Cellnex Telecom, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements and Interim Consolidated Directors' Report for the six-month period ended 30 June 2023 (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.

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 2023, 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 explanatory 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 2023 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.

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 2022. 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 2023 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 2023. 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 100 of Spanish Securities Market and Investments Services Law 6/2023, of 17 March.

DELOITTE, S.L.

Iván Rubio Borrallo

27 July 2023

Cellnex Telecom, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements and Consolidated Interim Directors' Report for the 6-month period ended on 30 June 2023 (prepared in accordance with IAS 34 "Interim financial reporting").

Translation of a report originally issued in Spanish and of interim condensed consolidated 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.

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CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2023

(Thousands of Euros)

	Notes	30 June 2023	31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	Note 6	11,309,739	10,694,339
Intangible assets	Note 7	26,573,711	26,841,727
Right-of-use assets	Note 14	3,421,169	3,437,710
Investments in associates	Note 8	37,022	33,232
Financial investments	Note 11	136,220	117,568
Derivative financial instruments	Note 9	122,811	161,523
Trade and other receivables	Note 10	79,684	75,259
Deferred tax assets	Note 16	629,512	635,662
Total non-current assets		**42,309,868**	**41,997,020**
CURRENT ASSETS			
Inventories		7,036	4,770
Trade and other receivables	Note 10	1,250,501	1,162,665
Receivables from associates	Note 21	22	25
Financial investments	Note 11	3,681	3,663
Cash and cash equivalents	Note 11	243,146	1,038,179
Total current assets		**1,504,386**	**2,209,302**
Non-current assets held for sale	Note 5	73,460	51,427
TOTAL ASSETS		**43,887,714**	**44,257,749**

This consolidated balance sheet at 30 June 2023 must be read together with the Notes included on pages 9 to 73.

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

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2023

(Thousands of Euros)

	Notes	30 June 2023	31 December 2022
NET EQUITY			
Share capital and attributable reserves			
Share capital	Note 12.a	176,619	176,619
Treasury shares	Note 12.a	(46,559)	(47,619)
Share premium	Note 12.b	15,510,940	15,522,762
Reserves	Note 12.c	(1,257,238)	(1,133,599)
Loss for the period		(193,440)	(297,058)
		14,190,322	**14,221,105**
Non-controlling interests	Note 12.f	629,856	966,693
Total net equity		**14,820,178**	**15,187,798**
NON-CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 13	17,191,655	17,747,336
Lease liabilities	Note 14	2,317,325	2,501,896
Derivative financial instruments	Note 9	33,971	25,290
Provisions and other liabilities	Note 17.c	2,062,456	2,014,396
Employee benefit obligations	Note 17.b	69,115	51,727
Deferred tax liabilities	Note 16	4,361,865	4,444,316
Total non-current liabilities		**26,036,387**	**26,784,961**
CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 13	859,787	143,352
Lease liabilities	Note 14	743,155	583,594
Employee benefit obligations	Note 17.b	60,329	62,851
Payables to associates	Note 21	364	710
Trade and other payables	Note 15	1,342,214	1,472,669
Total current liabilities		**3,005,849**	**2,263,176**
Liabilities associated with non-current assets held for sale	Note 5	25,300	21,814
TOTAL NET EQUITY AND LIABILITIES		**43,887,714**	**44,257,749**

This consolidated balance sheet at 30 June 2023 must be read together with the Notes included on pages 9 to 73.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2.a and 24). 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 2023

(Thousands of Euros)

	Notes	30 June 2023	30 June 2022
Services		1,870,080	1,576,038
Other operating income		129,431	112,420
Operating income	**Note 18.a**	**1,999,511**	**1,688,458**
Staff costs	Note 18.b	(170,643)	(133,397)
Other operating expenses	Note 18.c	(384,875)	(319,404)
Change in provisions		2,494	(5,111)
Depreciation, amortisation and results from disposals of fixed assets	Notes 6, 7, 14 and 18.e	(1,312,029)	(1,131,938)
Operating profit		**134,458**	**98,608**
Financial income		13,696	13,673
Financial costs		(251,528)	(200,366)
Interest expense on lease liabilities		(163,554)	(169,264)
Net financial loss		**(401,386)**	**(355,957)**
Profit of companies accounted for using the equity method	Note 8	(746)	1,665
Loss before tax		**(267,674)**	**(255,684)**
Income tax	Note 16	65,011	74,723
Consolidated net loss		**(202,663)**	**(180,961)**
Attributable to non-controlling interests	Note 12.f	(9,223)	(10,633)
Net loss attributable to the Parent Company		**(193,440)**	**(170,328)**
Earnings per share (in euros per share):			
Basic	Note 12.e	(0.27)	(0.25)
Diluted	Note 12.e	(0.20)	(0.17)

This consolidated income statement corresponding to the 6-month period ended on 30 June 2023 must be read together with the Notes included on pages 9 to 73.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2.a and 24). 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 2023

(Thousands of Euros)

	Notes	30 June 2023	30 June 2022
LOSS FOR THE PERIOD		**(202,663)**	**(180,961)**
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	(14,022)	52,203
Hedges of net investments in foreign operations of the Parent Company and fully consolidated companies	Note 9	1,975	(2,344)
Net gains (losses) at fair value (gross of taxes) of financial instruments at fair value		—	(8,502)
Foreign exchange differences	Note 12	318,847	(120,981)
Tax effect		3,522	(13,871)
Total income and expenses recognised directly in net equity		**310,322**	**(93,495)**
Income and expenses recognised directly in net equity, not transferable to the consolidated income statement:			
Changes in the fair value of financial liabilities at fair value through equity	Notes 12 and 17.c	(23,573)	—
Total income not transferred to the consolidated income statement		**(23,573)**	—
Income transferred to the consolidated income statement:			
Changes in cash flow hedges of the Parent Company and fully consolidated companies	Note 9	6,109	5,369
Tax effect		(1,529)	(1,342)
Total income transferred to the consolidated income statement		**4,580**	**4,027**
Total consolidated comprehensive profit / (loss)		**88,666**	**(270,429)**
Attributable to:			
- Parent Company shareholders		78,876	(260,504)
- Non-controlling interests		9,790	(9,925)
Total consolidated comprehensive profit / (loss)		**88,666**	**(270,429)**

This consolidated statement of comprehensive income corresponding to the 6-month period ended on 30 June 2023 must be read together with the Notes included on pages 9 to 73.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2.a and 24). 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 2023

(Thousands of Euros)

	Notes	Share capital	Treasury shares	Share premium	Reserves	Profit for the period	Non-controlling interests	Net equity
At 1 January 2022		**169,832**	**(60,802)**	**14,580,762**	**(133,426)**	**(360,099)**	**1,633,652**	**15,829,919**
Comprehensive income for the period		—	—	—	(90,176)	(170,328)	(9,925)	**(270,429)**
Distribution of 2021 losses		—	—	—	(360,099)	360,099	—	**—**
Treasury shares	Note 12.a	—	(283,199)	—	—	—	—	**(283,199)**
Change in scope	Note 2.h	—	—	—	(371,950)	—	(714,226)	**(1,086,176)**
Final dividend	Note 12.f	—	—	(11,820)	—	—	—	**(11,820)**
Capital increase	Note 12.a	—	—	—	—	—	14,945	**14,945**
Employee remuneration payable in shares	Note 17.b	—	—	—	(10,708)	—	—	**(10,708)**
Other		—	—	—	(8,278)	—	1,095	**(7,183)**
At 30 June 2022		**169,832**	**(344,001)**	**14,568,942**	**(974,637)**	**(170,328)**	**925,541**	**14,175,349**
At 1 January 2023		**176,619**	**(47,619)**	**15,522,762**	**(1,133,599)**	**(297,058)**	**966,693**	**15,187,798**
Comprehensive income for the period		—	—	—	272,316	(193,440)	9,790	**88,666**
Distribution of 2022 losses		—	—	—	(297,058)	297,058	—	**—**
Treasury shares	Note 12.a	—	1,060	—	—	—	—	**1,060**
Change in scope	Note 2.h	—	—	—	(102,450)	—	(399,309)	**(501,759)**
Final dividend	Note 12.f	—	—	(11,822)	—	—	(1,425)	**(13,247)**
Capital increase - non-controlling interests		—	—	—	—	—	52,675	**52,675**
Employee remuneration payable in shares	Note 17.b	—	—	—	3,712	—	—	**3,712**
Other		—	—	—	(159)	—	1,432	**1,273**
At 30 June 2023		**176,619**	**(46,559)**	**15,510,940**	**(1,257,238)**	**(193,440)**	**629,856**	**14,820,178**

This consolidated statement of changes in net equity corresponding to the 6-month period ended on 30 June 2023 must be read together with the Notes included on pages 9 to 73.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2.a and 24). 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 2023

(Thousands of Euros)

	Notes	30 June 2023	30 June 2022
Profit/(loss) for the year before tax		**(267,674)**	**(255,684)**
Adjustments to profit-			
Depreciation, amortisation and results from disposals of fixed assets	Note 18.e	1,312,029	1,131,938
Changes in provisions		(2,494)	5,111
Interest and other income		(13,696)	(13,673)
Interest and other expenses		415,082	369,630
Share of results of companies accounted for using the equity method	Note 8	746	(1,665)
Other income and expenses		31,535	1,582
Changes in current assets/current liabilities-			
Inventories		(2,266)	(2,188)
Trade and other receivables		(92,386)	(88,217)
Other current assets and liabilities		94,272	84,497
Cash flows generated by operations			
Interest paid		(395,799)	(335,481)
Interest received		29,448	11,243
Income tax received/(paid)		(33,249)	(37,457)
Non-recurring Income tax paid	Note 16	—	(7,342)
Current provisions, employee benefit obligations and others		(11,207)	(27,477)
Total net cash flow from operating activities (I)		**1,064,341**	**834,817**

This consolidated cash flow statement corresponding to the 6-month period ended on 30 June 2023 must be read together with the Notes included on pages 9 to 73.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2.a and 24). 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 2023

(Thousands of Euros)

	Notes	30 June 2023	30 June 2022
Business combinations and changes in the scope of consolidation	Notes 2.h and 4	(533,844)	(1,164,555)
Purchases of property, plant and equipment and intangible assets	Notes 6 and 7	(1,142,886)	(1,378,073)
Proceeds from Non-current assets held for sale	Note 5	34,133	—
Payments for financial investments and associates		(23,881)	(32,935)
Total net cash flow from investing activities (II)		**(1,666,478)**	**(2,575,563)**
Issue of equity instruments, Acquisition of Treasury Shares and Dividends paid	Note 12	40,853	(299,082)
Proceeds from issue of bank borrowings	Note 13	920,654	32,498
Bond issue	Note 13	—	982,525
Repayment and redemption of bank borrowings	Note 13	(751,610)	(131,414)
Net repayment of other borrowings		(10,973)	(610)
Net payment of lease liabilities	Note 14	(370,969)	(325,013)
Total net cash flow from financing activities (III)		**(172,045)**	**258,904**
Foreign exchange differences (IV)		**(20,851)**	**24,689**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)+(IV)		**(795,033)**	**(1,457,153)**
Cash and cash equivalents at beginning of year	**Note 11**	**1,038,179**	**3,926,578**
Cash and cash equivalents at end of year	**Note 11**	**243,146**	**2,469,425**

This consolidated cash flow statement corresponding to the 6-month period ended on 30 June 2023 must be read together with the Notes included on pages 9 to 73.

Cellnex Telecom, S.A. and Subsidiaries

Notes to the interim condensed consolidated financial statements for the 6-month period ended on 30 June 2023

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.

The main location in which the Group operates is Europe.

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

These interim condensed consolidated financial statements for the 6-month period ended on 30 June 2023 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. Also, as detailed in Note 3, these interim condensed consolidated financial statements continue to follow exactly the same accounting policies as those Consolidated Financial Statements corresponding to the financial year ended on 31 December 2022, which were duly audited with a favorable opinion being issued, except for the new standards applied from 1 January 2023 which are set out in Note 2.b.i.

2. Basis of presentation

a) Basis of presentation

These interim condensed consolidated financial statements of Cellnex Telecom, S.A. and Subsidiaries for the period ended 30 June 2023, 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 27 July 2023.

These interim condensed consolidated 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 2023, 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 interim condensed consolidated financial information has been prepared in accordance with IAS 34 "Interim financial reporting", meaning that these interim condensed consolidated 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 2022 Consolidated Financial Statements, 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 1 June 2023.

b) Adoption of IFRSs

The accounting policies adopted by the Parent's Company Directors when preparing these interim condensed consolidated financial statements continue to follow exactly the same accounting policies as the Consolidated Financial Statements corresponding to the financial year ended on 31 December 2022, which were duly audited with a favorable opinion being issued, with the exception of the adoption of any new standards and interpretations effective from 1 January 2023 and which, if any, have been considered by the Group when preparing these interim condensed consolidated financial statements.

(I) Standards and Interpretations effective during the present year

During the 6-month period ended on 30 June 2023, 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		
IFRS 17 - Insurance Contracts	It replaces IFRS 4 and includes the principles of registration, valuation, presentation and breakdown of insurance contracts with the objective that the entity provides relevant and reliable information that allows users of financial information determine the effect that insurance contracts have on the financial statements.	1 January 2023
Amendment to IAS 1 Breakdown of accounting policies	Amendments that allow entities to adequately identify the information on material accounting policies that must be disclosed in the financial statements.	1 January 2023
Amendment to IAS 8 Accounting Estimate Definition	Modifications and clarifications on what should be understood as a change in an accounting estimate.	1 January 2023
Amendment to IAS 12 Deferred taxes derived from assets and liabilities resulting from a single transaction	Clarifications on how entities must record the deferred tax derived from assets and liabilities that result from a single transaction such as leases and decommissioning obligations.	1 January 2023
Amendment to IFRS 17 Insurance Contracts - Initial application of IFRS 17 and IFRS 9. Comparative information	Modification of the transition requirements of IFRS 17 for insurers applying IFRS 17 and IFRS 9 for the first time at the same time.	1 January 2023
Not yet approved for use in the European Union		
Amendment to IAS 12 Tax Reform – Pillar 2 Model Rules	This modification introduces a mandatory temporary exemption to the recognition of deferred taxes of IAS 12 related to the entry into force of the Pillar 2 international tax model. It also includes additional disclosure requirements.	1 January 2023

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

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
Not yet approved for use in the European Union		
Amendment to IAS 1 Classification of liabilities as current and non-current and those subject to covenants	Clarifications regarding the presentation of liabilities as current or non-current, and in particular those with maturity conditional on compliance with covenants	1 January 2024
Amendment to IFRS 16 Lease liability in a sale with leaseback	This amendment clarifies the subsequent accounting of lease liabilities that arise in sale and leaseback transactions.	1 January 2024
Amendment to IAS 7 and IFRS 7 Financing agreements with suppliers	This amendment introduces specific information disclosure requirements for financing agreements with suppliers and their effects on the company's liabilities and cash flows, including liquidity risk and associated risk management.	1 January 2024

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

c) Presentation currency of the Group

These interim condensed consolidated financial statements are presented in euros, as this is the currency of the main economic area in which the Group operates. In relation to financial information of foreign companies whose functional currency is different from the presentation currency of the Interim condensed consolidated financial statements, it is translated to euros using the method described in Note 2.g of the 2022 Consolidated Financial Statements.

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

The preparation of these interim condensed consolidated 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 continue being exactly the same as those taken into account in the preparation of the 2022 Consolidated Financial Statements set out in its Note 2.d, except for the new standards applied from 1 January 2023 which are set out in Note 2.b.i. 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 2023, no significant changes have occurred in the estimations made at the 2022 year end.

Brexit

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

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

Notwithstanding, the Group's plans for mitigating the potential risks associated with Brexit focus mainly on the risk relating to Cellnex's exposure to the pound sterling, the most notable tools for which are the designation of cash flow hedging instruments and hedges of net investments in foreign operations. These hedges were implemented through both derivative financial instruments (e.g., currency swaps) and loans in pounds sterling that act as a natural hedge of the investment in the United Kingdom (see Note 9).

Russian invasion of Ukraine

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

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

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

The conflict has not had a significant effect on the Group's results for the period ended as of 30 June 2023 and, additionally, the Group has considered the uncertainty caused by the current situation and, as a conclusion, to date they have not affected the estimates that were being made and, consequently, they have not affected the book value of the assets (especially considering 2022 impairment test headroom as described in Notes 8 and 9 of the 2022 Consolidated Financial Statements) and liabilities as well as certain financial risks (see Note 13). The evolution of the conflict will depend on future developments, which are highly uncertain and cannot be predicted, including the economic conditions, and the actions to contain the conflict or treat its impact, among others.

Macroeconomic conditions

Despite a long period of historically low inflation, inflation is on the increase around the world during 2022 and the first half of 2023, with food, energy and petrol prices hitting record highs. A significant portion of the Group's operating costs could rise as a result of higher inflation and monetary policies of the European Central Bank. Further, most of the Group's infrastructure services contracts are indexed to inflation. As a consequence, its results of operations could be affected by inflation and/or deflation, specially if Cellnex is not successful in passing through the inflation to the customers. In this sense, those contracts with customers that are not inflationary capped may not be sustainable over time for our customers, which could result in renegotiation requests, bad debt increase, legal disputes and a worsened relationship between the Group and its customers, causing potential future opportunities loses.

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

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

On the other hand, 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. As of 30 June 2023, 24% of our debt is not fixed which means can suffer the increase of the interest rates.

Others

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

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

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

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

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

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 2022) together with the consolidated balance sheet at 30 June 2023, 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 2023 are presented along with those corresponding to the 6-month period ended on 30 June 2022.

f) Materiality

In deciding what information to disclose in the Notes on the various items of the interim condensed consolidated financial statements or other matters, the Group, in accordance with IAS 34, assessed materiality in relation to these interim condensed consolidated financial statements for the 6-month period ended on 30 June 2023.

g) Consolidation principles

The consolidation principles considered in the interim condensed consolidated financial statements are consistent with those applied in the 2022 Consolidated Financial Statements, which are detailed in Note 2.g thereto.

h) Changes in the scope of consolidation

The most significant changes in the scope of consolidation and in the ownership of the companies included in it during the 6-month period ended on 30 June 2023 were as follows:

Acquisitions and incorporations

In the first half of 2023, Cellnex and Iliad Purple entered into an agreement pursuant to which Cellnex (through Cellnex Poland, of which Cellnex owns 100%) acquired an additional 30% interest in the share capital of On Tower Poland sp. z o.o. ("On Tower Poland") from Iliad Purple, for an amount of approximately PLN 2,273 million (with a Euro value of EUR 512 million as of the date of completion[(1)]), exclusive of taxes. Following this acquisition, Cellnex Poland held 100% of On Tower Poland as of 30 June 2023. Thus, the indirect stake that Cellnex held in On Tower Poland increased from 70% to 100% at 30 June 2023.

Since the aforementioned transaction did not modify the controlling position in On Tower Poland, it has been treated as an equity transaction carried out with a non-controlling interest (see Note 12.f). This accounting treatment is supported by the guidance in paragraph 23 of IFRS 10 to recognise any adjustments related to changes in the parent's ownership interest that do not result in the parent losing or gaining control over a subsidiary as ownership transactions.

(1) 30/06/2023.

3. Accounting policies and financial risk and capital management

The accounting policies and valuation standards used when preparing these interim condensed consolidated financial statements by the Board of Directors of the Parent Company continue being exactly the same as those used when preparing the 2022 Consolidated Financial Statements, and which are detailed therein, except for the new standards applied from 1 January 2023 which are set out in Note 2.b.i.

Moreover, during the 6-month period ended on 30 June 2023, 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 2022 Consolidated Financial Statements.

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 interim condensed consolidated financial statements for the period ended 30 June 2023 from the date of respective acquisition. The date of acquisition, and by extension the point at which the Group begins to recognize the results of an acquisition, may be dependent upon, among other things, the receipt of contractual consents, the commencement and extent of contractual arrangements, the timing of the transfer of title or rights to the assets as well as the customary regulatory approvals, which may be accomplished in phases.

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

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

Given the complexity of purchase price allocation process, the Group generally performs it with the participation of an independent third-party expert, and, in some cases, there is a reassessment of the allocation process during the period of one year since the business combination is completed, as permitted by IFRS 3. As in previous business combinations completed by the Group, the potential value of the sites is mainly derived from the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their "customer ratio". This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets) and consists of "Customer Network Services Contracts" and "Network Location" as defined in Note 3. b) ii) of the 2022 Consolidated Financial Statements, and provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. Additionally, as required by IFRS 3, IAS 12 and the other applicable standards, the deferred tax liabilities arising from the business combination were recognised as the differences between the carrying amount and the tax base calculated pursuant to the tax legislation in each jurisdiction of the respective operations. Finally, the goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases.

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

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

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

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

As a result of the business combinations performed during the previous years, 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 2023

During the 6-month period ended on 30 June 2023, no relevant business combinations have been carried out.

As regards the business combination regarding Hutchison United Kingdom Acquisition described in Note 6 of the Consolidated Financial Statements for the 2022 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, this business combination is still provisional and without changes.

5. Non-current assets held for sale

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

In order to fulfill Hivory Acquisition (see Note 6 of the 2022 Consolidated Financial Statements) closing requirements established by the French Competition Authority ("FCA") in the first quarter of 2022 the Group entered into: i) a business transfer agreement which set forth the terms and conditions under which Cellnex France will sell to Phoenix France Infrastructures (or to any company controlled by Phoenix France Infrastructures that Phoenix France Infrastructure would substitute) 2,000 sites located in very dense areas of France for an expected amount of approximately EUR 690 million (EUR 600 million net of taxes); ii) a share purchase agreement which sets forth the terms and conditions under which Hivory will transfer to Phoenix Tower France II 1,226 sites located in very dense areas of France for an expected amount of approximately EUR 275 million (EUR 235 million net of taxes). Both agreements are part of the Divestment Remedy required by the FCA in the Hivory Acquisition (see Note 6 of the 2022 Consolidated Financial Statements) and were subject to its approval.

The Divestment Remedy is structured as the sale of six lots of sites and its completion is expected to take place during 2023 and 2024. The first lot, consisting in 150 sites, has been transferred during the first half of 2023 for an amount of approximately EUR 35 million, without significant impact in the accompanying consolidated income statement recognized in “Depreciation, amortization and results from disposals of fixed assets” of the accompanying consolidated income statement (see Note 18.e). The second lot is already identified and valued at a price that is reasonable in relation to its current fair value. The process is progressing correctly and this transaction is expected to be completed soon. In this sense, as of 30 June 2023, the Group considers that the requirements established in IFRS 5 have been met to classify this lot of assets and their associated liabilities as "Assets held for sale" in the accompanying consolidated balance sheet. Consequently, based on the IFRS 5 - "Non-current assets held for sale and discontinued operations", the assets and liabilities related to these Divestment Remedies are presented as assets and liabilities of disposal groups held for sale. Additionally, according to IFRS 5, Cellnex has not depreciated (or amortised) any non-current assets classified as held for sale, but income, interest and other expenses attributable to the liabilities of the disposal group classified as held for sale continue to be recognised. The assets and liabilities rising at the time of their new classification amounted to EUR 73 million and EUR 25 million, respectively. In accordance with IFRS 5.40, the above presentation requirements are applied only prospectively, without reclassification of comparative information. In relation with the remaining lots, the assets included in the relevant lots to sell are not definitive and could change, as both seller and buyer are carrying out due diligence processes in order to identify those sites that meet certain required conditions. Consequently, the Group’s considers that as of 30 June 2023 the requirements established in IFRS 5 for these other lots of sites have not been met yet in order to classify these assets and their associated non-current liabilities as "Non-current assets held for sale".

