares (0.035% of its share capital). The use to which the treasury shares will be put has not been decided upon and will depend on such resolutions as might be adopted by the Group's governing bodies.

During the first half of 2021, the treasury shares transactions carried out, are disclosed in Note 12.a to the accompanying condensed consolidated interim financial statements.

2.5. Post balance sheet events

The Polkomtel Acquisition

As of the date of the accompanying Consolidated Interim Director's Report, the Polkomtel Acquisition has been completed, after all the conditions precedent were satisfied, as described in Note 19 b.ii).

Following this transaction, Cellnex Poland has acquired 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 1,540 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 Group has financed this acquisition with available cash.

In accordance with IFRS 3, given that the Polkomtel Acquisition had not been completed as of 31 June 2021, it was not accounted for in the accompanying condensed consolidated interim financial statements for the period ended 30 June 2021.

2.6. Other public documents

At the date of issue of the accompanying Consolidated Interim Directors' Report for the 6-month period ended on 30 June 2020, information of a public nature is available, which must be read in conjunction with it, and which is detailed below on a non-exhaustive illustrative basis. Such information is not incorporated by reference into this Consolidated Interim Directors' Report.

- Prospectus Offer of Sale and Admission to Negotiate Shares of Cellnex Telecom, S.A.U (https://www.cellnextelecom.com/en/investor-relations/7838-2/).
- Supplement to the informative prospectus for the sale and admission to trading of shares of Cellnex Telecom, S.A.U. (https://www.cellnextelecom.com/en/investor-relations/7838-2/).
- Prospectus March 2019 Capital Increase (https://www.cellnextelecom.com/content/uploads/2019/05/Prospectus-Capital-Increase.pdf)
- Prospectus October 2019 Capital Increase (https://www.cellnextelecom.com/content/uploads/2019/10/Prospectus-Capital-Increase.pdf)
- Prospectus July 2020 Capital Increase (https://www.cellnextelecom.com/content/uploads/2020/07/Prospectus-Capital-Increase-1.pdf)
- Prospectus March 2021 Capital Increase (https://www.cellnextelecom.com/en/2021-capital-increase-proposal/)
- Debt Programs (https://www.cellnextelecom.com/en/investor-relations/debt-programs/)
- Universal Registration Document (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Euro Medium Term Note Program (EMTN) Base Prospectus (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Euro-Commercial Paper Programme (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Report of the Board of Directors on Convertible Bonds (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Auditor's Report on Convertible Bonds (https://www.cellnextelecom.com/en/investor-relations/emisiones-y-opas/).
- Ratings Rating Agencies (https://www.cellnextelecom.com/en/rating-eng/).
- Corporate Policies (https://www.cellnextelecom.com/).
- Press releases (https://www.cellnextelecom.com/en/press-room/news/).
- Relevant Facts (https://cellnextelecom.com/en/investor-relations/relevant-facts/).
- Results Presentations (https://www.cellnextelecom.com/en/investor-relations/quaterly-results/).
- Annual/half-yearly consolidated financial statements and Annual Governance Report (https://www.cellnextelecom.com/en/investor-relations/annual-report/).
- Corporate Bylaws of Cellnex Telecom S.A. which can be found in the Commercial Registry of Barcelona.
- Comisión Nacional del Mercado de Valores ("CNMV") website (https://www.cnmv.es/portal/home.aspx).
- Cellnex Telecom website (https://www.cellnextelecom.com/en/)

- Research released by the sell-side community covering the stock are highly recommended. Please find Analysts relation at: https://www.cellnextelecom.com/en/recomendaciones-analistas/
- The Hutchison shareholder Circular (https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1201/2020120101741.pdf)

2.7. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2.a of the accompanying condensed consolidated interim financial statements). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Madrid, 28 July, 2021