The main financial figures related to the non-current assets held for sale and the liabilities associated with non-current assets held for sale in relation to the Hivory Acquisition at the periods ended 30 June 2023 and 31 December 2022 are as follows:

	Thousands of Euros	
	30 June 2023	**31 December 2022**
NON-CURRENT ASSETS		
Property, plant and equipment	49,830	35,060
Right-of-use assets	23,630	16,367
Total non-current assets	**73,460**	**51,427**
TOTAL ASSETS	**73,460**	**51,427**
Non-current assets held for sale	**73,460**	**51,427**

	30 June 2023	31 December 2022
NON-CURRENT LIABILITIES		
Lease liabilities	22,477	20,286
Total non-current liabilities	**22,477**	**20,286**
CURRENT LIABILITIES		
Lease liabilities	2,823	1,528
Total current liabilities	**2,823**	**1,528**
TOTAL LIABILITIES	**25,300**	**21,814**
Liabilities associated with non-current assets held for sale	**25,300**	**21,814**

6. Property, plant and equipment

The changes in this heading in the consolidated balance sheet during 2023 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 2023				
Cost	10,357,571	1,227,133	1,517,532	**13,102,236**
Accumulated depreciation	(1,853,189)	(554,708)	—	**(2,407,897)**
Carrying amount	**8,504,382**	**672,425**	**1,517,532**	**10,694,339**
Carrying amount at beginning of period	8,504,382	672,425	1,517,532	**10,694,339**
Changes in the consolidation scope (Note 4)	24,127	37	586	**24,750**
Additions	487,941	51,925	406,621	**946,487**
Disposals (net)	(1,875)	(296)	(2,642)	**(4,813)**
Transfers	584,983	(30,743)	(554,240)	**—**
Transfers to non-current assets held for sale (see Note 5)	(49,830)	—	—	**(49,830)**
Foreign exchange differences	100,233	734	12,961	**113,928**
Depreciation charge	(387,940)	(27,182)	—	**(415,122)**
Carrying amount at close	**9,262,021**	**666,900**	**1,380,818**	**11,309,739**
At 30 June 2023				
Cost	11,503,150	1,248,790	1,380,818	**14,132,758**
Accumulated depreciation	(2,241,129)	(581,890)	—	**(2,823,019)**
Carrying amount	**9,262,021**	**666,900**	**1,380,818**	**11,309,739**

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), as well as the advance payment below described.

"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 2023 period

Changes in the scope of consolidation and business combinations

During the 6-month period ended on 30 June 2023, no relevant business combinations have been carried out.

Signed acquisitions and commitments

France

As of 30 June 2023, 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 approximately 5,300 sites that will be gradually transferred to Cellnex until 2030, of which 2,085 have been transferred to Cellnex as of 30 June 2023 (1,609 as of 30 June 2022), 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 2023, 208 sites were acquired (201 sites in the first half of 2022) and optic fibre network was deployed in relation to the aforementioned agreements, for an amount of approximately EUR 115 million and 149 million, respectively (EUR 145 million and 118 million as of 30 June 2022, respectively). Therefore, the total investment during the first half of 2023 and 2022, in relation to the agreements described above, amounted to approximately EUR 278 million and EUR 263 million, respectively.

Moreover, in accordance with the agreement reached with Free Mobile in 2019 (see Note 6 of the consolidated financial statements ended as of 31 December 2020), Cellnex, through its subsidiary On Tower France, has committed to acquire or build for Free Mobile, as applicable, a minimum of 4,500 sites that will be gradually transferred to Cellnex until 2029, of which 3,070 have been transferred to Cellnex as of 30 June 2023 (2,272 as of 30 June 2022). During the first half of 2023, 349 sites were acquired (421 sites in the first half of 2022) for a total amount of approximately EUR 90 million (EUR 115 million as of 30 June 2022).

Additionally, in accordance with the agreement reached with Altice France, S.A.S and Starlight HoldCo S.à r.l for Hivory, S.A.S (see agreements described in Note 6 of 2022 Consolidated Financial Statements), Cellnex, through its subsidiary Hivory, S.A.S, has committed to acquire or for SFR Telecom to build, as applicable, up to 2,500 sites that will be gradually transferred to Cellnex until 2030, of which 787 sites have been transferred as of 30 June 2023 (384 as of 30 June 2022). During the first half of 2023, 176 sites were acquired (229 sites in the first half of 2022) for a total amount of approximately EUR 31 million (EUR 64 million as of 30 June 2022). The search and construction of sites is outsourced by Hivory to SFR. Hivory, within a framework of obtaining synergies, has agreed that it will front load partially these investments to facilitate the construction of up to 2,500 sites at the earliest possible date. Thus, the Group delivered a prepayment in the first half of 2022 in respect of the investment and acceleration relating to the construction of these sites for an amount of EUR 521 million.

Finally, a new industrial and synergetic agreement with SFR has been reached in 2023 by meeting SFR’s need to deploy new PoPs on existing and new sites. The agreement involves an associated investment over a 6-year period of up to approximately EUR 275 million in exchange for approximately EUR 35 million EBITDA IFRS 16 upon deployment (2029 – c.12.4x EBITDAaL multiple) under a 20 year contract length from the starting date of each new PoPs, with all-or-nothing renewal.

Therefore, the total investment in France during the first half of 2023 and 2022, in relation to the agreements described above, amounted to approximately EUR 399 million and EUR 963 million, respectively. In relation to the Divestment Remedy described in Note 5, 3,226 sites located in France will be gradually transferred during 2023 and 2024 for an amount of approximately EUR 835 million, of which 150 sites have been transferred as of 30 June 2023 for an amount of approximately EUR 34 million.

Poland

During 2021 Cellnex reached an agreement in Poland with Iliad Poland and Polkomtel (see agreements described in Note 6 of the Consolidated Financial Statements ended as of 31 December 2022). Cellnex, through its subsidiaries On Tower Poland and Towerlink Poland, has committed to acquire or for Iliad and Polkomtel to build, as applicable, up to 4,462 sites and 1,500 sites that will be gradually transferred to Cellnex until 2030, of which 1,207 sites and 100 sites have been transferred as of 30 June 2023 (580 sites and 56 sites as of 30 June 2022). During the first half of 2023, 409 sites and 29 sites were acquired (392 sites and 21 sites in the first half of 2022), as well as other updates in active equipment, for a total amount of approximately EUR 102 million and EUR 13 million, respectively (EUR 99 million and EUR 10 million as of 30 June 2022, respectively).

Italy

During the first half of 2023 and 2022, in the context of the Iliad Italy Acquisition, 427 and 299 sites have been transferred for an amount of approximately EUR 65 million and EUR 60 million, respectively.

Portugal

In addition to the transaction closed with MEO in the second half of 2021 (see Notes 2.h and 6 of the 2021 Consolidated Financial Statements), in the second quarter of 2022, Cellnex acquired another portfolio of 102 sites in Portugal for approximately EUR 70 million (see Note 2.h. of the 2022 Consolidated Financial Statements). During the first half of 2023, 66 sites have been acquired (71 sites as of 30 June 2022) with an investment amounting to approximately EUR 9 million (EUR 10 million as of 30 June 2022).

Additionally, in the first quarter of 2022, Cellnex reached an agreement with Nos Comunicações, S.A. in order to expand its BTS program for up to 150 sites to be transferred to Cellnex for approximately EUR 50 million, as part of its long-term partnership established in 2020. After this transaction, that was completed in the last quarter of 2022, the BTS program leads to a total of up to 550 sites to be completed by 2026, in exchange of a total capex of up to EUR 225 million, of which 278 sites have been transferred as of 30 June 2023 with an investment of EUR 163 million.

The United Kingdom

The CK Hutchison Holdings Transaction in respect of United Kingdom was completed in the last quarter of 2022 (see Note 6 of the Consolidated Financial Statements of 2022). Cellnex, through its subsidiary On Tower UK, has committed to acquire or for Hutchison to build, as applicable, up to 1,200 sites that will be gradually transferred to Cellnex until 2030. During the first half of 2023, 314 sites have been acquired for a total amount of approximately EUR 74 million.

Others

In addition to the movements described above, during the first half of 2023 investments have also been carried out by the Group in relation to “Built-to-Suit” agreements reached with several anchor tenants in Netherlands, Switzerland, Ireland, Austria, Denmark and Sweden for a total amount of approximately EUR 47 million (EUR 114 million during the first half of 2022), and other additions related to the business expansion and improvements of the Group's assets, for an amount of approximately EUR 197 million (EUR 87 million as of 30 June 2022). The total additions for the period ended on 30 June 2023 described above, includes the investments carried out by the Group in relation to Engineering Services that have been agreed with different customers, including ad-hoc capex eventually required (such as adaptation, engineering and design services) amounting to approximately EUR 104 million (EUR 111 million during 2022), mainly in France, UK, Switzerland and Portugal, amounting to EUR 40 million, EUR 46 million, EUR 7 million and EUR 3 million, respectively (EUR 44 million, EUR 36 million, EUR 10 million and EUR 4 million, respectively, during the same period in 2022).

At 30 June 2023 the Group had not entered into additional relevant framework agreements with other customers.

Property, plant and equipment abroad

At 30 June 2023 and 31 December 2022 the Group had the following investments in property, plant and equipment located abroad:

	Thousands of Euros	
	30 June 2023	31 December 2022
Italy	1,646,756	1,605,244
France	4,840,761	4,571,681
United Kingdom	1,020,042	858,018
Switzerland	226,350	227,934
Portugal	527,914	515,896
Austria	236,174	225,546
Poland	1,382,481	1,233,886
Others	571,648	570,443
TOTAL	**10,452,126**	**9,808,648**

Fully depreciated assets

At 30 June 2023, fully depreciated property, plant and equipment amounted to EUR 882 million (EUR 1,074 million at 31 December 2022).

Change of control clauses

With regards to the Group's acquisitions of infrastructures from mobile telecommunications operators, certain material contracts entered into by the Group, including most of the Group's agreements with anchor customers, could be modified or terminated if a change of control clause is triggered. With regards to the material contracts entered into by the Group with anchor customers, a change of control clause may be triggered (and is generally limited to) in the event where a competitor of the anchor customer, either alone or in conjunction with others, obtains "significant influence" and/or "control" (which is generally defined as having (i) more than 50% of shares with voting rights (except in a few exceptional cases where this threshold is defined as having 29% or more of shares with voting rights), or (ii) the right to appoint or dismiss the majority of the members of the board of directors of the relevant Group company). In such circumstances, and in certain cases, the anchor customer may be granted an option to buy back assets (generally the infrastructures where they are being serviced). In addition, such buy back option can also be granted in the event that a direct competitor of the anchor customer acquires a significant portion of the shares or obtains voting or governance rights which can be exercised in a way that can negatively affect the anchor customer's interests. A change of control clause may be triggered at the level of Cellnex or only at the level of the relevant subsidiary that has entered into the relevant contract. In certain contracts, the definition of control, and therefore of a change of control, makes specific reference to the applicable law in the relevant jurisdiction.

Purchase commitments at period-end

As of 30 June 2023 the Group held purchase agreements for property, plant and equipment assets amounting to EUR 4,953 million (EUR 5,393 million as of 31 December 2022). These purchase commitments were related to the agreements reached in France with Free Mobile in 2019, where Cellnex, through its subsidiary On Tower France, has committed to acquire or for Free Mobile to build, as applicable, a minimum of 2,500 sites that will be gradually transferred to Cellnex until 2026, and several projects with Bouygues Telecom (Build-to-Suit sites, construction and acquisition of Mobile Switching Centers, Metropolitan Offices and Central Offices -sites with data processing capabilities-, and through which Nexloop will deploy a national optic fiber network in France to provide mobile and fixed fiber-based connectivity and especially accelerate the roll-out of 5G in the country). Additionally, in accordance with the agreement reached with Altice France, S.A.S and Starlight HoldCo S.à r.l for Hivory, S.A.S in 2021, Cellnex, through its subsidiary Hivory, S.A.S, has committed to acquire or for SFR Telecom to build, as applicable, up to 2,500 sites that will gradually transferred to Cellnex until 2030. Furthermore, it included the agreements reached during 2021 in Poland with Iliad Poland and Polkomtel, where, Cellnex, though its subsidiaries On Tower Poland and Towerlink Poland, has committed to acquire or for Iliad and Polkomtel to build, as applicable, up to 4,462 and 1,500 sites that will be gradually transferred to Cellnex until 2030. In addition to the commitments described above, it also included the agreements with CK Hutchison Networks related to the deployment of new sites in Austria, Denmark, Ireland, Italy, Sweden, and the United Kingdom, as well as other "Build-to-Suit" agreements reached with several anchor tenants in Italy, Switzerland, Portugal, Ireland and the Netherlands.

Impairment

As disclosed in Notes 3.a and 3.c of the 2022 Consolidated Financial Statements, 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 and, at least annually for goodwill, the Group will estimate the recoverable value, which is taken to be the greater of the fair value of the asset less costs to sell and its value in use of the corresponding cash generating unit, in accordance with the general criteria and assumptions described in Notes 3.c and 9 of the 2022 Consolidated Financial Statements.

During the 6-month period ended 30 June 2023 no indication exists, also considering the non-significant impact of the Brexit, the new Macroeconomic conditions and the Russian Invasion in Ukraine, as described in Note 2.d, that could lead to the existence of impairment in relation to the tangible assets of the Group, taking into consideration, mainly and among others, that the contracts signed with MNOs and other clients are long-term and are total o partially CPI-linked contract. Additionally, the assets of the CGU's have not changed and the 2022 impairment test reflected sufficient headroom that allows to absorb significant variations of the key hypotheses including modifications in the discount rate applied.

Other disclosures

As a result of the Hutchison United Kingdom Acquisition (see Notes 2 and 6 of the 2022 Consolidated Financial Statements) and pursuant the agreements between Cellnex and Hutchison, Cellnex is joint operator in MBNL in relation with the passive infrastructure. In this regard, following the termination of this joint operation, which is expected to occur in 2031, and the transfer of legal title in certain of those sites to Hutchison, the legal title to a minimum of 3,000 but up to a maximum of 3,833 sites that are the subject of the agreements will be transferred to the Group without any additional disbursement. Irrespectively of the number of sites transferred, the revenues, EBITDA and cash flows should not be impacted.

At 30 June 2023 and 31 December 2022, the Group did not have significant property, plant and equipment subject to restrictions or pledged as collateral on liabilities.

7. Intangible assets

The changes in this heading in the consolidated balance sheet during 2023 were as follows:

				Thousands of Euros
	Goodwill	Intangible assets for telecom infrastructure services	Computer software and other intangible assets	Total
At 1 January 2023				
Cost	6,717,952	22,143,767	432,077	**29,293,796**
Accumulated depreciation	—	(2,314,129)	(137,940)	**(2,452,069)**
Carrying amount	**6,717,952**	**19,829,638**	**294,137**	**26,841,727**
Carrying amount at beginning of period	6,717,952	19,829,638	294,137	**26,841,727**
Changes in the scope of consolidation (Note 4)	5,282	17,098	—	**22,380**
Additions	—	—	6,427	**6,427**
Disposals (net)	—	—	(4,898)	**(4,898)**
Foreign exchange differences	62,593	226,534	2,685	**291,812**
Depreciation charge	—	(557,425)	(26,312)	**(583,737)**
Carrying amount at close	**6,785,827**	**19,515,845**	**272,039**	**26,573,711**
At 30 June 2023				
Cost	6,785,827	22,387,399	436,291	**29,609,517**
Accumulated depreciation	—	(2,871,554)	(164,252)	**(3,035,806)**
Carrying amount	**6,785,827**	**19,515,845**	**272,039**	**26,573,711**

Movements during 2023 period

Signed acquisitions and commitments

During the 6-month period ended on 30 June 2023, the Group had not entered into any other framework agreements with customers additional to those detailed in Note 6 of the 2022 Consolidated Financial Statements.

Intangible assets abroad

At 30 June 2023 and 31 December 2022, the Group had the following net book value of intangible assets located in the following countries:

	Thousands of Euros	
	30 June 2023	31 December 2022
Italy	3,770,787	3,858,399
Netherlands	1,224,012	1,238,748
France	7,162,280	7,312,641
United Kindom	6,399,572	6,316,416
Portugal	1,368,221	1,405,208
Switzerland	1,396,151	1,421,456
Ireland	837,690	853,925
Austria	973,447	992,372
Poland	2,134,343	2,069,512
Others	1,037,645	1,095,149
TOTAL	**26,304,148**	**26,563,826**

Fully depreciated assets

At 30 June 2023, fully depreciated intangible assets amounted to EUR 53,223 thousand (EUR 132,835 thousand at 31 December 2022).

Purchase commitments at period-end

At 30 June 2023, the Group held purchase agreements for intangible assets, excluding those intangible assets that may arise as a result of business combinations (see Note 19.b), amounting to EUR 946 thousand (EUR 9,372 thousand at 31 December 2022).

Impairment

As disclosed in Notes 3.a and 3.c of the consolidated financial statements corresponding to the year ended on 31 December 2022, 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 and, at least annually for goodwill, 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 2023 no indication exists, also considering the non-significant impact of the Brexit, the new Macroeconomic conditions and the Russian Invasion in Ukraine, as described in Note 2.d, that could lead to the existence of impairment in relation to the goodwill or intangible assets of the Group, taking into consideration, mainly and among others, that the contracts signed with MNOs and other clients are long-term and are total o partially CPI-linked contract. Additionally, the assets of the CGU's have not changed and the 2022 impairment test reflected sufficient headroom that allows to absorb significant variations of the key hypotheses including modifications in the discount rate applied.

Other disclosures

At 30 June 2023 and 31 December 2022, the Group did not have significant intangible assets subject to restrictions or pledged as collateral on liabilities.

8. Investments in associates

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

	Thousands of Euros
	2023
At 1 January	**33,232**
Profit of the year	(746)
Additions	3,841
Others	695
At 30 June	**37,022**

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

	Thousands of Euros	
	Value of the shareholding	
	30 June 2023	31 December 2022
Torre Collserola, S.A.	1,976	1,960
Nearby Sensors	350	241
Nearby Computing	204	119
Consorcio de Telecomunicaciones Avanzadas, S.A. (COTA)	252	778
Digital Infrastructure Vehicle II SCSp (DIV) [1]	34,240	30,134
Total	**37,022**	**33,232**

[1] Includes both the DIV's and new investment's "Equity Value."

Digital Infrastructure Vehicle II SCSp (“DIV”)

As part of the T-Mobile Infra Acquisition (see Note 6 of 2021 Consolidated Financial Statements), Cellnex, together with DTAG, as fund’s initial limited partners, signed a commitment letter, pursuant to which Cellnex committed to invest EUR 200 million in DIV. In this regard, during the first half of 2023, DIV drew approximately EUR 4 million (EUR 16 million during the same in period in 2022), which Cellnex additionally paid with available cash. Such funds were used mainly to finance the acquisition by DIV of small fiber companies in the Netherlands, as well as the general operations of the fund. Thus, these new subsequent investments made by DIV, as per IFRS 10:B94 “Equity Method as One-line Consolidation”, have been evaluated separately and have been consolidated within the Cellnex Group through the equity method as of 30 June 2023 and 31 December 2022.

Additionally, during this period new partners have become part of DIV's shareholders and, in accordance with the Limited Partnership Agreement, the founding partners, Cellnex and DTAG have recovered part of the initial investment and, in turn, have received a financial compensation. In this regard, note that the part corresponding to the reimbursement of contributions of its initial investment in DIV (therefore fully related to T-Mobile Infra Acquisition and, consequently, to the participation in Cellnex Netherlands subgroup), amounting to EUR 5 million, has been recorded as an equity transaction carried out with a non-controlling interest in the subsidiary that did not modify the controlling position in Cellnex Netherlands subgroup (see Note 12.f). The financial compensation, amounting to EUR 1 million, has been recognized in the Financial Income heading of the accompanying consolidated income statement. As a result, Cellnex's initial investment in DIV has been diluted by 0.46%, from 20.62% to 20.16% and, consequently, at 30 June 2023, Cellnex's stake in the Cellnex Netherlands subgroup has decreased by 0.17%, (see Note 12.f. of the accompanying consolidated financial statements). Finally, as of 30 June 2023 period-end the Cellnex’s remaining investment commitment in DIV amounts to EUR 83 million.

9. Derivative financial instruments

The detail of the fair value of the derivative financial instruments at 30 June 2023 and 31 December 2022 is as follows:

				Thousands of Euros
		30 June 2023		31 December 2022
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps:				
Cash flow hedges	51,905	—	54,404	—
Fair Value Hedges	—	33,971	—	25,290
Interest rate and/or cross currency swaps and/or forwards:				
Cash flow hedges	70,906	—	95,727	—
Hedges of a net investment in a foreign operation	—	—	11,392	—
Derivative financial instruments	**122,811**	**33,971**	**161,523**	**25,290**
Interest rate and/or cross currency swaps and/or forwards:				
Cash flow hedges	122,811	—	150,131	—
Fair value hedge	—	33,971	—	25,290
Hedges of a net investment in a foreign operation	—	—	11,392	—
Non-current	**122,811**	**33,971**	**161,523**	**25,290**
Current	**—**	**—**	**—**	**—**

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 2022 Consolidated Financial Statements.

The detail of the derivative financial instruments at 30 June 2023 and 31 December 2022, by type of instrument, showing their notional or contractual values, expiry dates and fair values, is as follows:

								Thousands of Euros
								30 June 2023
	Notional amount	2023	2024	2025	2026	2027	Subsequent years	Net fair value
Interest rate swaps:								
Cash flow hedges	136,235	7,741	14,225	12,693	12,125	5,350	45	51,761
Fair value hedge	1,000,000	(11,324)	(13,387)	(10,041)	964	—	—	(33,971)
Interest rate and/or cross currency swaps:								
Hedges of a net investment in a foreign operation	504,817	4,952	8,408	7,803	7,399	7,026	36,380	70,906
Total	**1,641,052**	**1,369**	**9,246**	**10,455**	**20,488**	**12,376**	**36,425**	**88,696**

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

Interest rate swaps

The bond issued in April 2017 for EUR 80 million and maturing in April 2026 was hedged with floating-to-fix 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).

On April 2022, the Group entered into an interest rate swap agreement for EUR 500,000 thousand, partially transforming the latest EUR 1,000 million bond issuance from fix-to-floating rate (see Note 13). In this regards, this interest rate swap has been treated as a fair-value hedge. This hedge is referred to 6M EURIBOR and the reference rate is 0.935%. Finally, on October 2022 the reference to 6M EURIBOR was changed to 1M EURIBOR trough new interests rate swaps.

On November 2022, the Cellnex France Infrastructures, arranged a floating-to-fix IRS for an increasing nominal value up to EUR 90 million. This transaction was structured to hedge EUR 120,000 thousand term loan facility with a 8-year bullet maturity, to partially finance the deployment of new sites.

Cross currency interest rate swaps

During 2020, Cellnex Telecom, S.A. arranged a CCS for EUR 450 million and an equivalent sterling value of GBP 382 million which was designated together with the bond issue of EUR 450 million described in Note 15 of the 2020 Consolidated Financial Statements as a natural hedge of the net investment made in United Kingdom Group's subsidiaries. Finally, In February 2023, the Group cancelled the CCS for EUR 450 million and an equivalent sterling value of GBP 382 million which were designated together with the bond issue of EUR 450 million executed in January 2020 as a natural hedge of the net investment made in United Kingdom Group's subsidiaries.

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 the first half of 2023, the Group designated the cash maintained in zlotys (PLN) amounting to PLN 169 million together with the arranged forward rate agreements in zlotys for an amount of PLN 2,104 million and an equivalent euro value of EUR 469 million to hedge the disbursement envisaged in relation to the investment commitment acquired in June 2023 in relation to the 30% stake of On Tower Poland acquisition (see Note 2.h).

Consequently, exchange differences EUR-PLN amounting to EUR 5,602 thousand were recognised in the total acquisition price of the stake.

Finally, without being a derivative financial instrument contracted, the Group applied net investment hedge certain debts maintained in currency other than euro to hedge currency risk in a net investment in a foreign operation as described in Note 13.

As of 30 June 2023 and 31 December 2022, the estimated sensitivity in the value of interest rate swaps to a 1% change (increase or decrease) in the interest rate is as follows:

				Thousands of Euros
		30 June 2023		31 December 2022
	1% change	-1% change	1% change	-1% change
Interest rate swaps:				
Cash flow hedges	70,318	32,793	72,151	34,779
Fair value hedges	(46,173)	(18,608)	(40,214)	(10,262)

As of 30 June 2023 and 31 December 2022, the estimated sensitivity in the value of interest rate and/or cross currency swaps to a 10% change (increase or decrease) in the exchange rate is as follows:

				Thousands of Euros
		30 June 2023		31 December 2022
	10% change	-10% change	10% change	-10% change
Interest rate and/or cross currency swaps:				
Cash flow hedges	241,622	106,674	153,989	58,538
Hedges of a net investment in a foreign operation	—	—	(28,980)	51,830

10. Trade and other receivables

The breakdown of this heading in the accompanying consolidated balance sheet at 30 June 2023 and 31 December 2022 is as follows:

						Thousands of Euros
			30 June 2023			31 December 2022
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables (gross)	—	913,165	**913,165**	—	814,865	**814,865**
Allowances for doubtful debts (impairments)	—	(21,291)	**(21,291)**	—	(24,003)	**(24,003)**
Trade receivables	**—**	**891,874**	**891,874**	**—**	**790,862**	**790,862**
Current tax assets	—	279,654	**279,654**	—	290,798	**290,798**
Receivables with other related parties (Note 21.d)	—	71	**71**	—	57	**57**
Other receivables	79,684	78,902	**158,586**	75,259	80,948	**156,207**
Trade and other receivables	**79,684**	**1,250,501**	**1,330,185**	**75,259**	**1,162,665**	**1,237,924**

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 2023 and 31 December 2022, the account had no significant past-due balances that were not provided for.

The balance of public-sector debtors as at 30 June 2023 and 31 December 2022, amounted to EUR 15,195 thousand and EUR 17,056 thousand, respectively.

At 30 June 2023, the amount utilized under the non-recourse factoring agreements, in relation to trade receivables, stood at EUR 57.5 million (EUR 38.6 million at 2022 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. At 30 June 2023 the limit under the non-recourse factoring agreements, in relation to trade receivables, stood at EUR 223 million (EUR 223 million as at 2022 year-end).

Allowances for doubtful debts (write-downs)

The changes in the allowance for doubtful debts during 2023 were as follows:

	Thousands of Euros
	30 June 2023
At 1 January	**24,003**
Disposals	(992)
Change in scope	31
Net changes	(1,751)
At 30 June	**21,291**

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 2023	31 December 2022
Corporate income tax	21,020	26,905
VAT receivable	238,066	243,521
Other taxes	20,568	20,372
Current tax assets	**279,654**	**290,798**

At 30 June 2023, this line mainly included VAT receivable derived from the acquisition of mobile telecom infrastructures in Poland and France (see Note 6) for an amount of EUR 209 million. At 31 December 2022, this line mainly included VAT receivable derived from the acquisition of mobile telecom infrastructures in France, Poland and Portugal (see Note 8 of the 2022 Consolidated Financial Statements) for an amount of EUR 221 million.

During 2022 the Group reached a non-recourse agreement regarding a receivable balance relating to VAT, amounting to 445 million euros in relation to the Hutchison United Kingdom Acquisition (see Note 6 of the 2022 Consolidated Financial Statements). At 31 December 2022 the Group derecognised the VAT receivable sold on a non-recourse basis, based on this agreement, as it substantially transferred all the risks and rewards inherent to its ownership to a financial institution. At 30 June 2023, the aforementioned VAT receivable had already been collected.

Other receivables

At 30 June 2023 and 31 December 2022 “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, cash equivalents and financial investments

a) Cash and cash equivalents

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

	Thousands of Euros	
	30 June 2023	31 December 2022
Cash on hand and at banks	181,949	709,853
Term deposits at credit institutions	61,197	328,326
Total	**243,146**	**1,038,179**

b) Current and non-current financial investments

The breakdown of this heading in the accompanying consolidated balance sheet at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros					
	30 June 2023			31 December 2022		
	Non-current	Current	Total	Non-current	Current	Total
Other financial assets	113,292	—	**113,292**	93,242	—	**93,242**
Advances to customers	22,928	3,681	**26,609**	24,326	3,663	**27,989**
Current and non-current financial investments	**136,220**	**3,681**	**139,901**	**117,568**	**3,663**	**121,231**

Other financial assets

As detailed in Note 17.a, in relation to the digitalization and expansion of the terrestrial television networks in remote rural areas in Spain during the digital transformation process, the European Commission issued a decision on 19 June 2013 concluding that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received state aid, in the amount of EUR 260 million, that is contrary to the Treaty on the Functioning of the European Union. In this regard, the governments of Extremadura, Catalonia, Valencia, Asturias and others initiated different proceedings to recover the aid, amounting to approximately EUR 100 million. The Group has already appealed such decisions and, in order to suspend the execution, it has set up escrow accounts for a total amount of approximately EUR 113.3 million (EUR 93.2 million as of 31 December 2022), which were registered in the heading “Non-current financial investments” of the accompanying consolidated balance sheet. On 5 November 2021, the Group filed an appeal before the General Court of the European Union requesting the annulment of the referred decision. To date, the General Court of the European Union has still not ruled on such appeal. In accordance with Note 17.a, it is not expected that the resolution of the procedures in progress will have a significant effect on the consolidated net assets of the Group to the extent that the aforementioned estimate of the actions to be exercised, the Group considers that it would entail the restitution of the amounts deposited in recovered "escrow" accounts.

Advances to customers

The changes in "advances to customers" during the 6-month period ended on 30 June 2023 were as follows:

	Thousands of Euros		
			2023
	Non-current	Current	Total
At 1 January	**24,326**	**3,663**	**27,989**
Charge to the consolidated income statement	—	(1,769)	**(1,769)**
Transfer	(1,769)	1,769	**—**
Others	371	18	**389**
At 30 June	**22,928**	**3,681**	**26,609**

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 2022 Consolidated Financial Statements).

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

Charge to the consolidated income statement

During 2023, 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 2023 this amount was recorded as a reduction to revenues amounting to EUR 1,769 thousand (1,582 thousand from the 6-month period ended on 30 June 2022).

Transfers

The transfers from the 6-month period ended on 30 June 2023 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.

12. Net equity

a) Share capital and treasury shares

Share capital

At 30 June 2023 and 31 December 2022, the share capital of Cellnex Telecom, S.A. amounted to EUR 176,619 thousand, represented by 706,475,375 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

Significant shareholders

In accordance with the notifications concerning the number of shares held made to the National Securities Market Commission ("CNMV"), 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 2023 and 31 December 2022, are as follows:

	% ownership	
	30 June 2023	31 December 2022
Edizione, S.r.l. [(1)]	9.90%	8.53%
The Children's Investment Master Fund [(2)]	9.38%	7.09%
GIC Private Limited [(3)]	7.03%	7.03%
JP Morgan Chase	—	5.38%
Blackrock, Inc.	5.20%	5.05%
Canada Pension Plan Investment Board	5.19%	4.97%
CK HUTCHISON HOLDINGS LIMITED [(4)]	4.83%	4.83%
Fundación Bancaria Caixa D' Estalvis i Pensions de Barcelona	4.77%	4.77%
Norges Bank	3.00%	3.00%
	49.30 %	**50.65 %**

Source: National Securities Market Commission ("CNMV").

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

[(2)] The Children´s Investments Master Fund is managed by the TCI Fund Management Limited by means of certain investment agreements. TCI Fund Management Limited is controlled by Christopher Anthony Hohn.

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

[(4)] CK Hutchison Holdings Limited is the listed ultimate parent company of the CKH group and it indirectly (through a chain of controlled companies) controls CK Hutchison Networks Europe Investments S.à.r.l.

As of 30 June 2023 and 31 December 2022, Edizione was positioned as a reference shareholder in Cellnex Telecom, S.A., holding a 9.90% stake in its share capital (8.53% at 2022 year-end).

At 2022 year-end, as partial consideration for the Hutchison United Kingdom Acquisition, Hutchison held at closing of the transaction an interest of approximately 4.8% in Cellnex's share capital. See Note 6 of the 2022 Consolidated Financial Statements.

As of 30 June 2023 and 31 December 2022, none of the significant shareholders, whether individually or together, controls the Parent Company.

Treasury shares

On 31 May 2018 the Ordinary General Shareholder's Meeting of Cellnex Telecom, S.A. resolved to delegate in favour of the Board of Directors the faculty to purchase treasury shares up to a limit of 10% of the share capital.

During the second half of 2021, Cellnex Board of Directors approved the Cellnex's Treasury Shares Policy, which is available on the Corporate Website. Thus, during the 6-month period ended 30 June 2023, Cellnex did not carry out discretional purchases of treasury shares (302,206 thousand during the same period in 2022). These purchases were carried out under the delegation from the Ordinary General Shareholder's Meeting to the Board of Directors of May 2018 and fulfilling the principles established in the treasury shares policy. The use of the treasury shares acquired under discretional purchases will depend on the agreements reached by the Corporate Governance bodies.

In addition, during the 6-month period ended 30 June 2023 and 2022, 24,908 and 290,578 treasury shares have been transferred to employees in relation to employee remuneration payable in shares, respectively.

At 30 June 2023, the Parent Company has registered a loss of EUR 213 thousand (a loss of EUR 5,804 thousand during the same period in 2022), 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 2023 and 31 December 2022 amounts to 1,094,099 and 1,119,007 shares, respectively and represents 0.155% and 0.158%, respectively, of the share capital of Cellnex Telecom, S.A.

On 1 June 2023, the Ordinary General Shareholder's Meeting resolved to approve the aforementioned delegation in the same terms.

The movement in the portfolio of treasury shares during the first half of 2023 has been as follows:

2023

	Number (Thousands of Shares)	Average Price	Purchases/Sales (Thousands of Euros)
At 1 January 2023	**1,119**	**42.55**	**47,619**
Sales / Others	(25)	42.55	(1,060)
At 30 June 2023	**1,094**	**42.55**	**46,559**

b) Share premium

As at 30 June 2023 the share premium of Cellnex Telecom amounted to EUR 15,511 million (EUR 15,523 million at the end of 2022). During 2023, a cash pay out to shareholders of EUR 11,822 thousand 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 2023	31 December 2022
Legal reserve	19,000	19,000
Reserves from retained earnings and other reserves	(49,876)	(49,662)
Reserves of consolidated companies	(1,435,816)	(1,016,507)
Hedge reserves	52,798	56,748
Foreign exchange differences	156,656	(143,178)
Reserves	**(1,257,238)**	**(1,133,599)**

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 2023 and 31 December 2022, due to the capital increase carried out during 2022, the legal reserve had not reached the legally established minimum.

II) Reserves from retained earnings and other reserves

This line corresponds to the voluntary reserves of the Parent Company of the Group. These reserves are freely available.

III) Reserves of consolidated companies

This line includes the convertible bond reserve, which amounts to EUR 230,147 thousand as of 30 June 2023 and 31 December 2022.

Convertible bonds are compounded instruments that have been split into its two components: a debt component corresponding to the present value of the coupons and principal discounted at the interest rate of a non-convertible bond, with same nominal amount and maturity, without the convertibility option; and an equity component, for the remaining amount, due to the bondholder option to convert into shares.

The decrease in "Reserves of consolidated companies" during 2023 is due to: i) the distribution of 2022 losses for an amount of EUR 297 million, ii) the negative impact amounting to EUR 106 million related to the transaction with non-controlling interests of On Tower Poland in relation with the 30% of the share capital acquired from Iliad Purple (see Note 2.h), iii) the net negative impact on reserves amounting to EUR 20 million in relation to the reimbursement received from DIV (EUR 4 million) (see Notes 8 and 17.c) net of the update of the contingent commitment to purchase shares of Cellnex Netherlands in the context of the T-Mobile Infra Acquisition (EUR 24 million) as a result of the change in the ownership subject to the contingent commitment to purchase. In this regard, as of 30 June 2023, the value of the contingent commitment amounted to EUR 388 million (EUR 364 million as of 2022 year-end). See Note 17.c), and iv) employee benefit payable in shares (see Note 17).

At 30 June 2023 and 31 December 2022, there are no significant non-distributable reserves from both the parent company and the subsidiaries, except from the legal reserve described above.

IV) Hedge reserve

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

V) Foreign exchange differences

The detail of this line item is as follows:

	Thousands of Euros	
	30 June 2023	31 December 2022
Cellnex UK (GBP)	197,122	(8,336)
Cellnex Telecom (USD)	911	927
Cellnex Switzerland (CHF)	14,378	12,792
Cellnex Denmark (DKK)	(590)	158
Cellnex Sweden (SEK)	(119,761)	(77,458)
Cellnex Poland (PLN)	64,596	(71,261)
Total	**156,656**	**(143,178)**

d) Interim dividend and proposed dividends

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

On 21 July 2020, the Annual Shareholders' Meeting approved the distribution of a dividend charged to the share premium reserve to a maximum of EUR 109 million, to be paid upfront or through instalments during the years 2020, 2021, 2022 and 2023. It was also agreed to delegate to the Board of Directors the authority to establish, if this is the case, the amount and the exact date of each payment during said period, always attending to the maximum overall amount stipulated.

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

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

During the first half of 2023, in compliance with the Parent Company´s Shareholders' Remuneration policy, the Board of Directors, pursuant to the authority granted by resolution of the Annual Shareholders' Meeting of 21 July 2020, approved the distribution of a cash pay-out charged to the share premium reserve of EUR 11,822 thousand, which represented EUR 0.016760 for each existing and outstanding share with the right to receive such cash pay-out.

The payment of the dividends will be made on the specific dates to be determined in each case and will be duly announced.

Notwithstanding the above, the Parent Company's ability to distribute dividends depends on a number of circumstances and factors including, but not limited to, net profit attributable to the Parent Company, any limitations included in financing agreements and Group's growth strategy. As a result of such or other circumstances and factors, the Parent Company may modify the Shareholders' Remuneration Policy or may not pay dividends in accordance with the Shareholders' Remuneration Policy at any given time. In any case, the Parent Company will duly announce any future amendment to the Shareholders' Remuneration Policy.

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 2023	30 June 2022
Profit/(loss) attributable to the Parent Company	(193,440)	(170,328)
Weighted average number of shares outstanding (Note 12.a)	705,356,368	672,357,715
Basic EPS attributable to the Parent Company (euros per share)	(0.27)	(0.25)
Diluted EPS attributable to the Parent Company (euros per share)	(0.20)	(0.17)

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 30/06/2023**	**%(*) owned by Cellnex as of 31/12/2022**	**30 June 2023**	**31 December 2022**
Cellnex Switzerland	Switzerland	72 %	72 %	227,474	226,180
Swiss Towers	Switzerland	72 %	72 %	6,218	8,150
Swiss Infra	Switzerland	72 %	72 %	40,159	42,218
Grid Tracer	Switzerland	40 %	40 %	576	600
Adesal Telecom	Spain	60 %	60 %	2,361	2,506
OnTower France	France	100 %	100 %	—	(1,288)
Nexloop (1)	France	51 %	51 %	67,841	21,063
Metrocall	Spain	60 %	60 %	26,286	27,643
Cellnex Netherlands (2)	Netherlands	70 %	70 %	236,591	236,120
Towerlink Netherlands (2)	Netherlands	70 %	70 %	14,859	14,042
Breedlink (2)	Netherlands	70 %	70 %	(391)	(383)
Shere Masten (2)	Netherlands	70 %	70 %	(1,732)	(2,795)
Alticom (2)	Netherlands	70 %	70 %	(1,609)	(1,475)
On Tower Netherlands subgroup (2)	Netherlands	70 %	70 %	14,356	13,864
Cignal Infrastructure Netherlands (2)	Netherlands	70 %	70 %	(7,154)	(4,814)
The Broadcast Group (2)	Netherlands	70 %	—	(43)	—
On Tower Poland	Poland	100 %	70 %	—	384,012
Towerlink Poland (3)	Poland	99.99 %	99.99 %	153	147
Cellnex France Infrastructure	France	51 %	51 %	3,911	903
Total				**629,856**	**966,693**

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

(1) The agreement between Cellnex and Bouygues Telecom (see note 2.h of the 2020 Consolidated Financial Statements) includes certain exit agreements and provides Bouygues Telecom with call options over Nexloop's shares held by Cellnex France Groupe, upon the expiry of a given period of time (that is, a 20-year period from the execution of the shareholders' agreement) and subject to certain conditions which the Group believes makes its execution challenging, or in the event that a triggering event occurs (including the breach by Cellnex of the agreements between the shareholders). The shareholders' agreement also sets out Cellnex France's right, but not the obligation, to purchase this non-controlling interest subject to certain events, and, if exercised, Bouygues Telecom will have the obligation to sell its Nexloop's shares, subject to certain conditions and at a price to be calculated pursuant to said agreement.

(2) As detailed in Note 8, Cellnex, DIV and a Dutch foundation entered into an agreement upon closing, which set forth the right of DIV to sell its 37.65% non-controlling interest to Cellnex, at a price to be calculated pursuant to said agreement. This agreement is very similar to the put option agreement of Cellnex Switzerland with DTCP executed in 2019 (see 2019 Consolidated Financial Statements). Thus, as a consequence of the terms set forth in paragraph 23 of IAS 32, the Group maintains a liability (see Note 17.c) corresponding to the contingent commitment to purchase the 30.12% (29.88% as of 31 December 2022) of Cellnex Netherlands' shares from third-party shareholders, whose interests in this consolidated company are reflected as of 30 June 2023 and 31 December 2022 under "Non-controlling interests".

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

The changes in this heading were as follows:

	Thousands of Euros
	2023
At 1 January	**966,693**
Profit/(loss) for the period	(9,223)
Dividends	(1,425)
Changes in the scope of consolidation	(399,309)
Exchange differences	19,013
Capital increase - non-controlling interests	52,675
Others	1,432
At 30 June	**629,856**

"Changes in the scope of consolidation" for the 6-month period ended on 30 June 2023 amounting to EUR 399 million, mainly relates to the impact of:

I) Acquisition of an additional stake in On Tower Poland

As detailed in Note 2.h, in the first half of 2023, Cellnex Poland entered into an agreement with Iliad Purple to acquire 30% of the share capital of On Tower Poland, after which Cellnex now indirectly holds a 100% shareholding in On Tower Poland. Following the aforementioned, a decrease amounting to EUR 401 million has been recognised under "non-controlling interests" in the accompanying consolidated balance sheet, as a result of the termination of the non-controlling interests that existed at the acquisition date.

Additionally, since the aforementioned transaction was an equity transaction carried out with a non-controlling interest in the subsidiary that did not modify the controlling position in On Tower Poland, the transaction has led to the recognition of a negative impact of EUR 106 million under "Reserves of consolidated companies" in the accompanying consolidated balance sheet (see section c) of this Note). This accounting treatment is supported by the guidance in paragraph 23 of IFRS 10 to recognise any adjustments related to changes in the parent's ownership interest that do not result in the parent losing or gaining control over a subsidiary as ownership transactions.

"Capital increase - non-controlling interests" for the 6-month period ended on 30 June 2023 mainly corresponds to:

II) Capital increase in Nexloop

During the first half of 2023, Nexloop carried out a capital increase amounting to EUR 100 million, which was fully subscribed by Cellnex France Groupe and Bouygues Telecom. Therefore, the stake that both shareholders held in Nexloop, as of 30 June 2023, did not change as a result of the aforementioned transaction.

13. Borrowings

Overview

The breakdown of borrowings at 30 June 2023 and 31 December 2022 is as follows:

						Thousands of Euros
		30 June 2023			31 December 2022	
	Non-current	Current	Total	Non-current	Current	Total
Bond issues and other loans	13,213,775	822,834	**14,036,609**	13,939,425	105,985	**14,045,410**
Loans and credit facilities	3,971,105	36,024	**4,007,129**	3,803,414	34,764	**3,838,178**
Other financial liabilities	6,775	929	**7,704**	4,497	2,603	**7,100**
Borrowings	**17,191,655**	**859,787**	**18,051,442**	**17,747,336**	**143,352**	**17,890,688**

During the 6-month period ended at 30 June 2023, 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 160,150 thousand to EUR 18,043,738 thousand.

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

- On 27 February 2023 the Group entered into a EUR 700,000 thousand term loan facility with 5 year maturity. The purpose of this agreement was mainly to refinance the outstanding GBP 600,000 thousand term loan facility through its subsidiary Cellnex UK. In this case the term loan was executed by Cellnex Finance.

- On 11 May 2023 the Group signed a EUR 150,000 thousand term loan facility with a 5 year bullet maturity that has been fully drawn.

Additionally, during the 6-month period ended on 30 June 2023, the following financing agreement has been signed or modified: i) In relation with the EUR 135,000 thousand Senior Facility Agreement signed on 27 October 2022 by Cellnex France Infrastructures consisting of EUR 120,000 thousand term loan facility to partially finance the deployment of new sites, and a EUR 15,000 thousand revolving credit facility to finance or reimburse VAT amounts related to Cellnex France Infrastructures's project cost, the revolving credit facility has been reduced in EUR 5,000 thousand ii) on 26 June 2023, the Group amended and decreased EUR 200,000 thousand of GBP and CHF undrawn credit facilities to increase a EUR 100,000 thousand to EUR 300,000 thousand credit facility.

As part of the commitment to sustainability, Cellnex has designed this Sustainability-Linked Financing Framework (“the Framework”) to reinforce the role of sustainability as an integral part of the Group’s funding process. Obtaining funding under this Framework will help Cellnex to accomplish the ambitious sustainability targets which are consistent with the ESG Strategy. The Framework is aligned with the best practices as described by the International Capital Market Association’s (“ICMA”), the Sustainability-Linked Bond Principles (“SLBP”) 2020, the Loan Market Association’s (“LMA”), the Sustainability-Linked Loan Principles 2021 (“SLLP”) and will also provide investors with further insights into the Group’s sustainability strategy and commitments. As described below in the accompanying Note 13, Cellnex has selected two environmental KPIs and one social KPI, which are core, relevant and material to its business and industry and are aligned with its ESG Strategy.

Borrowings by fixed/variable rate

As of 30 June 2023 and 31 December 2022, the Group’s fixed rate notional debt amounted to EUR 13,905,709 thousand and EUR 13,890,563 thousand, representing 76% and 77% of its Gross Financial Debt excluding lease liabilities (EUR 3,060,480 thousand and EUR 3,085,490 thousand, respectively), whereas the Group’s variable rate notional debt amounted to EUR 4,307,090 thousand and 4,158,549 thousand, representing 24% and 23% of its Gross Financial Debt excluding lease liabilities, respectively. As of 30 June 2023, the estimated sensitivity in the Group’s financial costs to a 1% change (increase or decrease) in the interest rate, both fixed and variable, is as follows. The amount of the Group’s financial costs from fixed gross financial debt excluding lease liabilities would remain unchanged. The amount of the Group’s financial costs from variable gross financial debt excluding lease liabilities would increase by EUR 43,070 thousand in the event of a 1% interest rate increase and the amount of the Group's financial costs from variable gross financial debt excluding lease liabilities would decrease by EUR 57,988 thousand in the event of a 1% interest rate decrease, as some of the Group's financing contracts include an index floor clause.

Borrowings: Cash flow reconciliation

Pursuant to the amendments to IAS 7, a reconciliation of the cash flows arising from financing activities is set out below, together with the associated liabilities in the opening and closing balance sheet, distinguishing between changes that give rise to cash flows and those that do not:

30 June 2023

					Thousands of Euros
	01/01/2023	Cash flows	Exchange rate	Other [1]	30/06/2023
Bond issues	14,045,410	—	(7,849)	(952)	14,036,609
Loans and credit facilities and other financial liabilities	3,845,278	169,128	1,600	(1,173)	4,014,833
Borrowings	**17,890,688**	**169,128**	**(6,249)**	**(2,125)**	**18,051,442**

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

As of 30 June 2023 and 31 December 2022, 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 12,624 million and EUR 12,067 million, respectively (based on the market prices at the reporting date).

In accordance with the foregoing and with regard to the financial policy approved by the Board of Directors, the Group prioritizes securing sources of financing at Cellnex Finance level. The aim of this policy is to secure financing at a lower cost and longer maturities while diversifying its funding sources. In addition, this encourages access to capital markets and allows greater flexibility in financing contracts to promote the Group's growth strategy.

As of 30 June 2023 and 31 December 2022, the breakdown, by maturity, type of debt and 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 2023 and 31 December 2022 are shown in the table below:

30 June 2023

								Thousands of Euros
		Current	Non-current					
	Limit	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Bond issues and other loans (*)	14,207,503	851,691	501,655	2,069,179	1,139,007	2,059,999	7,581,520	**14,203,051**
Arrangement expenses	—	(28,857)	(28,195)	(25,914)	(19,756)	(15,017)	(48,703)	**(166,442)**
Loans and credit facilities (*)	7,358,989	40,692	607,348	1,517,182	879,046	862,500	118,152	**4,024,920**
Arrangement expenses	—	(4,668)	(2,603)	(1,386)	(8,701)	(433)	—	**(17,791)**
Other financial liabilities	136	929	1,710	1,363	1,248	309	2,145	**7,704**
Total	**21,566,628**	**859,787**	**1,079,915**	**3,560,424**	**1,990,844**	**2,907,358**	**7,653,114**	**18,051,442**

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

31 December 2022

								Thousands of Euros
		Current	Non-current					
	Limit	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Bond issues and other loans (*)	14,215,194	135,400	752,431	602,167	2,462,029	1,698,520	8,575,650	**14,226,197**
Arrangement expenses	—	(29,415)	(28,507)	(27,962)	(22,257)	(17,464)	(55,182)	**(180,787)**
Loans and credit facilities (*)	7,178,743	41,625	1,257,220	1,344,467	254,974	512,666	448,261	**3,859,213**
Arrangement expenses	—	(6,861)	(3,988)	(1,611)	(8,575)	—	—	**(21,035)**
Other financial liabilities	2,986	2,603	1,836	434	322	333	1,572	**7,100**
Total	**21,396,923**	**143,352**	**1,978,992**	**1,917,495**	**2,686,493**	**2,194,055**	**8,970,301**	**17,890,688**

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

Various refinancing alternatives, such as the issuance of a new straight bond, a new convertible bond, bank refinancing or utilization of undrawn credit facilities are being analysed to face 2024 maturities. Specifically, the EUR 750 million Bond and CHF 620 million credit facility in Swiss Towers A.G.

Borrowings by type of debt

						Thousands of Euros
	Notional as of 30 June 2023 (*)			Notional as of 31 December 2022 (*)		
	Limit	Drawn	Undrawn	Limit	Drawn	Undrawn
Bond issues and other loans	14,207,503	14,207,503	—	14,215,194	14,215,194	—
Loans and credit facilities	7,358,989	4,005,296	3,353,693	7,178,743	3,833,917	3,344,826
Total	**21,566,492**	**18,212,799**	**3,353,693**	**21,393,937**	**18,049,111**	**3,344,826**

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

As of 30 June 2023, the total limit of loans and credit facilities available was EUR 7,358,989 thousand (EUR 7,178,743 thousand as of 31 December 2022), of which EUR 3,889,501 thousand in credit facilities and EUR 3,469,488 thousand in loans (EUR 3,885,212 thousand in credit facilities and EUR 3,293,530 thousand in loans as of 31 December 2022).

Furthermore, of the EUR 7,358,989 thousand of loans and credit facilities available (EUR 7,178,743 thousand as of 31 December 2022), EUR 3,245,872 thousand (EUR 4,110,625 thousand as of 31 December 2022) 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 2023 the total amount drawn down of the loans and credit facilities was EUR 4,005,296 thousand (EUR 3,833,917 thousand drawn down as of 31 December 2022).

Borrowings by currency

	Thousands of Euros	
	30 June 2023	31 December 2022
Euro	16,651,804	15,769,952
GBP	—	744,275
USD	562,166	1,005,212
CHF	1,021,705	573,071
Borrowings	**18,235,675**	**18,092,510**

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

As described in Note 4.a-I of the 2022 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 2023 and 31 December 2022, 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 three bonds in CHF: CHF 185,000 thousand (EUR 189,007 thousand), CHF 100,000 thousand (EUR 102,166 thousand) and CHF 150,000 thousand (EUR 153,249 thousand). The maturity of these bonds are in 2027, 2025 and 2026, respectively). These non-derivative financial instruments are assigned as net investment hedges against the net assets of Swiss subsidiaries.

As of 30 June 2023 the Group cancelled a Cross Currency Swap (“CCS”) for EUR 450 million and an equivalent sterling value of GBP 382 million which were designated together with the bond issue of EUR 450 million executed in January 2020 as a natural hedge of the net investment made in United Kingdom Group’s subsidiaries. In addition, the Group also cancelled through its subsidiary Cellnex UK a GBP 600,000 thousand term loan facility with a Euro value of EUR 674,400 thousand. These non-derivative financial instruments were assigned as net investment hedges against the net assets of subsidiaries in the United Kingdom.

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

Bond issues and other loans

The detail of the bond issues and other loans is as follows:

	Thousands of Euros	
	30 June 2023	31 December 2022
Bond issues	14,036,609	14,045,410
Bond issues and other loans	**14,036,609**	**14,045,410**

I) EMTN Programme and Guaranteed EMTN Programme

From 2015 to May 2020, the Group established and subsequently renewed a Euro Medium Term Note Programme (the “EMTN Programme”) through the Parent Company. This EMTN Programme was registered on the Irish Stock Exchange Plc, trading as Euronext Dublin, allowing for the issue of bonds up to an aggregate amount of EUR 10,000 million. After the establishment of the Guaranteed EMTN Programme by Cellnex Finance (as defined below), the Group has ceased to renew the EMTN Programme with the Parent Company.

Since December 2020, Cellnex Finance is the leading financing entity of the Group. Thus, a Guaranteed Euro Medium Term Note Programme (the “Guaranteed EMTN Programme”) was set up in Cellnex Finance, guaranteed by the Parent Company, registered on the Irish Stock Exchange plc, trading as Euronext Dublin, and allowing for the issue of bonds up to an aggregate amount of EUR 10,000 million. The Guaranteed EMTN Programme has been renewed in July 2022 for a period of 12 months with a maximum aggregate amount of EUR 15,000 million and its structured under the Sustainability-Linked Financing Framework designed by Cellnex at the beginning of 2022.

Since March 2016 Cellnex has been part of the list of companies whose corporate bonds are eligible for the Corporate Sector Purchase Programme (CSPP) by European Central Bank (ECB).

Cellnex has issued the bonds described in the table below, all of them addressed to qualified investors:

30 June 2023

Programme	Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Notional as at 30 June 2023 (Thousands of Euros)
EMTN Programme	10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.38%	750,000
EMTN Programme	16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.88%	65,000
EMTN Programme	18/01/2017	8 years	18/04/2025	BBB-/BB+	XS1551726810	2.88%	335,000
EMTN Programme	07/04/2017	9 years	07/04/2026	BBB-/NA	XS1592492125	Eur 6M+2.27%(1)	80,000
EMTN Programme	03/08/2017	10 years	03/08/2027	BBB-/NA	XS1657934714	Eur 6M+2.20%	60,000
EMTN Programme	31/07/2019	10 years	31/07/2029	BBB-/NA	XS2034980479	1.90%	60,500
EMTN Programme	20/01/2020	7 years	20/04/2027	BBB-/BB+	XS2102934697	1.0%	450,000
EMTN Programme	29/01/2020	7 years	18/02/2027	BBB-/NA	CH0506071148	0.00775	189,007
EMTN Programme	26/06/2020	5 years	18/04/2025	BBB-/BB+	XS2193654386	0.0288	165,000
EMTN Programme	26/06/2020	9 years	26/06/2029	BBB-/BB+	XS2193658619	0.0188	750,000
EMTN Programme	17/07/2020	5 years	17/07/2025	BBB-/BB+	CH0555837753	0.011	102,166
EMTN Programme	23/10/2020	10 years	23/10/2030	BBB-/BB+	XS2247549731	0.0175	1,000,000
Guaranteed EMTN	15/02/2021	5 years	15/11/2026	BBB-/BB+	XS2300292617	0.0075	500,000
Guaranteed EMTN	15/02/2021	8 years	15/01/2029	BBB-/BB+	XS2300292963	0.0125	750,000
Guaranteed EMTN	15/02/2021	12 years	15/02/2033	BBB-/BB+	XS2300293003	0.02	1,250,000
Guaranteed EMTN	26/03/2021	5 years	26/03/2026	BBB-/NA	CH1104885954	0.00935	153,249
Guaranteed EMTN	08/06/2021	7 years	06/08/2028	BBB-/BB+	XS2348237871	0.015	1,000,000
Guaranteed EMTN	09/06/2021	6 years	09/06/2027	BBB-/BB+	XS2385393405	0.01	1,000,000
Guaranteed EMTN	09/06/2021	11 years	09/06/2032	BBB-/BB+	XS2385393587	0.02	850,000
Guaranteed EMTN	30/03/2022	4 years	12/04/2026	BBB-/BB+	XS2465792294	2.25% (1)	1,000,000
Total							**10,509,922**

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

Bond issues during the first half of 2023

There have no bond issues during the first half of 2023.

31 December 2022

Programme	Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Notional as at 31 December 2022 (Thousands of Euros)
EMTN Programme	10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.38%	750,000
EMTN Programme	16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.88%	65,000
EMTN Programme	18/01/2017	8 years	18/04/2025	BBB-/BB+	XS1551726810	2.88%	335,000
EMTN Programme	07/04/2017	9 years	07/04/2026	BBB-/NA	XS1592492125	Eur 6M+2.27%(1)	80,000
EMTN Programme	03/08/2017	10 years	03/08/2027	BBB-/NA	XS1657934714	Eur 6M+2.20%	60,000
EMTN Programme	31/07/2019	10 years	31/07/2029	BBB-/NA	XS2034980479	1.90%	60,500
EMTN Programme	20/01/2020	7 years	20/04/2027	BBB-/BB+	XS2102934697	1.0%	450,000
EMTN Programme	29/01/2020	7 years	18/02/2027	BBB-/NA	CH0506071148	0.00775	187,874
EMTN Programme	26/06/2020	5 years	18/04/2025	BBB-/BB+	XS2193654386	0.0288	165,000
EMTN Programme	26/06/2020	9 years	26/06/2029	BBB-/BB+	XS2193658619	0.0188	750,000
EMTN Programme	17/07/2020	5 years	17/07/2025	BBB-/BB+	CH0555837753	0.011	101,553
EMTN Programme	23/10/2020	10 years	23/10/2030	BBB-/BB+	XS2247549731	0.0175	1,000,000
Guaranteed EMTN	15/02/2021	5 years	15/11/2026	BBB-/BB+	XS2300292617	0.0075	500,000
Guaranteed EMTN	15/02/2021	8 years	15/01/2029	BBB-/BB+	XS2300292963	0.0125	750,000
Guaranteed EMTN	15/02/2021	12 years	15/02/2033	BBB-/BB+	XS2300293003	0.02	1,250,000
Guaranteed EMTN	26/03/2021	5 years	26/03/2026	BBB-/NA	CH1104885954	0.00935	152,330
Guaranteed EMTN	08/06/2021	7 years	06/8/2028	BBB-/BB+	XS2348237871	0.015	1,000,000
Guaranteed EMTN	09/6/2021	6 years	09/6/2027	BBB-/BB+	XS2385393405	0.01	1,000,000
Guaranteed EMTN	9/6/2021	11 years	09/6/2032	BBB-/BB+	XS2385393587	0.02	850,000
Guaranteed EMTN	30/03/2022	4 years	12/04/2026	BBB-/BB+	XS2465792294	2.25% (1)	1,000,000
Total							**10,507,257**

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

Bond issues during 2022

On 30 March 2022, Cellnex completed the pricing of a EUR-denominated bond issuance for an amount of EUR 1,000 million (with ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors under its Euro Medium Term Note Program (EMTN Program) and guaranteed by Cellnex. The bond is maturing in April 2026, has a coupon of 2.25% and was issued at a price of 98.932% of its nominal value. In addition, the Group entered into an interest rate swap agreement for EUR 500,000 thousand in order to partially transform the issuance from fix-to-floating rate (see Note 9).

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

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

The bond issues have certain associated costs, customary in this type of transactions such as arrangement expenses and advisors' fees, which amounted to EUR 0 thousand as of 30 June 2023 (EUR 18,193 thousand as of 30 June 2022), 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 166,442 thousand and EUR 180,787 thousand was deducted from bond issues in the consolidated balance sheet as of 30 June 2023 and 31 December 2022, respectively. The arrangement expenses and advisor's fees accrued in the consolidated income statement for the period ended 30 June 2023 in relation to the bond issues amounted to EUR 14,345 thousand (EUR 13,489 thousand as of 30 June 2022).

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

In the second quarter of 2021, Cellnex Finance completed and settled a senior unsecured US Dollar-denominated bond issuance, guaranteed by the Parent Company, for a nominal amount of USD 600 million (with ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors. The bond was issued at a price of 98.724% of its nominal value in US dollars, with a maturity date in July 2041 and a coupon of 3.875% in US dollars.

Simultaneously, Cellnex Finance entered into several Cross-currency Swaps by virtue of which Cellnex lent the USD 600 million from the bond issuance at a coupon of 3.875% and borrowed the equivalent amount of euros at an agreed exchange rate enabling Cellnex to obtain approximately EUR 505 million at a coupon of 2.5%.

Cellnex Finance carried out its inaugural issuance in the U.S. dollar market to take advantage of the ample liquidity and long-term maturities (20 years) of such market, as well as to diversify its investor base.

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

Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Notional as at 30 June 2023 (Thousands of Euros)
07/07/2021	20 years	07/07/2041	BBB-/BB+	US15118JAA34 Reg S: USE2943JAA72	3.875%	552,181
Total						**552,181**

III) Convertible bonds

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

30 June 2023

Issue	Initial Duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 30 June 2023 (Thousands of Euros)
16/01/2018	8 years	16/01/2026	BBB-/NA	XS1750026186	1.50 %	575,053
21/01/2019	7 years	16/01/2026	BBB-/NA	XS1750026186	1.50 %	190,517
05/07/2019	9 years	05/07/2028	BBB-/NA	XS2021212332	0.50 %	858,581
20/11/2020	11 years	20/11/2031	BBB-/NA	XS2257580857	0.75 %	1,445,257
Total						**3,069,408**

31 December 2022

Issue	Initial Duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 31 December 2022 (Thousands of Euros)
16/01/2018	8 years	16/01/2026	BBB-/NA	XS1750026186	1.50 %	570,945
21/01/2019	7 years	16/01/2026	BBB-/NA	XS1750026186	1.50 %	188,931
05/07/2019	9 years	05/07/2028	BBB-/NA	XS2021212332	0.50 %	851,510
20/11/2020	11 years	20/11/2031	BBB-/NA	XS2257580857	0.75 %	1,436,105
Total						**3,047,491**

These convertible bonds have been treated as a compound instrument and have been split into its two components: a debt component amounting EUR 3,069 million (EUR 3,047 million as of 31 December 2022), corresponding to the present value of the coupons and principal discounted at the interest rate of a bond, with same nominal amount and maturity, without the convertibility option; and an equity component, for the remaining amount, due to the bondholder option to convert into shares, included in the heading "Reserves from retained earnings and other reserves".

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

As of 30 June 2023, no further amount of the convertible bond with maturity date 2026 was converted into shares. As of 31 December 2022, an amount of EUR 4,600 thousand of the convertible bond with maturity date 2026 was converted into shares. According to these conversion notices, the Group delivered 156,086 shares to the bondholders.

Clauses regarding changes of control

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

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

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

Bonds obligations and restrictions

As at 30 June 2023 and 31 December 2022, Cellnex had no restrictions regarding the use of proceeds from its bond offerings, had not provided any collateral for any obligations in connection with its outstanding bonds and the bonds ranked pari passu with the rest of Cellnex's unsecured and unsubordinated borrowings.

Finally, at the date of authorization for issue of these interim condensed consolidated financial statements, the clauses or obligations included in the bonds terms and conditions had been fulfilled.

IV) ECP Programme

In June 2018 Cellnex established an Euro-Commercial Paper Programme (the "ECP Programme") with the Irish Stock Exchange, plc. trading as Euronext Dublin, which was renewed in June 2020. The ECP Programme had a limit of EUR 500 million or its equivalent in GBP, USD and CHF. During 2021, the Group ceased to renew the ECP Programme with the Parent Company as it was established by Cellnex Finance in the fourth quarter of 2021 (the "Guaranteed ECP Programme"), following the same steps than the Guaranteed EMTN Programme. The Guaranteed ECP Programme was renewed in July 2022 for a period of 12 months with a maximum aggregate amount of EUR 750 million or its equivalent in GBP, USD and CHF. As of 30 June 2023, the Guaranteed ECP Programme had not been used.

Loans and credit facilities

As of 30 June 2023, the total limit of loans and credit facilities available was EUR 7,358,989 thousand (EUR 7,178,743 thousand as of 31 December 2022), of which EUR 3,889,501 thousand in credit facilities and EUR 3,469,488 thousand in loans (EUR 3,885,213 thousand and EUR 3,293,530 thousand respectively as of 31 December 2022).

On 27 February 2023 the Group entered into a EUR 700,000 thousand term loan facility with 5 year maturity. The purpose of this financing was mainly to refinance the outstanding GBP 600,000 thousand term loan facility through its subsidiary Cellnex UK for the agreement signed in 2019. In this case the term loan was executed by Cellnex Finance. On 11 May 2023 the Group signed a EUR 150,000 thousand term loan facility with a 5 year bullet maturity that has been fully drawn. Furthermore, on 26 June 2023 the Group amended and decreased EUR 200,000 thousand of GBP and CHF undrawn credit facilities to increase a EUR 100,000 thousand to EUR 300,000 thousand credit facility.

Additionally, on 27 October 2022 Cellnex France Infrastructures signed a EUR 135,000 thousand Senior Facility Agreement. The financing consists of a EUR 120,000 thousand term loan facility with a 8-year bullet maturity, to partially finance the deployment of new sites, and a EUR 15,000 thousand revolving credit facility with a six year and 9 months bullet maturity to finance or reimburse VAT amounts related to Cellnex France Infrastructures's project cost. During the first half of 2023, the revolving credit facility has been reduced in EUR 5,000 thousand. As of 30 June 2023 the total amount drawn down was EUR 16,315 thousand (as of 31 December 2022, no drawdown had been made).

As of 30 June 2023, the Group also maintained through its subsidiaries a total amount of drawn debt of EUR 850,535 thousand (EUR 1,515,498 thousand in 2022), which included mainly a syndicated facility agreement in CHF amounting to CHF 556,000 thousand (CHF 548,000 thousand in 2022) in Swiss Towers, and a EUR 280,200 thousand term loan facility entered by Cellnex Netherlands in 2021.

Additionally, on 29 May 2020 Nexloop signed a EUR 620,000 thousand financing with a pool of banks, consisting of a EUR 600,000 thousand term loan facility with an 8-year bullet maturity, to partially finance the deployment of the fiber network by Nexloop, and a EUR 20,000 thousand revolving credit facility with a 7-year-and-10-months bullet maturity to finance or reimburse VAT amounts related to Nexloop's project costs. As of 30 June 2023, the total amount drawdown of the facilities were EUR 328,767 thousand and EUR 19,999 thousand (EUR 310,767 thousand and EUR 19,999 thousand as of 31 December 2022, respectively).

Clauses regarding changes of control

For the loans and credit facilities entered into by Cellnex and/or Cellnex Finance, the change of control trigger is at the Cellnex and Cellnex Finance level. For the syndicated facilities agreement entered into by Swiss Towers, the change of control trigger is measured with respect to Cellnex Switzerland, Swiss Towers and Swiss Infra (as defined below). For the Nexloop Facilities, the change of control trigger is measured with respect to Nexloop. For the 5-year facility agreement of the T-Mobile Infra Acquisition, the change of control trigger is measured with respect to Cellnex Netherlands and Cignal Infrastructure Netherlands (formerly T-Mobile Infra). For the Senior Facility Agreement of Cellnex France Infrastructures the change of control trigger is measured with respect to Cellnex France Infrastructures. At the Cellnex level, a "change of control event" is generally triggered when a third party, alone or together with others, acquires more than 50% of shares with voting rights, or obtains the right to appoint or dismiss the majority of the members of the board of directors of the relevant company. At the subsidiaries level, a "change of control event" is generally triggered when such subsidiary ceases to be 100% owned or majority owned by the relevant Cellnex group entity.

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

As at 30 June 2023 and 31 December 2022 most of Cellnex's outstanding loans and credit facilities do not impose restrictions on the use of available funds. However, certain of the Group's outstanding loans and credit facilities, including the Nexloop Senior Facility and the Cellnex France Infrastructures Senior Facility, impose restrictions on the use of drawn amounts, as these can only be used to finance the payment of Project costs.

Security interests and other covenants and undertakings

As of 30 June 2023 and 31 December 2022, most the outstanding loans and credit facilities entered into by Cellnex and its subsidiaries are unsecured and unsubordinated and rank "pari passu" with the rest of the Group's unsecured and unsubordinated borrowings. However, from time to time, the Group may enter into senior and secured loans and credit facilities, such as the Nexloop Facilities or the Cellnex France Infrastructures Facility, under which the Group granted a security package in favour of several creditors and hedge counterparties consistent with certain agreed security principles, including pledges over the Group's shares in Nexloop or Cellnex France Infrastructures Facility accordingly, and certain receivables including any debt instruments held by the Group in Nexloop (such as the Group's credit rights under the Nexloop Shareholder Facility, as defined herein) or Cellnex France Infrastructures Facility, accordingly.

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

In this regard, at the date of authorization for issue of these interim condensed consolidated financial statements, the clauses or obligations included in the foregoing financing agreements had been fulfilled. For the Swiss Tower financing a pledge over Swiss Infra Service S.A has been exercised.

Sustainable Finance

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

Obtaining funding under this Framework will help Cellnex to accomplish the ambitious sustainability targets which are consistent with the ESG Strategy. The Framework, which has been updated in June 2023, is aligned with the best practices as described by the International Capital Market Association's ("ICMA") Sustainability-Linked Bond Principles ("SLBP") 2020 and the Loan Market Association's ("LMA") Sustainability-Linked Loan Principles 2021 ("SLLP") and will also provide investors with further insights into the Group's sustainability strategy and commitments.

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

Environmental KPIs:

- KPI #1 - Environmental: Percentage reduction of Cellnex's GHG emissions:

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

    - KPI #1b: Absolute Scope 3 GHG emissions from purchased goods and services and capital goods. Sustainability Performance Target: 21% Reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 2025 vs 2020.

- KPI #2 - Environmental: Increase annual sourcing of renewable electricity. Sustainability Performance Target: Increase annual sourcing of renewable electricity to 100% by 2025.

Social KPIs:

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

The selection of these KPIs has been driven by the extensive research carried out by Cellnex in 2020 to determine the ESG priorities of the telecommunication sector and the company's own. Sustainability Financing Framework (updated on June 2023) can be found at the Group’s website .

As of 30 June 2023 the Group structured EUR 4.3 billion (3.4 billion as of 31 December 2022) facilities linked to the Sustainability Framework for 5 years with two of the indicators included in the Framework:

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

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

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

The Group has accomplished the KPIs included in the facilities agreement signed in 2022. As a result, a reduction of approximately 2.5Bps is applied to the margin of each agreement.

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 2023, 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 2 February 2023 and a long-term “BB+” with positive outlook according to the international credit rating agency Standard & Poor’s Financial Services LLC as confirmed by a report issued on 25 April 2023.

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 2023 and 31 December 2022, the amounts recognized in the consolidated balance sheet related to lease agreements are:

Right of use

	Thousands of euros	
	Net book value	
	30 June 2023	31 December 2022
Right of use		
Sites	3,323,616	3,354,878
Offices	41,188	31,335
Satellites	54,734	47,473
Vehicles	1,631	964
Concessions	—	3,060
Total	**3,421,169**	**3,437,710**

The additions of rights of use during the first half of 2023 amounted to EUR 303,360 thousand (EUR 188,960 thousand during the same period in 2022), of which EUR 45,307 thousand (EUR 80,178 thousand during the same period in 2022) relates to reassessments of existing lease contracts at the period end. There was no changes in the scope of consolidation during the first half of 2023 (EUR 3,016 thousand during the same period in 2022) (see Notes 2.h and 4).

Lease liabilities

	Thousands of euros	
	30 June 2023	31 December 2022
Lease liabilities included in the statement of financial position		
Current	743,155	583,594
Non-Current	2,317,325	2,501,896
Total	**3,060,480**	**3,085,490**

Amounts recognised in the consolidated income statement

As of 30 June 2023 and 2022, the amounts recognized in the consolidated income statement relating to lease agreements are:

	Thousands of euros	
	30 June 2023	30 June 2022
Depreciation and amortisation		
Depreciation Right of Use:		
Sites	(306,894)	(295,321)
Offices	(2,704)	(2,517)
Satellites	(3,518)	(5,321)
Vehicles	(851)	(1,039)
Concessions	—	(1,248)
Total	**(313,967)**	**(305,446)**
Financial costs		
Interest expense on lease liabilities	(163,554)	(169,264)
Other operating expenses		
Expense related to contracts with low value asset	—	(1)
Expense related to variable lease payments	(1,595)	(1,126)
Total	**(1,595)**	**(1,127)**

During the period ended on 30 June 2023 and 2022, 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 2023 amounted to EUR 534,523 thousand (EUR 494,277 thousand during the same period in 2022), of which EUR 37,408 thousand (EUR 31,342 thousand during the same period in 2022) relates to cash advances to landlords and EUR 20,656 thousand (EUR 26,296 thousand during the same period in 2022) relates to long-term rights of use of land, EUR 163,554 thousand (EUR 169,264 thousand during the same period in 2022) relates to interest payments on lease liabilities and EUR 312,905 thousand (EUR 267,375 thousand during the same period in 2022) relates to payments of lease installments in the ordinary course of business.

“Payments of lease installments in the ordinary course of business” as of 30 June 2023 include short-term prepayments amounting to EUR 14,027 thousand (EUR 5,762 thousand during the same period in 2022), which are therefore considered non-recurring payments for the first half of 2023.

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. As of 30 June 2023 and 31 December 2022 there are no significant restrictions or covenants imposed by leases.

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 2022 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.

Other information

The Group's signed contract does not include any significant restrictions or covenants imposed by leases.

ii) Other leases

Cellnex leases offices, vehicles and satellites with terms of 6 to 10 years, 3 to 5 years and 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 2023 and 2022, no significant sale-and-leaseback transactions have been performed.

15. Trade and other payables

The detail of this heading at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros	
	30 June 2023	**31 December 2022**
Trade payables	473,731	561,305
Current tax liabilities	261,865	214,804
Other payables to related parties (Note 21.d)	174	138
Other payables	606,444	696,422
Trade and other payables	**1,342,214**	**1,472,669**

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

At 30 June 2023 and 31 December 2022, “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. has been the Parent Company of a new consolidated tax group for the purposes of Corporation tax in Spain since 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. 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 Groupe files consolidated tax returns as the Parent Company of the tax group, where the subsidiaries of which are at least 95%-owned. The Irish companies file Group Relief claims and surrenders as appropriate. The Group companies resident in Portugal file consolidated Portuguese corporation tax returns except for Towerlink, Infratower and Hivory. The Group companies resident in Denmark file consolidated corporation tax returns, as do Group companies resident in Austria. In Sweden, the Group companies 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 2023, 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 Interim condensed consolidated financial statements as a result of the different interpretations which may be afforded to prevailing tax law in relation to the years open to inspection.

- In July 2018 general inspection proceedings were initiated in relation to consolidated corporate income tax for 2015 and 2016 and VAT for the periods April to December 2015 (individual) and 2016 (group entities). In June 2020 agreed tax reassessments were issued in relation to corporate income tax for the years 2015 to 2018. For 2015 and 2016, the reassessments are definitive. For 2017 and 2018, the proposals are provisional, given that the inspection proceedings were limited to basically verifying the correct application of the reduction in income from the assignment of certain intangible assets. The total resulting amount in respect of tax payable amounted to EUR 3,072 thousand. The Directors of Cellnex have estimated that the criteria applied by the tax authorities do not have a material impact on the years open to audit. Also, in June 2020 unaccepted tax reassessments were communicated in respect of VAT. The proposed assessment amounted to EUR 2,413 thousand. The reason for the reassessment was the different interpretation of the financial activity carried out and how this affects the deductibility of certain items. The allegations put forward by Cellnex were not accepted and in December 2020 final assessments were communicated. In January 2021 Cellnex appealed the final assessments before the Economic-Administrative Court and requested for the adjournment of the assessments by granting a bank guarantee to the Spanish Tax Authorities. In all cases, the inspection authorities considered that the Group's approach was reasonable and they expressly stated that no penalties will be applied.

- In October 2020, the Italian Tax Authorities requested a copy of Transfer Pricing documentation relating to fiscal year 2016. Following this request, in May and June 2021, the Italian Tax Authorities requested additional documentation and, in July 2022, a further meeting with the tax inspectors took place. A final assessment was agreed and closed with the Italian Tax Authorities in April 2023 with no material impact.

- In December 2021, the Dutch Tax Authorities issued initial tax assessments in relation to the amount of real estate transfer tax ("RETT") paid in respect of the 2016 acquisitions of Protelindo Netherlands B.V. and Shere Group Limited. Cellnex shall engage with the Dutch Tax Authorities to appeal the assessment and no material impact is expected. During 2022, the Dutch Tax Authorities raised assessments relating to historic (2012) RETT transactions affecting Towerlink Netherlands B.V. and Shere Masten B.V. Cellnex has entered into litigation with the Dutch Tax Authorities regarding such assessments and a favorable court resolution was obtained in May 2023 in regards to Towerlink Netherlands B.V. No material impact expected to arise.

- In December 2022, the Portuguese Tax Authorities communicated to CLNX Portugal, SA the commencement of a general tax audit in relation to corporate income tax and VAT for the year 2020. No material impact is expected.

b) Corporation tax expense

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 2023 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:

	2023	2022
Spain	25%	25%
Italy (1)	28.57%	28.57%
Netherlands (2)	25.8%	25.8%
United Kingdom (3)	25%	19%
France (4)	25%	25%
Switzerland (5)	18.1%	18.1%
Ireland (6)	12.5%/25%	12.5%/25%
Portugal (7)	21%	21%
Finland	20%	20%
Austria (8)	24%	25%
Denmark	22%	22%
Sweden	20.6%	20.6%
Poland	19%	19%

(1) The standard income tax rate is 28.57% in Italy, which is made up of the IRES (Imposta sul Reddito delle Societa) at a rate of 24% and the IRAP (regional business tax in Rome) at a rate of 4.57%.

(2) On 21 December 2021, the Senate approved the 2022 Tax Plan package approving the increase of the Dutch standard CIT rate to 25.8% (2021: 25%). The lower CIT rate for 2022 of 15% remains unchanged for taxable income up to EUR 395 thousand (EUR 245 thousand in 2021) and the standard rate of 25.8% applies to taxable income exceeding the referred thresholds.

(3) As of April 2023, the UK CIT rate increased from 19% to 25%. 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) For financial years beginning on or after 1 January 2022, a 25% CIT rate applies for all entities.

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

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

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

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

c) Current tax liabilities

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

	Thousands of Euros	
	30 June 2023	**31 December 2022**
VAT payable	186,560	151,207
Corporate income tax	58,673	47,367
Social security payable	6,224	6,444
Personal income tax withholdings	4,023	3,861
Other taxes	6,385	5,925
Current tax liabilities	**261,865**	**214,804**

d) Deferred taxes

Tax losses carry forwards

As at 30 June 2023 and 31 December 2022 the Group had tax losses generated by the Spanish entities available for carry forward against future profits amounting to EUR 227.6 million (EUR 203.4 million at 2022 year-end).

In addition, 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 11.2 million (EUR 10.9 million at 2022 year-end) which related to GBP 9.7 million (GBP 9.7 million at 2022 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 0.8 million (EUR 12.9 million at 2022 year-end), which related to GBP 0.7 million (GBP 11.5 million at 2022 year-end) are available to offset against future trading profits generated by the same company that incurred the loss.

With regards to other territories where the Group has presence, as at 30 June 2023 the tax losses from the French, Irish, Austrian, Portuguese, Finnish, Swiss and Polish companies available for carry forward against future profits amounted to EUR 105.6 million, EUR 12.8 million, EUR 30.5 million, EUR 6.2 million, EUR 28.6 million, EUR 17.8 million and EUR 40.2 million. As at 31 December 2022, tax losses from French, Irish, Austrian, Portuguese, Finnish, Swiss and Polish companies available for carry forward against future profits, amounted to EUR 105.6 million, EUR 12.8 million ,EUR 22.9 million, EUR

6.1 million, EUR 26.6 million, EUR 17.4 million and EUR 33.1 million. Thus, as at 30 June 2023, the total amount of tax losses available for carry forward against future profits amounted to EUR 481.3 million (EUR 451.8 million at 2022 year-end.

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 2023 amounting to EUR 57 million and EUR 37 million, respectively (EUR 51 million and EUR 34 million, respectively at 2022 year-end) as they will be recovered in less than 10 years on the basis of the estimated future tax base determined using the approved business plans and budgets. Although the consolidated statement of profit or loss reflects accounting losses for 2023 and 2022 (which, in turn, include the impact of adjustments that affect only the accounting profit or loss, such as the depreciation and amortisation charge associated with fair value adjustments stemming from business combinations), the subsidiaries or tax groups that have tax loss carryforwards -Spain and France- are expected to generate taxable profits from 2024 (Spain) and 2023 (France) onwards, and the tax loss carryforwards are expected to be recovered in full by 2030 (Spain) and 2024 (France). Nonetheless, mention must be made of the fact that there is no time limit for the offset of the tax loss carryforwards and, accordingly, they can be transferred to future periods indefinitely.

In the case of France, an additional matter that strengthens the recoverability of the tax loss carryforwards in future years is the incorporation of Hivory into the consolidated tax group from 2022 onwards and, therefore, increasing the amount of tax loss carryforwards deducted by all the companies included in the tax group. The tax loss carryforwards generated prior to the creation of the consolidated tax group can only be deducted against the profits of the entity carrying forward such tax losses.

In the case of Spain, the incorporation of Cellnex Finance Company, S.A. and its grant of loans to the foreign subsidiaries is a factor that offsets the application of the limits on the deductibility of finance costs on the basis of EBITDA and, accordingly, will also contribute to the ability to generate taxable profits.

Thus, as at 30 June 2023, the deferred tax asset arising on the losses carried forward in the group companies, recognised in the accompanying consolidated balance sheet, amounted to EUR 94 million (EUR 85 million at 2022 year-end).

17. Employee benefit obligations and provisions and other liabilities

a) Contingent liabilities

At 30 June 2023, the Group has guarantees with third parties amounting to EUR 142,297 thousand (EUR 123,258 thousand at the 2022 year-end). 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 CNMC with regard to the amount of the fine, ordering the current CNMC to recalculate that amount in accordance with the provisions of law 16/89. The CNMC has issued its decision recalculating the aforementioned amount, reducing it to EUR 18.7 million and this decision was appealed against in the National High Court on 29 September 2016. On 27 July 2022, the appeal was dismissed and an application to submit a new appeal was filed against such decision, which was formally admitted on 1 June 2023. To date, the decision on the merits of the appeal is still pending. Based on the opinion of its legal advisers, the provision recorded in this regard at 30 June 2023 and 31 December 2022, amounted to EUR 18.7 million in "current provisions and other liabilities” of the accompanying consolidated balance sheet.

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. Following the corresponding calculation procedure, the CNMC ruled that the amount of the fine should not be amended. Cellnex Telecom, S.A., filed an appeal against such decision before the National Appellate Court. On 23 March 2023, such appeal was dismissed by the National Appellate Court. On 15 June 2023, Cellnex Telecom, S.A., filed an application to submit a new appeal. The original guarantee was provided on 4 February 2020. With regard to these proceedings, at 30 June 2023 and 31 December 2022, the provision recognised based on the opinion of their legal advisers, amounted to EUR 13.7 million in "non-current provisions and other liabilities" of the accompanying consolidated balance sheet.

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 2023 and 31 December 2022, Cellnex Telecom, S.A. had provided three guarantees amounting to EUR 32.5 million to cover the disputed rulings with the CNMC explained above.

In relation to the digitalization and expansion of the terrestrial television networks in remote rural areas in Spain during the digital transformation process, the European Commission issued a decision on 19 June 2013 concluding that Retevisión-I, S.A.U. and other operators of platforms for transmitting terrestrial and satellite signals had received state aid, in the amount of EUR 260 million, that is contrary to the Treaty on the Functioning of the European Union. The ruling ordered Spain to recover the amount of the aid received. Retevisión-I, S.A.U. lodged an appeal on October 2013 against such decision which was dismissed on 26 November 2015. On 5 February 2017, a further appeal was filed. On 20 December 2017, the Court of Justice of the European Union (CJEU) issued a judgment by which it annulled the decisions of 19 June 2013 and 26 November 2015 aforementioned. After such annulment, the European Comission reopened its investigation and issues a new decision on 10 June 2021, concluding that the aid system was against the European Union's legislation and, therefore, the aid had to be recovered. Based on this, the governments of Extremadura, Catalonia, Valencia, Asturias and others initiated different proceedings to recover the aid, amounting to approximately EUR 100 million. The Group has already appealed such decisions and, in order to suspend the execution, it has set up escrow accounts for a total amount of approximately EUR 113.3 million (EUR 93.2 million as of 31 December 2022). See Note 11.b. On 5 November 2021, the Group filed an appeal before the General Court of the European Union requesting the annulment of the referred decision. To date, the General Court of the European Union has still not ruled on such appeal. In the event that, in any of the aforementioned proceedings, there is a court ruling requesting the recovery of the amounts claimed, or any part thereof, by the respective Administration or Public Organism, following our advisors' criteria, the Supreme Court's requirements would undoubtfully be met in order to achieve the success of the legal claims that would be lodged by the respective company of the Cellnex Group based on the infringement of the elementary principles of unjust enrichment prohibition and contractor's indemnity. Consequently, it is not expected that the resolution of the procedures in progress will have a significant effect on the consolidated net assets of the Group to the extent that the aforementioned estimate of the actions to be exercised, the Group considers that it would entail the restitution of the amounts deposited in recovered "escrow" accounts.

b) Current and non-current employee benefit obligations

Long Term Incentive Plan ("LTIP")

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

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

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

The amounts considered by the Group in relation to the Long-term Incentive Plans ("LTIP") which were formalised in 2021, 2022 and 2023 with the objective to retain key personnel and incentivise the sustainable creation of value for the shareholders, is based on the variables described below. These LTIPs are rolling which means that every year a new plan is set up for the next three years. Therefore, those LTIPs formalised in 2021, 2022 and 2023 will remunerate management in 2024, 2025, and 2026, respectively, after the approval of annual accounts by the Annual General Shareholders' Meeting which will take place in the first half of the corresponding year.

Rolling Long-term Incentive Plan (2021-2023)

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

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

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

For the 2021–2023 LTIP, the CEO must receive a 30% of his LTIP remuneration in shares and the outstanding 70% may be paid in options. The rest of the Senior Management must receive a 40% of their LTIP remuneration in shares and the outstanding 60% may be paid in options. The rest of Management must receive 70% of their LTIP remuneration in shares and the outstanding 30% may be paid in options. The rest of the beneficiaries must receive 100% of their LTIP remuneration in shares. The decision to receive the options part in additional shares or in cash rests in an agreement between the Group and the employee.

As of 30 June 2023, the estimated cost of the 2021-2023 LTIP amounts to approximately EUR 15.5 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 12.9 million in reserves of the accompanying consolidated balance sheet as at 30 June 2023 (EUR 10.3 million in reserves as at 31 December 2022). The impact on the accompanying consolidated income statement for the 6-month period ended on 30 June 2023, amounted to EUR 2.6 million (EUR 2.5 million in the same period in 2022).

Rolling Long-term Incentive Plan (2022-2024)

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

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

- With a weighting of 30%, relative position among a peers group based on Total Shareholder Return. Peers group is form by: American Tower, SBA Communications, Crown Castle, Helios Towers, Vantage Towers, Inwit, Rai Way, MSCI World Index.
- With a weighting of 30%, absolute Total Shareholder Return. The degree of achievement of the share price increase will be calculated on the basis of the average price of the three months prior to the date of grant, volume weighted ("vwap").
- With a weighting of 20%, ESG metrics: i) 8% reaching an specific percentage of sourcing of renewable electricity of the Group, and ii) 12% is based on three parameters: a) the employee engagement at FY21 constant perimeter (based on the pulse survey), b) the reduction of the gender pay gap by 5% at FY21 constant perimeter, and c) achieving an specific percentage of foreign Directors at the Headquarters.

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

For all the beneficiaries of the 2022—2024 LTIP, 40% of this remuneration will initially be paid through granted shares and the remaining 60% through options, with an obligation to permanently hold shares depending on the job levelling of each employee. The decision to receive the options part in additional shares, in cash or pension benefits is an agreement between the Group and the employee.

As of 30 June 2023, the estimated cost of the 2022-2024 LTIP amounts to approximately EUR 11 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 2.1 million and EUR 3.4 million in the long-term employee benefit obligations and reserves, respectively, of the accompanying consolidated balance sheet as at 30 June 2023 (EUR 1.4 million and EUR 2.2 million, respectively, as at 31 December 2022). The impact on the accompanying consolidated income statement for the 6-month period ended on 30 June 2023, amounted to EUR 1.8 million (EUR 2.5 million in the same period in 2022).

Rolling Long-term Incentive Plan (2023-2025)

In December 2022, the Board of Directors approved the 2023-2025 LTIP. The beneficiaries include the CEO (subject to the approval of the General Shareholders meeting), the Senior Management and other key employees (approximately 225 employees). The amount to be received by the beneficiaries will be determined by the degree of fulfillment of four metrics:

- With a weighting of 20%, achieving certain Free Cash Flow (FCF). Cellnex´s FCF is calculated as the recurring leveraged Free Cash Flow minus Expansion Capex and BTS Capex (which includes engineering services (WS + IS)). This is considered on a like-for-like basis as at December 2022. An adjustment of the scope will be required in 2025 to estimate the FCF in comparable terms. This adjustment will be validated by an external auditor following an "agreed-upon procedures" assessment, as the Company may implement further inorganic growth projects.
- With a weighting of 30%, relative position among a peers group based on Total Shareholder Return. Peers group is form by: American Tower, SBA Communications, Crown Castle, Helios Towers, Vantage Towers, Inwit, Rai Way, MSCI World Index.
- With a weighting of 30%, absolute Total Shareholder Return. The degree of achievement of the share price increase will be calculated on the basis of the average price of the three months prior to the date of grant, volume weighted ("vwap").

- With a weighting of 20%, ESG metrics: i) 10% reaching an specific percentage of sourcing of renewable electricity of the Group, and ii) 10% is based on two parameters: a) the employee engagement at FY22 constant perimeter (based on the pulse survey), and b) achieving an specific percentage of foreign Directors at the Headquarters.

Therefore, the maximum incentive would only be paid out in the event of achieving a maximum metric performance scenario which, in terms of total shareholder return, would mean that Cellnex's return is equal to or greater than 119.7% over the incentive measurement period and ranks 1st or 2nd among its peers. The Company deems that this would constitute an excellent performance.

As of 30 June 2023, the estimated cost of the 2023-2025 LTIP amounts to approximately EUR 16.9 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 1.7 million and EUR 1.1 million in the long-term employee benefit obligations and reserves, respectively, of the accompanying consolidated balance sheet as at 30 June 2023. The impact on the accompanying consolidated income statement for the 6-month period ended on 30 June 2023, amounted to EUR 2.8 million.

Engagement Plan (2023)

On 27 March 2023, the Board of Directors, at the proposal of the Appointments, Remuneration and Sustainability Committee, approved the establishment of an extraordinary multi-year engagement plan (2023-2025) for a small number of employees in the Group (approx. 80 employees), in order to promote and also acknowledge the involvement of this key talent through their leadership in achieving the Group's objectives.

The amount to be received by the beneficiaries is already defined and fixed. The essential requirements for the payment of the incentive plan are:

i. Meet the minimum level of achievement of the Group's financial targets linked to the MBO for each year,

ii. That the beneficiary is in a situation of effective provision of services for Cellnex (registered with Social Security) on the payment date.

This incentive will be fully delivered in Cellnex shares.

The plan is set for the period 2023, 2024 and 2025. One third of the total shares will be delivered in September 2023, one third in June 2024, and the last third in June 2025.

As of 30 June 2023, the estimated cost of the 2023-2025 Engagement Plan amounts to approximately EUR 5.8 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 4.3 million in reserves of the accompanying consolidated balance sheet as at 30 June 2023.

Reorganisation Plan (2018 – 2019)

During the first quarter of 2018, the Group reached an agreement with the workers' representatives of Retevisión-I, S.A.U. and Tradia Telecom, S.A.U. regarding a collective redundancy procedure to conclude up to 175 employment contracts in 2018 and 2019 ("The Reorganisation Plan"), as detailed below.

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

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

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

At 31 December 2018, a provision was recognised for this reorganisation procedure, with an estimated cost of EUR 55 million. As of 31 December 2020, the Reorganisation Plan was finalized.

The balance payable at 30 June 2023 associated with this collective redundancy procedure carried out by the Group represents expected payments related to this process, amounting to EUR 8.8 million and EUR 0.2 million recorded in the long and short term, respectively, of the accompanying consolidated balance sheet (EUR 10.5 million and EUR 0.2 million recorded in the long and short term, respectively, at 31 December 2022).

Reorganisation Plan (2022)

In December 2021 an agreement was reached with the workers' representatives of Retevisión-I, S.A.U., Tradia Telecom, S.A.U. and On Tower Telecom Infrastructuras, S.A.U. in relation to a collective redundancy procedure to terminate up to 208 employment contracts in the period from 2022 to 2025 as detailed below.

The agreement consists, on the one hand, of pre-retirement plans for employees of 57 or more years of age who, during the period from 2022 to 31 March 2025 are 57 years of age or older and have a length of service of 7 years and, on the other hand, lump-sum termination benefits as a result of the voluntary termination of their employment contracts for the rest of the employees not included in the pre-retirement plan. The voluntary participation period will begin on 17 January and end on 31 May 2022.

The workforce agreement will be executed in the period from 2022 to 2025. As a result, the opex efficiencies should start to be seen from 2025.

This plan is part of the evolution of the business model (with ever greater emphasis on Telecommunications Infrastructure Services as opposed to broadcasting which was the core business until a few years ago) and technological changes (associated with the development of LTE, mobile broadband and the development of internal management systems that improve efficiency). Therefore, in the last few years work has continued on renewing equipment and automating the network supervision processes, enabling a more centralised management geared towards scheduled actions as a result of preventive maintenance.

At 31 December 2021, a provision was recognised for this reorganisation procedure, with an estimated cost of EUR 81 million. During the six month period ended 30 June 2023, following execution of part of this agreement, contracts ended for 33 employees for a cost of EUR 10.9 million (43 employees for a cost of EUR 12.4 million in the same period in 2022).

The balance payable at 30 June 2023 associated with this reorganisation procedure carried out by the Group represents expected payments related to this process, amounting to EUR 48.6 million and EUR 21.3 million recorded in the long and short term, respectively, of the accompanying consolidated balance sheet (EUR 33.4 million and EUR 17.7 million recorded in the long and short term, respectively, at 31 December 2022).

Reorganisation Plan (2023 - 2026)

In May 2023 an agreement was reached with the workers' representatives of Cellnex Telecom, S.A. in relation to a collective redundancy procedure to terminate up to 55 employment contracts in the period from 2023 to 2026 as detailed below.

The agreement consists, on the one hand, of pre-retirement plans for employees of 57 or more years of age who, during the period from 2023 to 31 December 2026 are 57 years of age or older and have a length of service of 6 years and, on the other hand, incentivized redundancy plan, with a severance based on legal terms and prioritizing willfulness for the rest of employees not included in the pre-retirement plan.

The workforce agreement will be executed in the period from 2023 to 2026. As a result, the opex efficiencies should start to be seen from 2026.

This Plan is linked to the new phase announced by the company in November 2022, focused on organic growth, based on focusing the business on the core business (TIS), not executing M&A and adapting the structure to the clustering of smaller countries for which fewer resources will be needed at the corporate level and shared services will be prioritised.

At 30 June 2023, a provision was recognised for this reorganisation procedure, with an estimated cost of EUR 22.5 million. During the six month period ended 30 June 2023, no contracts ended, since the exits are expected to occur from the second half of 2023 onwards.

The balance payable at 30 June 2023 associated with this reorganisation procedure carried out by the Group represents expected payments related to this process, amounting to EUR 12.6 million and EUR 9.9 million recorded in the long and short term, respectively, of the accompanying consolidated balance sheet.

c) Provisions and other liabilities

The detail of "Provisions and other liabilities" at 30 June 2023 and 31 December 2022 is as follows:

In accordance with IFRS 3, Cellnex recognises contingent liabilities assumed in business combinations at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. At 30 June 2023, the provisions for other responsibilities amounted to EUR 542,537 thousand (EUR 533,727 thousand at 2022 year-end). Regarding the business combinations carried out in previous years, certain risks associated with the business acquired have been assessed by the Group with the assistance of independent third party experts. Following this analysis and in accordance with IFRS 3.22-23, no provisions have been registered in the 6-month period ended on 30 June 2023 and 2022 (see Note 4). During the same period, no provisions have been reversed associated with business combinations (EUR 20 million were reversed in the 6-month period ended on 30 June 2022, as the risks became remote, expired or the amounts were settled). The most part of these provisions were executed against income tax (see Note 16.b). The expectations of the Group are that the provisions recognised will either be settled or will expire within the coming years, based on the statute of limitation for the corresponding provision, in accordance with the tax legislation of each country, which is: EUR 248 million between 1 and 2 years, EUR 80 million between 2 and 3 years and EUR 215 million in more than 3 years.

The heading also includes the contractual obligation to dismantle and decommission the mobile telecom infrastructures. (See Note 3.o. of the 2022 Consolidated Financial Statements). As at 30 June 2023, the provision for asset retirement obligation, amounted to EUR 494,548 thousand (EUR 479,437 thousand at 2022 year-end).

Moreover, the heading includes the possible sanctions levied by the National Competition Committee (Note 17.a), which have been recorded in the consolidated balance sheet as of 30 June 2023 and 31 December 2022 for an amount of EUR 32,473 thousand, as the cash flow outflow has been estimated as probable (EUR 13.8 million in the caption "non-current provisions and other liabilities" and EUR 18.7 million in the caption "Trade and other payables", based on the opinion of its legal advisers).

Furthermore, during 2021, in relation to the T-Mobile Infra Acquisition (see Note 6 of the 2022 Consolidated Financial Statements), Cellnex, DIV and a Dutch foundation entered into an agreement, which sets forth the right of DIV to sell its 37.65% non-controlling interest to Cellnex, at a price to be calculated pursuant to said agreement (the "T-Mobile Infra Put Option"). If the T-Mobile Infra Put Option is exercised, the purchase price for the shares would be their fair value calculated according to certain formulae included in the T-Mobile Infra Put Option agreement, over a maximum period of 5 years. The T-Mobile Infra Put Option could be exercised over a maximum period of five years, and Cellnex may choose to pay the purchase price in case of an exercise either in cash or with Cellnex shares. The method used for the measurement of the T-Mobile Infra Put Option is based on the best estimate, at the measurement date, of the present value of the amount that must be paid when the put option is exercised (pursuant to "IAS 32 - Financial Instruments"). The estimate of the aforementioned amount could vary depending on the evolution of parameters related to market value, determined according to the option contract entered into by the parties, of the aforementioned non-controlling interest, but does not include other variable elements. The liability recognised for the aforementioned agreement was measured by calculating discounted cash flows on the basis of the percentage of ownership. Also, the measurement includes the related financial effect. Thus, at 30

June 2023 and 31 December 2022 the aforementioned liability was recognised at its fair value. At subsequent reporting dates, this amount could be increased on the basis of its fair value; there is no maximum amount for this value, since it depends on the market value of the ownership interest. The price of this acquisition is therefore uncertain and will undoubtedly be expected to be inflationary, given the favourable performance of such assets (see Note 12.f.). Thus, as at 30 June 2023, based on the best estimation of the T-Mobile Infra Put Option and taking into account all the available information, the Board of Directors recognised a provision of EUR 388 million (EUR 364 million at 2022 year-end) for this item in “provisions and other liabilities long-term" of the accompanying consolidated balance sheet.

In addition, 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, as well as amounts claimed from Group companies in ongoing litigation at the period 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 2023, this heading amounted to EUR 114,451 thousand (EUR 120,612 thousand at 2022 year-end).

Finally, 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 of 2.65%, at each period end. Therefore, as of 30 June 2023, the present value of the deferred payment amounted to EUR 509,466 thousand (EUR 502,740 thousand at 2022 year-end). Thus, the impact on “financial costs” of the accompanying consolidated income statement for the six-month period ended on 30 June 2023 amounted to EUR 6,726 thousand (EUR 6,726 thousand at the same period of 2022).

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

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 2023	**30 June 2022**
Services (Gross)	1,871,849	1,577,620
Other operating income	129,431	112,420
Advances to customers	(1,769)	(1,582)
Operating income	**1,999,511**	**1,688,458**

"Services (Gross)" includes revenues from the three different customer focused units: Telecom Infrastructure Services (which include Engineering Services), Broadcasting Infrastructure and Other Network Services. It also includes the utility fee for an amount of EUR 77,205 thousand at 30 June 2023 (EUR 39,894 thousand in the same period of 2022) which consists of energy pass-through included within the service fee charged to our customers. “Other operating income” mainly includes 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 2023	30 June 2022
Wages and salaries	(114,422)	(100,189)
Social Security contributions	(21,958)	(20,047)
Retirement fund and other contingencies and commitments	(26,346)	(4,672)
Other employee benefit costs	(7,917)	(8,489)
Staff costs	**(170,643)**	**(133,397)**

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 2023	30 June 2022
Repairs and maintenance	(52,518)	(44,168)
Utilities	(184,181)	(134,723)
Other operating costs	(148,176)	(140,513)
Other operating expenses	**(384,875)**	**(319,404)**

d) Non-recurring and non-cash expenses

As of 30 June 2023 and 2022, 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 various institutions in the context of the Coronavirus Pandemic (non-recurring item), amounted to EUR 90 thousand (EUR 274 thousand in the same period in 2022).

ii) Redundancy provision, which mainly includes the impact in 2023 and 2022 6-month periods derived from the reorganisation plans detailed in Note 17.c of the accompanying interim condensed consolidated financial statements (non-recurring item), amounted to EUR 25,394 thousand (EUR 2,485 thousand in the same period in 2022).

iii) LTIP remuneration payable in shares, which corresponds to the LTIP remuneration accrued at 30 June 2023, which is payable in Cellnex shares (See Note 17.b of the accompanying interim condensed consolidated financial statements, non-cash item), amounted to EUR 7,316 thousand (EUR 8,295 thousand in the same period in 2022), 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 424 thousand in the same period in 2022).

iv) Costs and taxes related to acquisitions and remedies which mainly includes taxes and ancillary costs incurred during the business combination processes (non-recurring item), amounted to EUR 9,283 thousand (EUR 38,220 thousand in the same period in 2022).

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

The detail of “Depreciation, amortisation and results from disposals of fixed assets” in the consolidated income statement during the 6-month period ended on 30 June is as follows:

	Thousands of Euros	
	30 June 2023	30 June 2022
Property, plant and equipment (Note 6)	(415,122)	(316,658)
Right-of-use assets (Note 14)	(313,967)	(305,446)
Intangible assets (Note 7)	(583,737)	(509,834)
Others	797	—
Total	**(1,312,029)**	**(1,131,938)**

The “Others” line mainly includes the impact derived from the result of the disposal of fixed assets (see Notes 5, 6 and 7).

19. Contingencies, commitments and obligations

a) Contingencies

As at 30 June 2023, the contingent liabilities of the Cellnex Group are those detailed in Note 17.a of the accompanying interim condensed consolidated financial statements.

b) Commitments and obligations

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

As described in Note 5, in the first quarter of 2022, the Group entered into two agreements with the aim to fulfil the disposals required by the FCA as a condition for the approval of the Hivory Acquisition (see Note 6 of the 2022 Consolidated Financial Statements).

Firstly, Cellnex France and Phoenix France Infrastructures (in the presence of Bouygues Telecom) entered into a business transfer agreement which sets forth the terms and conditions under which Cellnex France will sell to Phoenix France Infrastructures (or to any company controlled by Phoenix France Infrastructures) 2,000 sites located in very dense areas of France. The sale will be carried out at a price to be calculated pursuant to the agreement which takes into account the profit generated by such sites, for an expected total amount of approximately EUR 690 million (EUR 600 million, net of taxes). The effectiveness of this agreement was subject to the French regulatory approvals the last of which was obtained in October 2022. The sale is structured in five lots of sites and its completion is expected to take place during 2023 and 2024. During the first half of 2023, the sale of a first package of 150 sites to Phoenix France Infrastructures 2 (which substituted Phoenix France Infrastructures pursuant to the business transfer agreement) has been carried out for a price of approximately EUR 35 million, without significant impact in the accompanying consolidated income statement.

In addition, Hivory, Cellnex France Groupe and Phoenix Tower France II (a company of the Phoenix Tower International group, formerly known as PTI Alligator BidCo) entered into a share purchase agreement which sets forth the terms and conditions under which Hivory will transfer to Phoenix Tower France II 1,226 sites located in very dense areas of France. The effectiveness of this agreement was subject to the French regulatory approvals the last of which was obtained in October 2022. The sale will be carried out at a price to be calculated pursuant to the agreement which takes into account the profit generated by such sites, for an expected total amount of approximately EUR 275 million (EUR 235 million, net of taxes), and that is expected to be completed during the second half of 2023.

ii) Other purchase commitments

As at 30 June 2023, the purchase commitments for tangible and intangible assets are those detailed in Notes 6 and 7 of the accompanying interim condensed consolidated 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 2023 and have been used by Group management to analyse the financial performance of the different operating segments.

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

- Telecom Infrastructure Services: this is the Group's largest segment by turnover. It provides a wide range of integrated network infrastructure services to enable access to the Group's telecom infrastructure by MNOs, other wireless telecommunications, broadband network operators, among others, allowing such operators to offer their own services to their customers. Telecom Infrastructure Services are generated from a number of sources: i) annual base fee from telecommunications customers (both anchor and secondary tenants), ii) escalators or inflation as the annual update of the base fee and, iii) New colocations and associated revenues (which include new third party colocations as well as further initiatives carried out in the period such as special connectivity projects, indoor connectivity solutions based on DAS, mobile edge computing, fiber backhauling, site configuration changes as a result of 5G rollout, housing of different clients of broadcasters and Engineering Services, that corresponds to works and studies such as adaptation, engineering and design services on request of its customers, which represent a separate income stream and performance obligation). The perimeter, therefore the number of tenants, may also be increased as a result of both acquisitions and BTS programs executions.

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

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

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

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

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

Methodology and bases for Segment Reporting

The segmental reporting below is based on monthly reports drawn up by Group management and is generated by the same information system used to obtain all the accounting data at Group level.

Operating income of the corresponding segment corresponds to the ordinary revenues directly attributable to each segment and do not include interest income or dividends.

The majority of assets employed and underlying costs are derived from a shared network common to all operating business units. An allocation of such assets and costs to the business areas is not performed as part of the normal financial information reporting process used by the Group's Management for decision-making, and Management is of the opinion that additional segmental reporting would not provide meaningful information for decision making.

The Management Committees are the maximum decision making authority. These committees evaluate the Group's performance based on the operating profit of each company, which are not the same as the above business areas.

The assets and liabilities of each segment at 30 June 2023 and 31 December 2022 are as follows:

										Thousands of Euros
										30 June 2023
	Spain [(1)]	Italy	France	UK	Switzerland	Portugal	Austria	Poland	Netherlands	Other countries	Total
Goodwill and other intangible assets	269,562	3,770,787	7,162,280	6,399,572	1,396,151	1,368,221	973,447	2,134,343	1,224,012	1,875,336	**26,573,711**
Right-of-use assets	330,343	697,019	975,903	501,486	247,844	121,018	85,112	252,229	96,431	113,784	**3,421,169**
Tangible fixed assets	857,614	1,646,756	4,840,761	1,020,042	226,350	527,914	236,174	1,382,481	141,157	430,490	**11,309,739**
Other non-current assets	470,092	73,246	113,118	63,506	4,883	51,867	120,325	22,343	35,174	50,695	**1,005,249**
Total non-current assets	**1,927,611**	**6,187,808**	**13,092,062**	**7,984,606**	**1,875,228**	**2,069,020**	**1,415,058**	**3,791,396**	**1,496,774**	**2,470,305**	**42,309,868**
Total current assets	**365,044**	**172,583**	**272,323**	**191,644**	**45,925**	**39,160**	**21,184**	**243,771**	**48,960**	**103,792**	**1,504,386**
Non-current assets held for sale	—	—	73,460	—	—	—	—	—	—	—	73,460
TOTAL ASSETS	**2,292,655**	**6,360,391**	**13,437,845**	**8,176,250**	**1,921,153**	**2,108,180**	**1,436,242**	**4,035,167**	**1,545,734**	**2,574,097**	**43,887,714**
Borrowings and bond issues	15,986,216	—	358,475	—	568,007	—	—	—	278,957	—	**17,191,655**
Lease liabilities	247,626	348,241	851,576	197,867	212,814	81,569	62,425	186,668	53,906	74,633	**2,317,325**
Other non-current liabilities	1,042,107	710,587	1,494,260	1,480,076	280,517	250,155	242,355	292,665	338,703	395,982	**6,527,407**
Total non-current liabilities	**17,275,949**	**1,058,828**	**2,704,311**	**1,677,943**	**1,061,338**	**331,724**	**304,780**	**479,333**	**671,566**	**470,615**	**26,036,387**
Borrowings and bond issues	852,771	—	—	—	6,327	70	—	—	618	1	**859,787**
Lease liabilities	44,779	145,839	272,241	54,890	40,530	15,291	21,884	92,291	29,187	26,223	**743,155**
Other current liabilities	(8,454,076)	645,027	4,658,967	2,558,849	142,778	627,984	215,001	504,740	(51,683)	555,320	**1,402,907**
Total current liabilities	**(7,556,526)**	**790,866**	**4,931,208**	**2,613,739**	**189,635**	**643,345**	**236,885**	**597,031**	**(21,878)**	**581,544**	**3,005,849**
Liabilities associated with non-current assets held for sale	—	—	25,300	—	—	—	—	—	—	—	25,300
TOTAL LIABILITIES	**9,719,423**	**1,849,694**	**7,660,819**	**4,291,682**	**1,250,973**	**975,069**	**541,665**	**1,076,364**	**649,688**	**1,052,159**	**29,067,536**

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

	Thousands of Euros										
	31 December 2022										
	Spain [1]	Italy	France	UK	Switzerland	Portugal	Austria	Poland	Netherlands	Other countries	Total
Goodwill and other intangible assets	277,901	3,858,399	7,312,641	6,316,416	1,421,456	1,405,208	992,372	2,069,512	1,238,748	1,949,074	**26,841,727**
Right-of-use assets	332,137	712,430	999,791	508,860	254,591	117,631	90,366	220,258	83,959	117,687	**3,437,710**
Tangible fixed assets	885,692	1,605,244	4,571,681	858,018	227,934	515,896	225,546	1,233,886	147,598	422,844	**10,694,339**
Other non-current assets	486,589	68,370	109,166	63,167	4,549	45,719	123,352	40,399	31,202	50,731	**1,023,244**
Total non-current assets	**1,982,319**	**6,244,443**	**12,993,279**	**7,746,461**	**1,908,530**	**2,084,454**	**1,431,636**	**3,564,055**	**1,501,507**	**2,540,336**	**41,997,020**
Total current assets	**1,113,946**	**194,257**	**269,663**	**136,605**	**42,150**	**66,752**	**17,843**	**216,492**	**36,466**	**115,128**	**2,209,302**
Non-current assets held for sale	—	—	**51,427**	—	—	—	—	—	—	—	**51,427**
TOTAL ASSETS	**3,096,265**	**6,438,700**	**13,314,369**	**7,883,066**	**1,950,680**	**2,151,206**	**1,449,479**	**3,780,547**	**1,537,973**	**2,655,464**	**44,257,749**
Borrowings and bond issues	15,916,522	—	322,195	674,177	555,778	—	—	—	278,638	26	**17,747,336**
Lease liabilities	238,768	392,015	950,415	221,670	232,232	80,615	77,489	178,909	50,966	78,817	**2,501,896**
Other non-current liabilities	990,329	717,085	1,530,108	1,458,980	280,738	254,536	247,045	314,387	336,576	405,945	**6,535,729**
Total non-current liabilities	**17,145,619**	**1,109,100**	**2,802,718**	**2,354,827**	**1,068,748**	**335,151**	**324,534**	**493,296**	**666,180**	**484,788**	**26,784,961**
Borrowings and bond issues	132,196	—	—	8,614	2,696	70	(236)	—	158	(146)	**143,352**
Lease liabilities	58,390	131,020	169,644	50,792	20,119	13,995	19,764	66,617	25,680	27,573	**583,594**
Other current liabilities	(7,317,905)	694,420	4,543,103	1,657,163	179,126	658,289	197,869	402,064	(52,455)	574,556	**1,536,230**
Total current liabilities	**(7,127,319)**	**825,440**	**4,712,747**	**1,716,569**	**201,941**	**672,354**	**217,397**	**468,681**	**(26,617)**	**601,983**	**2,263,176**
Liabilities associated with non-current assets held for sale	—	—	**21,814**	—	—	—	—	—	—	—	**21,814**
TOTAL LIABILITIES	**10,018,300**	**1,934,540**	**7,537,279**	**4,071,396**	**1,270,689**	**1,007,505**	**541,931**	**961,977**	**639,563**	**1,086,771**	**29,069,951**

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

Segmental reporting is set out below:

										Thousands of Euros
										30 June 2023
	Spain [(1)]	Italy	France	Switzerland	UK	Portugal	Austria	Poland	Other countries	Total [(*)]
Operating income	301,015	392,983	398,787	82,504	322,852	72,781	41,482	234,892	152,215	**1,999,511**
Operating expenses	(142,334)	(112,015)	(52,605)	(9,567)	(96,837)	(7,529)	(7,050)	(82,631)	(42,456)	**(553,024)**
Depreciation and amortization	(98,256)	(224,709)	(368,963)	(68,797)	(197,732)	(61,492)	(38,536)	(146,830)	(106,714)	**(1,312,029)**
Net Interest	(4,605)	(59,768)	(124,756)	(22,602)	(100,848)	(18,661)	(11,194)	(30,406)	(28,546)	**(401,386)**
Profit of companies accounted for using the equity method	(51)	—	—	—	—	—	—	—	(695)	**(746)**
Income tax	(32,745)	10,405	42,914	4,318	22,423	4,306	2,482	5,927	4,981	**65,011**
Consolidated net profit	**23,024**	**6,896**	**(104,623)**	**(14,144)**	**(50,142)**	**(10,595)**	**(12,816)**	**(19,048)**	**(21,215)**	**(202,663)**
Attributable non-controlling interest	(78)	—	(2,128)	(3,936)	—	—	—	(1,134)	(1,947)	**(9,223)**
Net profit attributable to the Parent Company	**23,102**	**6,896**	**(102,495)**	**(10,208)**	**(50,142)**	**(10,595)**	**(12,816)**	**(17,914)**	**(19,268)**	**(193,440)**

[(*)] 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 6-month period ended on 30 June 2023. 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 2023.

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

										Thousands of Euros
										30 June 2022
	Spain [(1)]	Italy	France	Switzerland	UK	Portugal	Austria	Poland	Other countries	Total [(*)]
Operating income	276,105	358,580	366,154	77,905	168,226	61,509	39,054	203,789	137,136	**1,688,458**
Operating expenses	(128,471)	(99,160)	(48,460)	(9,768)	(60,026)	(7,732)	(7,527)	(63,224)	(33,544)	**(457,912)**
Depreciation and amortization	(91,361)	(203,143)	(342,260)	(64,103)	(99,356)	(55,724)	(36,401)	(134,155)	(105,435)	**(1,131,938)**
Net Interest	(83,566)	(55,138)	(122,991)	(16,348)	(20,638)	(11,649)	(8,717)	(21,019)	(15,891)	**(355,957)**
Profit of companies accounted for using the equity method	(33)	—	—	—	—	—	—	—	1,698	**1,665**
Income tax	9,559	4,071	42,683	964	3,941	1,871	6,084	995	4,555	**74,723**
Consolidated net profit	**(17,767)**	**5,210**	**(104,874)**	**(11,350)**	**(7,853)**	**(11,725)**	**(7,507)**	**(13,614)**	**(11,481)**	**(180,961)**
Attributable non-controlling interest	(141)	—	(2,656)	(3,149)	—	—	—	(2,361)	(2,326)	**(10,633)**
Net profit attributable to the Parent Company	**(17,626)**	**5,210**	**(102,218)**	**(8,201)**	**(7,853)**	**(11,725)**	**(7,507)**	**(11,253)**	**(9,155)**	**(170,328)**

[(*)] 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 6-month period ended on 30 June 2022. 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 2023.

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

The Group has two customers that exceeds 10% of its total revenue. The total income from these customers for the period ended on 30 June 2023 amounted to EUR 782,255 thousand. During the same period in 2022, the Group had two customers that exceeded 10% of its revenue and the amount ascended to EUR 598,079 thousand.

The information by business segment is set out below:

	Thousands of Euros			
	30 June 2023			
	Broadcasting infrastructure	Telecom Infrastructure Services	Network Services and others	Total
Services (Gross)	115,087	1,694,386	62,376	**1,871,849**
Other operating income	—	129,431	—	**129,431**
Advances to customers	—	(1,769)	—	**(1,769)**
Operating income	**115,087**	**1,822,048**	**62,376**	**1,999,511**

	Thousands of Euros			
	30 June 2022			
	Broadcasting infrastructure	Telecom Infrastructure Services	Network Services and others	Total
Services (Gross)	111,534	1,416,575	49,511	**1,577,620**
Other operating income	—	112,420	—	**112,420**
Advances to customers	(65)	(1,517)	—	**(1,582)**
Operating income	**111,469**	**1,527,478**	**49,511**	**1,688,458**

There have been no significant transactions between segments during 2023 and 2022.

21. Related parties

a) Directors and Senior Management

The remuneration earned by the Parent Company's Directors as at 30 June 2023 and 2022 was as follows:

i. The members of the Board of Directors received EUR 1,040 thousand for exercising the duties in their capacity as directors of Cellnex Telecom, S.A. (EUR 1,005 thousand in the same period in 2022).

ii. For performing senior management duties, the CEO[1]:

   a. received EUR 650 thousand, corresponding to fixed remuneration (EUR 650 thousand in the same period in 2022).

   b. accrued EUR 650 thousand corresponding to annual variable remuneration, estimated assuming 100% of accomplishment (EUR 650 thousand in the same period in 2022).

   c. accrued EUR 331 thousand for the achievement of the multi-annual objectives established in the "Long Term Incentive Plan" that consolidated in December 2023 (EUR 325 thousand in the same period in 2022) and accrued EUR 1,095 thousand for all the LTIPs in progress for the period ended on 30 June 2023 (EUR 1,194 thousand in the same period in 2022). See Note 17.b.

   Note: The provisions for all the LTIPs in progress, for the period ended on 30 June 2023 amounted to EUR 3,443 thousand (EUR 3,214 thousand in the same period in 2022). 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 18.7 thousand, respectively (EUR 162 thousand and EUR 16 thousand in the same period in 2022).

iv. Mr Marco Patuano signed an entry bonus amounting to EUR 3.5 million. This bonus will be paid 30%, in cash, in March 2024 and the remaining 70% will be paid, in shares, on the third year of his appointment as CEO of Cellnex.

v. The previous CEO's non compete accrual amounted to EUR 2,600 thousand, of which EUR 1,300 thousand were paid during the first half of 2023. It has been calculated according to the parameters that were duly approved at the General Shareholders' Meeting on 28 April 2022.

Cellnex defines Senior Management as executives that perform management duties and report directly to the Chief Executive Officer. Fixed and variable remuneration for the period ended on 30 June 2023 for members of Senior Management amounted to EUR 2,758 thousand (EUR 2,911 thousand in the same period in 2022) and accrued EUR 599 thousand for the achievement of the multi-annual objectives established in all the “Long Term Incentive Plan” that consolidates in December 2023 (EUR 586 thousand in the same period in 2022), and accrued EUR 1,926 thousand for all the LTIPs in progress (EUR 1,759 thousand in the same period in 2022). Note: The provisions for all the LTIPs in progress, for the period ended on 30 June 2023 amounted to EUR 5,667 thousand (EUR 5,402 thousand in the same period in 2022).

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 278 thousand and EUR 84 thousand, respectively (EUR 250 thousand and EUR 95 thousand in the same period in 2022).

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 573 thousand at 30 June 2023 (EUR 476 thousand in the same period in 2022).

[1] Please note that in these amounts are combined the remuneration received by the CEO at Cellnex. I.e. the amount received by Mr. Tobías Martínez Gimeno until 3 June 2023 and the amount received by Mr. Marco Patuano from 4 June 2023 to 30 June 2023.

b) Other disclosures on Directors

In accordance with the article 229 of the Spanish Limited Liability Companies Law, the directors have reported that neither they nor any persons related to them are involved in any situations that may lead to a direct or indirect permanent conflict with the Parent Company’s interests that could not be managed, if occurs, with the appropriate measures.

c) Associates companies

As of 30 June 2023 and 31 December 2022 the Group does not hold balances for significant amounts with associates companies.

For its part, during the 6-month period ended on 30 June 2023 and 2022, 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).

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 interim condensed consolidated financial statements, Edizione, together with its group of companies, is considered a related party to the Group.

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

I) Services rendered and received

The Group, through its wholly-owned subsidiary TowerCo, entered into an agreement with Autoestrade pell'Italia SpA ("ASPI"), at that moment, subsidiary of Atlantia by virtue of which the Group can colocate certain assets to provide Telecom Infrastructure Services in Italian motorways that are under the concession of Atlantia until 2038. Pursuant to the terms of this agreement, the consideration for such location amounts to an annual fee of EUR 4 million. On 5 May 2022, Atlantia sold the subsidiary ASPI to a consortium that includes the public bank Cassa Depositi e Prestiti ("CDP") and the investment funds Blackstone and Macquarie. In this regard, as of 30 June 2023, ASPI no longer has the status of a related company of Cellnex. However, in accordance with the disclosures required by IFRS, the transactions carried out with ASPI until the date of the aforementioned control change in 2022 amounted to EUR 1 million.

In addition to the aforementioned, during the period ended 30 June 2023 and 2022 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 2023 and 31 December 2022, 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 2023		30 June 2022	
Male	2,077	69%	2,026	70%
Female	938	31%	879	30%
Total	**3,015**	**100%**	**2,905**	**100%**

b) Seasonality

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

23. Post balance sheet events

New projects with Bouygues Telecom

In the context of the optic fibre network agreements in France (see Note 6 of the accompanying interim condensed consolidated financial statements), on 24 July 2023, Cellnex, through its subsidiary Nexloop, entered into an agreement with Bouygues Telecom to (i) extend the fiber perimeter in approximately 3,600 km; and (ii) build additional up to 65 small and metropolitan offices, with an associated investment of approximately EUR 275 million. The rollout would be executed from 2023 to 2028. With this agreement, Nexloop would have more capillarity for FTTT coverange and would extend the longhaul program. The estimated Enterprise Value/EBITDAaL amounts to approximately 12.5x. In order to partially finance the investment, Nexloop extended its current EUR 620 million financing with an additional tranche of EUR 100 million, bringing the total amount to EUR 720 million.

Swiss Towers CHF Facility Refinancing

On 26 July 2023, Swiss Towers AG, as borrower, and Swiss Infra Services S.A, as guarantor, entered into a CHF 580 million syndicated facilities agreement to refinance the existing CHF 620 million syndicated facilities agreement entered into by Swiss Towers AG, as borrower, on 17 July 2019 (as amended on 28 December 2021). The new financing maintains an attractive interest expense while extending the average life of the Group's debt.

New European Investment Bank (EIB) Financing

On 24 July 2023, the Group entered into a EUR 315 million term loan facility with the European Investment Bank. The purpose relates to the partial financing of the Group's network infrastructure expansion, upgrade and improvement in efficiency, as well as investments in digitalization of its operations, in the following countries: France, Poland, Italy, Spain and Portugal. The average life of such agreement will be of c.8 years.

24. Explanation added for translation to English

These interim condensed consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.a). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform with other generally accepted accounting principles and rules.

Barcelona, 27 July 2023

Cellnex Telecom, S.A. and Subsidiaries

Consolidated interim directors' report for the 6-month period ended on 30 June 2023

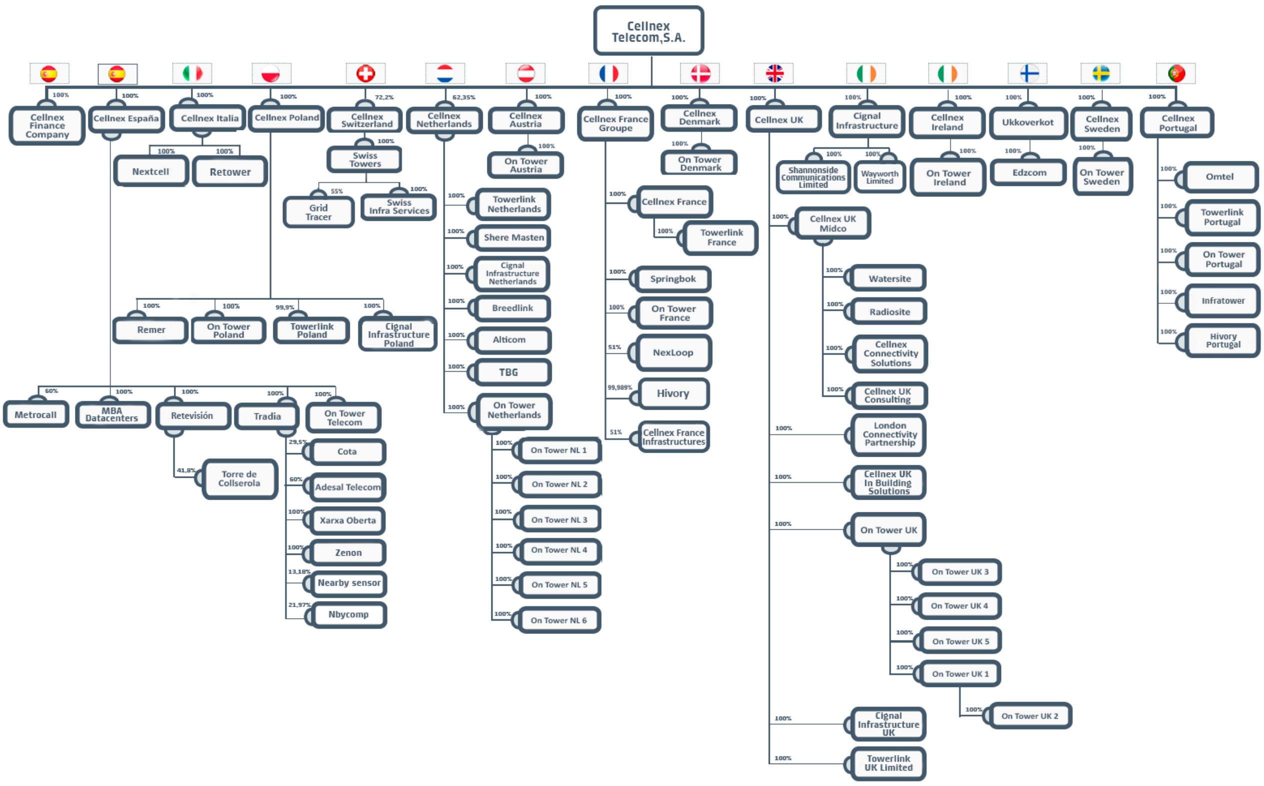
1. INFORMATION REQUIRED UNDER ARTICLE 262 OF THE SPANISH COMPANIES ACT

1.1. Situation of the Group

Corporate structure

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 organisational structure of the Cellnex Group at 30 June 2023 is summarised as follows:



The detail of the Group's subsidiaries and associates at 31 December 2022 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 2022. In addition, Note 2.h of these interim condensed consolidated financial statements includes the most significant changes in the scope of consolidation during the first half of 2023.

Cellnex Telecom is listed on the continuous market of the Spanish stock exchange and is part of the selective IBEX 35 and EuroStoxx 100 indices. It is also present in the main sustainability indexes, such as CDP, Sustainalytics, FTSE4Good and MSCI. Cellnex's reference shareholders include TCI, Edizione, GIC, JP Morgan, CPP Investments, Blackrock, CK Hutchison, CriteriaCaixa and Norges Bank.

Business

The Group's business model focuses on the provision of services to MNOs, broadcasters and other public and private companies acting as a neutral infrastructure provider. This business model is based on innovative, efficient, sustainable, neutral and quality management to create value for the Group's shareholders, customers, employees and other stakeholders.

The Group provides services related to infrastructure management for terrestrial telecommunications through the following three segments: i) Telecom Infrastructure Services, ii) Broadcasting Infrastructure and iii) Other Network Services.

Telecom Infrastructure Services

This is the Group's largest segment by turnover. It provides a wide range of integrated network infrastructure services to enable access to the Group's telecom infrastructure by MNOs, other wireless telecommunications, broadband network operators, among others, allowing such operators to offer their own services to their customers. Telecom Infrastructure Services are generated from a number of sources: i) annual base fee from telecommunications customers (both anchor and secondary tenants), ii) escalators or inflation as the annual update of the base fee and, iii) New colocations and associated revenues (which include new third party colocations as well as further initiatives carried out in the period such as special connectivity projects, indoor connectivity solutions based on DAS, mobile edge computing, fiber backhauling, site configuration changes as a result of 5G rollout, housing of different clients of broadcasters and Engineering Services, that corresponds to works and studies such as adaptation, engineering and design services on request of its customers, which represent a separate income stream and performance obligation). The perimeter, therefore the number of tenants, may also be increased as a result of both acquisitions and BTS programs executions.

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

Additionally the consolidated income statement for the period includes income from re-charging costs related to infrastructure services activities for mobile telecommunications operators to third parties. The Group is also developing capabilities in fibre to the tower and edge computing centres infrastructure, in order to offer its customers the data-processing capacity distributed in the network, without which the potential of 5G could not be realised. For instance, in 2017 the Group acquired Alticom, a Dutch company that owns a portfolio of sites which has data centres. In Cellnex Netherlands, colocation to Broadcasters and also Broadcasting Services can be provided to customers. Please note that every revenue from Cellnex Netherlands is classified as TIS.

The Group's acquisition strategy of infrastructure portfolios is based on a disciplined and selective approach based on the business case for each acquisition. Its investments follow rigorous analysis criteria including both target equity internal rates of return for its shareholders and the quality of the relevant assets. The Group's organic growth strategy is based on four different business models: (i) multiple allocation, (ii) Build-to-suit, (iii) rationalization, and (iv) tower-adjacent assets.

The TIS site portfolio at 30 June 2023 is summarised below:

Framework Agreement	Project	Nº of Sites acquired and build (*)	Beginning of the contract	Initial Terms + Renewals [1]
Business combination	TowerCo Acquisition	321	2014	Until 2038
Business combination	Galata Acquisition	7,898	2015	15+15 (Wind) [2]

Business combination	Protelindo Acquisition	261	2012 2016	+15 (KPN) +12 (T-Mobile)
Bouygues	Asset purchase	5,062 41	2016 - 2017 2018	20+5+5+5 / 25+5+5 [(3)] 20+5 [(3)]
Business combination	Shere Group Acquisition	1,102	2011 2015 2015	+15 (KPN) +10 (T-Mobile) +15 (Tele2)
Business combination	On Tower Italia Acquisition	11	2014 2015	9+9 (Wind) 9+9 (Vodafone)
K2W	Asset purchase	32	2017	Various
Business combination	Swiss Towers Acquisition	2,239 329	2017 2019	20+10+10 (Sunrise Telecommunications) [(4)] 20+10+10 (Sunrise Telecommunications) [(4)]
Business combination	Infracapital Alticom subgroup Acquisition	30	2017	Various
Others Spain	Asset purchase	45 36 375	2017 2018 2018	15+10 15+10 20+10
Masmovil Spain	Asset purchase	551 85	2017 2018	18+3 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	2,866	2019	20+10 [(6)]
Business combination	Cignal Acquisition	785	2019	20 [(7)]
Business combination	Business unit from Iliad Italia, S.p.A.	3,696	2019	20+10 [(6)]
Business combination	On Tower France Acquisition	8,756	2019	20+10 [(6)]
Orange Spain	Asset purchase	1,500	2019	10+10+1 [(8)]
Business combination	Omtel Acquisition	3,432 687 102	2018 2021 2022	20+5 [(9)] 20+5+5+5 [(17)] 20+5+5+5 [(17)]
Business combination	Arqiva Acquisition	6,455	2020 2014	10+1+1+4 (MBNL/EE) [(10)] 2024 (CTIL) [(10)]
Business combination	NOS Towering Acquisition	2,243	2020	15+15 [(11)]
Business combination	Hutchison Austria Acquisition	4,564	2020	15+15+5 [(12)]
Business combination	Hutchison Ireland Acquisition	1,162	2020	15+15+5 [(12)]
Business combination	Hutchison Denmark Acquisition	1,602	2020	15+15+5 [(12)]
Business combination	Small M&A	9	2020	Various
Business combination	Hutchison Sweden Acquisition	2,955	2021	15+15+5 [(12)]
Business combination	T-Mobile Infra Acquisition	3,143	2021	15+10 [(13)]
Business combination	On Tower Poland Acquisition	8,636	2021	20+10 [(14)]
Business combination	Hutchison Italy Acquisition	9,289	2021	15+15+5 [(12)]
Business combination	Polkomtel Acquisition	7,100	2021	25+15 [(15)]
Business combination	Hivory France Acquisiton	11,322	2021	18+5+5+5 [(16)]
Business combination	Iaso Acquisition	5	2021	Various
Business combination	Hutchison UK Acquisition	5,541	2022	15+15+5 [(12)]

Shared with broadcasting business		1,682		
Others		232		
Telefónica (Renewal)	Tranche I	1,543	2022	13+10+7 [18]
Telefónica (Renewal)	Tranche II	1,450	2022	10+10+10 [18]
Telefónica (Renewal)	Tranche III	1,400	2022	7+10+10+3 [18]

[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 80% CPI-linked, taking into consideration that the increase shall not exceed 3% per year, without having a minimum in case it is 0%. After the initial term, the fee could have +5%/-15% adjustment.

[3] In accordance with the agreements reached with Bouygues during 2016 – 2020, at 31 December 2022 Cellnex had committed to acquire and build up to up to 5,300 sites that will be gradually transferred to Cellnex until 2030 (see Note 6 of the accompanying consolidated financial statements). Of the proceeding 5,300 sites, a total of 2,085 sites have been transferred to Cellnex as of 30 June 2023 (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). The contracts with customers are linked to a fixed escalator of 2%, except for Nexloop which is 1%.

[4] The MSA with Sunrise have an initial term of 20 years, to be automatically extended for 10-year periods, on an all-or-nothing basis, with undefined maturity. The contracts with customers are index-linked to the CPI, taking into consideration that the increase has no maximum per year, and the decrease cannot be less than 0%.

[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. The contracts with customers are linked to a fixed escalator of 1%.

[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, taking into consideration that the increase shall not exceed 2% per year and the decrease cannot be less than 0%.

[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. This MSA is index-linked to the CPI.

[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, taking into consideration that the increase shall not exceed 2% per year and the decrease cannot be less than 0%.

[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, taking into consideration that the increase shall not exceed 2.25% per year and the decrease cannot be less than 0%.

[13] Initial term of 15 years + subsequent automatic renewals of 10 year periods (all or nothing, undefined maturity basis). The fees under the T-Mobile Infra MLA are CPI-linked, taking into consideration that the increase shall not exceed 3.5% per year and the decrease cannot be less than 0%.

[14] Initial term of 20 years to be automatically extended for subsequent 10 year periods (on an all or nothing basis). The fees agreed in the Iliad Poland MSA are annually adjusted in accordance with the Polish CPI provided that the increase shall not exceed 4% per year, without having a minimum in case it is 0%.

(15) 25 years with automatic 15 year renewals.

(16) 18 years with automatic 5 year renewals. All-or-nothing renewal clause, undefined maturity. The contracts with customers are linked to a fixed escalator of 2%.

(17) MSA with 20 years + automatic 5 year renewals. All-or-nothing renewal clause, undefined maturity. The fees under the Omtel MSA are CPI-linked, taking into consideration that the increase shall not exceed 2% per year and the decrease cannot be less than 0%

(18) All Telefónica contracts as an anchor tenant have been renewed and unified under one single MLA. The new MLA is CPI- linked without cap and with floor at 0%. Likewise, in each tranche and once the initial period and first two extensions have elapsed, the price may be revised by a +5%/-5%.

As at 30 June 2023 the Group also maintains 8,541 antennas nodes with the DAS.

Broadcasting Infrastructure

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

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.

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.

The Group's strategy in this segment 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.

The efficient deployment of next-generation connectivity is essential to drive technological innovation and accelerate inclusive economic growth. Cellnex is the leading neutral telecom infrastructure operator in Europe with a portfolio of around 135,000 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 2023, the Group manages a portfolio of 112,737 sites and 8,541 nodes, which make a total of 121,278 infrastructures. The Group enables operators to access Europe's most extensive network of advanced telecommunications infrastructure on a shared-use basis, helping to reduce access barriers for new operators and to improve services in the most remote areas.This business model is based on innovative, efficient, sustainable, independent and quality management to create value for its shareholders, customers, employees and all stakeholders.

2021-2025 Efficiency Plan: Optimization of ground leases on track

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. This strong control on leases is key to ensuring an excellent performance despite high inflation and larger perimeter.

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. Additionally, the Group carries out land buyouts and long-term rights of use of land, which are recorded as M&A Capex and, therefore, are not considered within current Free Cash Flow definition. It is worth to consider that these investments might be allocated to a new business line in the future.

Organic growth generation

Recurring Leveraged Free Cash Flow (please see section 1.3 of this Consolidated Interim Directors' Report) organic growth generation in the first half ended 30 June 2023 amounted to 123 million euros (please see first half 2023 results presentation), driven by a number of contributors: i) BTS program execution (approximately 42 million euros), ii) escalators or inflation (approximately 34 million euros), iii) Ground lease efficiencies (approximately 10 million euros) and, iv) New colocations and associated revenues (approximately 37 million euros). Please note this is a comprehensive allocation based on the assumptions that the management has taken into account:

- The contribution from BTS programs corresponds to approximately 4,400 average annual BTS PoPs, adjusting for its respective incremental contribution in 2023 compared to the first six months ended 30 June 2022, along with an approximately EUR 20 thousand average fee (taking into account the resulting volume executed through each program), considering that around 75% of these incremental revenues are translated into EBITDA (please note this margin should be re-assessed in future periods given that inflation is also impacting the Group's Operating Expenses and ground leases). Furthermore, this average fee may change in future periods as the overall composition of the BTS programs delivered may result in a different weighted average figure. Additionally, Nexloop and other contracted projects contributed for around 10 million euros, again with around 75% of their associated revenues translated into EBITDA.

- Escalators or inflation as the annual update of the base fee, considering that approximately 75% of these incremental revenues are translated into EBITDA (please note this margin should be re-assessed in future periods given that inflation is also impacting the Group's Operating Expenses and ground leases). It may also include additional revenues from Broadcasting Infrastructure and Other Network Services business lines. As per management estimates, around 65% of the total Operating Income is linked to domestic CPI with different caps and floors (depending on each contract - please see paragraph “Telecom Infrastructure Services” of this section), while the remaining c.35% is linked to fixed escalators (1% or 2% - please see paragraph “Telecom Infrastructure Services” of this section). For the first half ended 30 June 2023 management estimates assume approximately 3% average escalator. Please note this average may change in future periods.

- Ground lease efficiencies correspond to efficiencies that are achieved mostly as a result of the investment in cash advances and other initiatives on ground lease efficiencies, allowing the Group to control the growth of its Operating Expenses and ground leases. It may also include savings from Broadcasting Infrastructure and Other Network Services business lines. Under management estimates, the corresponding investments deliver an approximate 10/12-year pay-back.

- New colocations and Associated revenues corresponds to new third party colocations (around 4,500 average annual third party PoPs, adjusting for its respective incremental contribution in 2023 compared to the first six months ended 30 June 2022, along with an average fee that is less than half of the fee of BTS PoPs) as well as further initiatives carried out in the period such as special connectivity projects, indoor connectivity solutions based on DAS, mobile edge computing, fiber backhauling, site configuration changes as a result of 5G rollout and other Engineering Services (certain works and studies carried out on request of our customers such as adaptation, engineering and design services, which represent a separate income stream and performance obligation). Please note that in 2023, this contributor includes the contribution from a positive one-off from lower incurred electricity costs. Also, please see Engineering Services disclosed in Note 6 of the accompanying interim condensed consolidated financial statements and section 1.3 of this Consolidated Interim Director's Report.

Environmental, Social and Governance ("ESG") Commitment

Cellnex continues during 2023 strengthening its commitment to move towards the sustainable transition of its activity, bolstering ESG (Environment, Social and Governance) criteria as a central and integral part of the corporate strategy of all the group's areas and units. In this regard, the Group is aligned with a cross-cutting approach involving all the company's staff to achieve the Sustainable Development Goals (SDGs) of the 2030 Agenda.

ESG Master Plan 2021-2025: firm commitment to the Sustainable Development Goals

Since the 2016-2020 CSR Plan finished, Cellnex established new, more ambitious objectives in its 2021-2025 ESG Master Plan, which was approved by the Board of Directors in December 2020 and began to be implemented in 2021. During 2022, the second year of the ESG Master Plan, the performance was 100% progress in planning and 93% progress in implementation.

The Plan revolves around five key axes, and one cross-cutting axis dedicated to transmitting and communicating the commitments taken on, with the same goal in mind: driving telecommunications connectivity between territories with a common and inclusive culture and seeking to be part of the solution to society's challenges.

Progress in sustainability ratings

Cellnex is evaluated in the main international sustainability ratings, including CDP, Sustainalytics, MSCI, CSA from S&P Global, FTSE4Good, and Standard Ethics, among others. Through its ESG performance Cellnex demonstrates its commitment to meeting investors' expectations based on transparency and accountability in terms of sustainability. In this sense, Cellnex has continued improving its overall score in the sustainability ratings over the past years.

In early 2023 S&P Global has recognised Cellnex's efforts in terms of sustainability by including it in the 2023 Sustainability Yearbook as Industry Mover. As well, the non-profit organisation CDP recognised the Company as a "Supplier Engagement Leader 2022", as one of the most outstanding organisations in this index. This award highlights its commitment to assessing and mitigating climate risk within the supply chain. On top of this distinction comes the recognition, for the fourth year in a row, that it is among the group of companies comprising CDP's Climate Change "A List".

Furthermore, as of May 2023 Cellnex improved its score in the Sustainalytics ESG Risk Rating. The Group has obtained a rating of 11.2 (c.25% year-on-year improvement) consolidating its position in the 'low risk' category. As well Cellnex received the remaining Industry Top Rated in 2023 and consolidating its position in the top 1% of companies in the telecommunications sector and top 4% worldwide in terms of sustainability.

Commitment to reach net-zero by 2050

Cellnex enhanced its commitment to fighting against climate change by establishing specific emission reduction targets validated by the Science Based Targets initiative (SBTi) aligned with a scenario of limiting warming to 1.5ºC. The targets validated by the SBT in 2021 with 2020 as base year involve reducing scope 1 and 2 emissions of Greenhouse Gases (GHG), as well as scope 3 emissions through 3 main targets:

1. Increase the annual sourcing of renewable electricity supply from 0% to 100% by 2025;

2. Reduce by 21% absolute scope 3 emissions from purchased goods and services and capital goods by 2025;

3. Reduce by 70% absolute emissions of scope 1 and 2 GHG and scope 3 emissions from fuel use and energy-related activities by 2030.

In 2023 Cellnex has committed to achieve carbon neutrality by 2035 and net-zero by 2050. The definition of the Net-zero Strategy aims to materialise its commitment to decarbonisation. Accordingly, it has been defined and approved the roadmap to reach net-zero by 2050: reducing direct and indirect greenhouse gas emissions; neutralising unavoidable emissions through absorption projects to remove carbon from the atmosphere; and as a step prior to neutralisation, offsetting residual emissions by financing compensation projects.

Equity, diversity and inclusion

Under its Equity, Diversity and Inclusion (EDI) Policy, Cellnex is firmly committed to promoting these aspects through inclusive leadership as a lever for change and business sustainability. In this connection, it has set various objectives to be met in this area during the period 2023-2025, such as boost the percentage of women in management positions, as well as maintaining a minimum of 40% women on the Board of Directors.

Cellnex joined Target Gender Equality in 2021, an accelerator programme for companies that have signed up to the United Nations Global Compact to deepen the implementation of the Women's Empowerment Principles (WEP) and strengthen its contribution to SDG target 5.5 (ensure women's participation and equal opportunities for leadership). During the first half of 2023, Cellnex has been included for the second year in a row in the Bloomberg Gender Equality Index (GEI).

Cellnex Foundation

The Cellnex Foundation responds to Cellnex Telecom's firm will to go one step further in contributing to a better connected and socially inclusive environment as a comprehensive initiative that complements the Cellnex's ESG strategy.

Cellnex considers connectivity to be a universal right, therefore it aims to extend connectivity to reduce inequality and through the Cellnex Foundation promotes innovation and entrepreneurship as a driver for sustainable, economic and social development. In 2022, the Foundation launched initiatives such as the second edition of Cellnex Bridge, an acceleration programme for tech start-ups with a specific focus on social impact. Likewise, the Foundation has continued to run its "Youth Challenge" corporate volunteer initiative which began in 2019 and aims to prevent pupils from dropping out of school and attract young people at risk of exclusion towards Information and Communication Technology (ICT) vocations.

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 2022, which forms part of the Consolidated Directors' Report for 2022.

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 in securities markets issues regulates, among other things, the directors' and managers' conduct with regard to the treatment, use and disclosure of the Group's inside 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 inside information and to the Group's external advisors when they handle such inside information.

As of the date of this Consolidated Interim Directors' Report, the Group believes that it substantially complies with the recommendations of the Spanish Good Governance Code of Listed Companies (Revised June 2020).

Cellnex also has a corporate website (www.cellnex.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 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 fulfillment 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 an internal audit 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.

Changes in 2023

The most significant adaptations and changes in the Board of Director's composition during the 6-month period ended on 30 June 2023 are as follows:

- On 27 March 2023, the Board of Directors agreed to appoint Ms. Anne Bouverot as non-executive Chair of the Parent Company, following a favourable report from the Nominations, Remunerations and Sustainability Committee, replacing the former non-executive Chair, Mr Bertrand Boudewijn Kan, who on the same day, after two years at the helm of the Board, stepped down from his position as Chair of the Board, maintaining his status as an independent director until 4 April 2023.

- On 4 April 2023, the Board of Directors received the resignations of Mr. Bertrand Boudewijn Kan and Mr. Leonard Peter Shore, in their capacity as independent directors. Both resignations were effective from that same day.

- On 26 April 2023, the Board of Directors decided to appoint by co-optation:

    - Ms. María Teresa Ballester Fornés as an independent director.

    - Mr. Jonathan Amouyal as proprietary director, representing the shareholders TCI Luxembourg S.A.R.L. and CIFF Capital UK LP.

- On 1 June 2023, the General Shareholders' Meeting ratified both appointments.

- In addition, on 1 June 2023, the General Shareholders' Meeting also adopted the following resolutions:

    - in accordance with Article 17 of the Company's Corporate Bylaws, to set the number of members of the Parent Company's Board of Directors at thirteen.

    - in accordance with the proposal of the Nominations, Remunerations and Sustainability Committee and the reasoned report of the Board of Directors, to appoint Mr. Óscar Fanjul Martín and Mr. Dominique D'Hinnin as independent directors of the Parent Company, for the three-year term specified in the Corporate Bylaws.

- in accordance with the proposal of the Board of Directors, and in view of the reasoned report of the Nominations, Remunerations and Sustainability Committee and due to the resignation of Mr. Tobías Martínez Gimeno, to appoint Mr. Marco Patuano as an executive director with effects as from 4 June 2023, for the three-year term specified in the Corporate Bylaws.

Additionally, on 27 July 2023 the Board of Directors approved the creation of the Capital Allocation Committee with the competences defined in the Board of Directors Regulations.

1.2. Significant events in the first half of 2023

The main highlights in the 6-month period ended on 30 June 2023 are as follows:

Next Chapter: building for the long term

The performance of the Group during the first half of 2023 is in line with achieving the “Next Chapter” targets. After a period driven by inorganic growth, Cellnex’s focus is on value creation through consolidation and organic growth. In this regard, Cellnex is committed to obtaining BBB- from Standard & Poor's (“S&P”) by no later than 2024 and maintaining BBB- by Fitch, as well as to achieve a Free Cash Flow ("FCF") tending to neutral in 2023. Likewise, the Group is open to opportunities to crystallise value and accelerate the path to investment grade.

The main financial indicators for the period ended on 30 June 2023 (Revenues, Adjusted EBITDA and Recurring Leveraged Free Cash Flow), continue to reflect a solid performance in the period marked by both organic growth and the effect of the efficiencies execution after having integrated the recent acquisitions. Furthermore, all operational and financial metrics are aligned with financial outlook for 2025 (medium term guidance). Thus, in the first half, Cellnex successfully met the Group’s organic growth targets, which further reinforces its alignment with the new strategic direction announced by the end of 2022. As mentioned above, the cornerstone of this strategy is to secure an investment grade-rating from S&P by no later than 2024, thereby bolstering the financial foundation for Cellnex’s sustained growth in the coming years.

In relation to ESG, for the second year in a row, Cellnex has been listed in the “Bloomberg Gender-Equality Index” for its commitment to diversity, equity and inclusion and recognised by CDP as a “Supplier Engagement Leader” for involving its suppliers in the fight against climate change and its efforts to measure and reduce environmental impact in the supply chain. Cellnex was also included in the S&P Global "2023 Sustainability Yearbook” as Industry Mover.

In terms of macroeconomic conditions, during 2023 and 2022, both the Russian invasion of Ukraine and the associated sanctions contributed to further increases in the prices of energy, oil and other commodities, and further disrupting supply chains. This led to a significant increase in costs that put pressure on business margins and ultimately affected the evolution of investment. Such an increase in commodity prices added to a context of high inflation rates where the Group operates and in most developed countries. In this situation, central banks increased interest rates progressively in order to address and reduce inflation, which could trigger an environment of increased risk aversion, a tightening of financial conditions globally, reduced economic growth and/or result in regional or global recessions. Inflationary pressures could further increase if the Russian invasion of Ukraine is prolonged, if additional economic sanctions or other measures are imposed, or if volatility in commodity prices or disruptions to supply chains worsen.

Events such as the above could severely affect macroeconomic conditions and financial markets and exacerbate the risk of regional or global recessions or “stagflation” (i.e. recession or reduced rates of economic growth coupled with high inflation rates), all of which in turn may also materially and adversely affect the Group’s business, results of operations, cash flows, financial condition and prospects. The conflict has not had a significant effect on the Group’s results for the six-month period ended as of 30 June 2023 and, additionally, the Group has considered the uncertainty caused by the current situation and, as a conclusion, to date they have not affected the estimates that were being made and, consequently, they have not affected the book value of the assets (especially considering 2022 impairment test headroom as described in Notes 6 and 7 of the accompanying Interim Condensed Consolidated Financial Statements) and liabilities as well as certain financial risks (see Note 13 of the accompanying Interim Condensed Consolidated Financial Statements). The future evolution will depend on future developments, which are highly uncertain and cannot be predicted, including future economic conditions, and the actions to contain it or treat its impact, among others.

New investments and commitments

France

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

As described in Note 5 of the accompanying interim condensed consolidated financial statements, in the first quarter of 2022, the Group entered into two agreements with the aim to fulfil the disposals required by the FCA as a condition for the approval of the Hivory Acquisition (see Note 6 of the 2022 Consolidated Financial Statements).

Firstly, Cellnex France and Phoenix France Infrastructures (in the presence of Bouygues Telecom) entered into a business transfer agreement which sets forth the terms and conditions under which Cellnex France will sell to Phoenix France Infrastructures (or to any company controlled by Phoenix France Infrastructures) 2,000 sites located in very dense areas of France. The sale will be carried out at a price to be calculated pursuant to the agreement which takes into account the profit generated by such sites, for an expected total amount of approximately EUR 690 million (EUR 600 million, net of taxes). The effectiveness of this agreement was subject to the French regulatory approvals the last of which was obtained in October 2022. The sale is structured in five lots of sites and its completion is expected to take place during 2023 and 2024. During the first half of 2023, the sale of a first package of 150 sites to Phoenix France Infrastructures 2 (which substituted Phoenix France Infrastructures pursuant to the business transfer agreement) has been carried out for a price of approximately EUR 35 million, without significant impact in the accompanying consolidated income statement.

In addition, Hivory, Cellnex France Groupe and Phoenix Tower France II (a company of the Phoenix Tower International group, formerly known as PTI Alligator BidCo) entered into a share purchase agreement which sets forth the terms and conditions under which Hivory will transfer to Phoenix Tower France II 1,226 sites located in very dense areas of France. The effectiveness of this agreement was subject to the French regulatory approvals the last of which was obtained in October 2022. The sale will be carried out at a price to be calculated pursuant to the agreement which takes into account the profit generated by such sites, for an expected total amount of approximately EUR 275 million (EUR 235 million, net of taxes), and that is expected to be completed during the second half of 2023.

New agreement with SFR

A new industrial and synergetic agreement with SFR has been reached in 2023 by meeting SFR's need to deploy new PoPs on existing and new sites. The agreement involves an associated investment over a 6-year period of up to approximately EUR 275 million in exchange for approximately EUR 35 million EBITDA IFRS 16 upon deployment (2029 – c.12.4x EBITDAaL multiple) under a 20 year contract length from the starting date of each new PoPs, with all-or-nothing renewal (see Note 6 of the accompanying Interim Condensed Consolidated Financial Statements).

New projects with Bouygues Telecom

In the context of the optic fibre network agreements in France (see Note 6 of the accompanying interim condensed consolidated financial statements), on 24 July 2023, Cellnex, through its subsidiary Nexloop, entered into an agreement with Bouygues Telecom to (i) extend the fiber perimeter in approximately 3,600 km; and (ii) build additional 65 small and metropolitan offices, with an associated investment of approximately EUR 275 million. The rollout would be executed from 2023 to 2028. With this agreement, Nexloop would have more capillarity for FTTT coverange and would extend the longhaul program. The estimated Enterprise Value/EBITDAaL amounts to approximately 12.5x. Given that the this agreement had not been entered into as of 30 June 2023, it was not accounted for in the accompanying Interim condensed consolidated financial statements for the period ended 30 June 2023 (see Note 23 "Post balance sheet events" of the accompanying Interim Condensed Consolidated Financial Statements).

Poland

Acquisition of an additional stake in On Tower Poland

During the first half of 2023, Cellnex Poland and Iliad Purple entered into an agreement pursuant to which Cellnex (through Cellnex Poland, of which Cellnex owns 100%) acquired an additional 30% interest in the share capital of On Tower Poland from Iliad Purple, for an amount of approximately PLN 2,273 million (with a Euro value of EUR 512 million as of the date of completion), exclusive of taxes. Following this acquisition, Cellnex Poland held 100% of On Tower Poland as of 30 June 2023 (see Note 2.h of the accompanying Interim Condensed Consolidated Financial Statements).

Capitalisation and indebtedness

Cellnex has a debt structure marked by the flexibility provided by the various instruments used. The Group's net debt as of 30 June 2023, amounted to EUR 20,748 million. 76% of the debt is referenced to a fixed rate. As of the end of the first half of 2023, Cellnex had access to immediate liquidity (cash, undrawn debt and other financial assets) amounting to approximately EUR 3,710 million.

Cellnex Telecom's bond issues maintained their 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 2 February 2023 and a long-term "BB+" with positive outlook according to the international credit rating agency Standard & Poor's Financial Services LLC as confirmed by a report issued on 25 April 2023.

Cellnex continues to weigh up the possibility of opening up the capital of certain Group subsidiaries to crystallise value and speed up the process to achieve S&P investment grade.

1.3. Business performance and results

The 6-month period ended on 30 June 2023 highlighted a unique combination of defensive and high quality structural growth with limited exposure to the Russian invasion in Ukraine, which is possible through consistent and sustainable organic growth, solid financial performance and a tireless focus on integration.

Alternative Performance Measures

An Alternative Performance Measure (APM) is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Cellnex believes that there are certain APMs, which are used by the Group's Management in making financial, operational and planning decisions, which provide useful financial information that should be considered in addition to the interim financial statements prepared in accordance with the applicable accounting regulations (IFRS-EU), in assessing its performance. These APMs are consistent with the main indicators used by the community of analysts and investors in the capital markets.

In accordance with the provisions of the Guide issued by the European Securities and Markets Authority (ESMA), in force since 3 July 2016, on the transparency of Alternative Performance Measures, Cellnex provides below information on the following APMs: Adjusted EBITDA; Adjusted EBITDA Margin; Gross and Net Financial Debt; Capital Expenditures; Net Payment of Interest; Available Liquidity, Recurring Leveraged Free Cash Flow and Free Cash Flow.

The definition and determination of the aforementioned APMs are disclosed in the accompanying Consolidated Management Report and are therefore validated by the Group auditor (Deloitte). The CNMV also conducted a review of the APMs as of December 2021.

The Company presents comparative financial information from the previous year as detailed in Note 2.e to the accompanying interim condensed consolidated financial statements.

1.Adjusted EBITDA

This relates to the “Operating profit” before “Depreciation, amortisation and results from disposals of fixed assets” and after adding back certain non-recurring expenses (such as COVID donations, redundancy provision, extra compensation and benefit costs, and costs and taxes related to acquisitions, among others) as well as certain non-cash expenses (such as LTIP remuneration payable in shares, among others) and advances to customers.

The Group uses Adjusted EBITDA as an indicator of the operating performance of its business units and it 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 standardised meaning and cannot therefore be compared with the Adjusted EBITDA of other companies.

As at 30 June 2023 and 2022, respectively, the amounts were as follows:

	Thousands of Euros	
	30 June 2023	**30 June 2022**
Broadcasting infrastructure	115,087	111,469
Telecom Infrastructure Services	1,822,048	1,527,478
Other Network Services	62,376	49,511
Operating income[1]	**1,999,511**	**1,688,458**
Staff costs[2]	(170,643)	(133,397)
Repairs and maintenance[3]	(52,518)	(44,168)
Utilities [3]	(184,181)	(134,723)
General and other services [3]	(145,682)	(145,624)
Depreciation, amortisation and results from disposals of fixed assets[4]	(1,312,029)	(1,131,938)
Operating profit	**134,458**	**98,608**
Depreciation, amortisation and results from disposals of fixed assets [4]	1,312,029	1,131,938
Non-recurring expenses[5]	42,084	49,698
Advances to customers [1]	1,769	1,582
Adjusted operating profit before depreciation and amortisation charge (Adjusted EBITDA)	**1,490,340**	**1,281,826**

As at 30 June 2023 and 2022, non-recurring expenses and advances to customers are set out below (see in Note 18.d of the accompanying interim condensed consolidated financial statements):

i) COVID donations, which relate to a financial contribution by Cellnex to various institutions in the context of the Coronavirus Pandemic (non-recurring item), amounted to EUR 90 thousand (EUR 274 thousand in the same period in 2022).

ii) Redundancy provision, which mainly includes the impact in 2023 and 2022 6-month periods derived from the reorganisation plans detailed in Note 17.c of the accompanying consolidated financial statements (non-recurring item), amounted to EUR 25,394 thousand (EUR 2,485 thousand in the same period in 2022).

[1] See note 18.a of the accompanying interim condensed consolidated financial statements.
[2] See note 18.b of the accompanying interim condensed consolidated financial statements.
[3] See note 18.c of the accompanying interim condensed consolidated financial statements.
[4] See note 18.e of the accompanying interim condensed consolidated financial statements.
[5] See note 18.d of the accompanying interim condensed consolidated financial statements.

iii) LTIP remuneration payable in shares, which corresponds to the LTIP remuneration accrued at 30 June 2023, which is payable in Cellnex shares (See Note 17.b of the accompanying interim condensed consolidated financial statements, non-cash item), amounted to EUR 7,316 thousand (EUR 8,295 thousand in the same period in 2022), 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 424 thousand in the same period in 2022).

iv) Advances to customers, which Includes the amortization of amounts paid for sites to be dismantled and their corresponding dismantling costs, amounted to EUR 1,769 thousand (EUR 1,582 thousand in the same period in 2022). These costs are treated as advances to customers in relation to the subsequent services agreement entered into with the customer (mobile telecommunications operators ("MNOs")). 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 and remedies which mainly includes taxes and ancillary costs incurred during the business combination processes (non-recurring item), amounted to EUR 9,283 thousand (EUR 38,220 thousand in the same period in 2022).

2. Adjusted EBITDA Margin

Adjusted EBITDA Margin corresponds to Adjusted EBITDA, divided by "Services (Gross) excluding Utility Fee". Thus, it excludes elements passed through to customers from both expenses and revenues, mostly electricity costs, the utility fee as well as Advances to customers. Please note that the Adjusted EBITDA Margin for the period ended 30 June 2022 has been restated.

The Group 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 2023 and 2022 was of 83% and 83%, respectively.

	Thousands of Euros	
	30 June 2023	**30 June 2022 restated**
Services (Gross) [(1)]	1,871,849	1,577,620
Utility Fee [(1)]	77,205	39,894
Other operating income [(1)]	129,431	112,420
Advances to customers [(1)]	(1,769)	(1,582)
Operating income [(1)]	**1,999,511**	**1,688,458**
Adjusted EBITDA	**1,490,340**	**1,281,826**
Services (Gross) excluding Utility Fee	**1,794,644**	**1,537,726**
Adjusted EBITDA Margin	**83%**	**83%**

[(1)] See note 18.a of the accompanying interim condensed consolidated financial statements.

3. Gross Financial Debt

The Gross Financial Debt corresponds to "Bond issues and other loans"[6], "Loans and credit facilities[7]" and "Lease liabilities"[8], but does not include any debt held by Group companies registered using the equity method of consolidation,

[6] See note 13 of the accompanying interim condensed consolidated financial statements.
[7] See note 13 of the accompanying interim condensed consolidated financial statements.
[8] See note 14 of the accompanying interim condensed consolidated financial statements.

"Derivative financial instruments"[9] or "Other financial liabilities"[10]. "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.

In line with the above, its value as at 30 June 2023 and 31 December 2022, respectively, is as follows:

	Thousands of Euros	
	30 June 2023	31 December 2022
Bond issues and other loans	14,036,609	14,045,410
Loans and credit facilities	4,007,129	3,838,178
Lease liabilities	3,060,480	3,085,490
Gross financial debt	**21,104,218**	**20,969,077**

4. Net Financial Debt

The Net Financial Debt corresponds to "Gross Financial Debt" less "Cash and cash equivalents[11] and "Other financial assets"[12]. Together with Gross Financial Debt, the Group 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 2023 and 31 December 2022 is detailed as follows:

	Thousands of Euros	
	30 June 2023	31 December 2022
Gross Financial Debt	21,104,218	20,969,078
Cash and short term deposits (Note 11)	(243,146)	(1,038,179)
Other financial assets (Note 11)	(113,292)	(93,242)
Net Financial Debt	**20,747,780**	**19,837,657**

At 30 June 2023, the Net Financial Debt amounted to EUR 20,748 million (EUR 19,838 million at the end of 2022), including a consolidated cash and cash equivalents position of EUR 243 million (EUR 1,038 million at the end of 2022) and EUR 113 million of other financial assets (EUR 93 million at the end of 2022).

[9] See note 9 of the accompanying interim condensed consolidated financial statements.
[10] See note 13 of the accompanying interim condensed consolidated financial statements.
[11] See note 11.a of the accompanying interim condensed consolidated financial statements.
[12] See note 11.b of the accompanying interim condensed consolidated financial statements.

- **Net Financial Debt evolution**

	Thousands of Euros	
	30 June 2023	31 December 2022
Beginning of Period	**19,837,657**	**14,609,225**
Recurring leveraged free cash flow [1]	(740,972)	(1,367,925)
Expansion (or organic growth) capital expenditures [2]	197,086	349,553
Expansion capital expenditures (Build to Suit programs) and Remedies [3]	674,374	2,133,206
M&A Capital Expenditures [4]	603,526	3,542,589
Non-Recurrent Items (cash only) [5]	9,373	59,334
Other Net Cash Out Flows [6]	138,417	(137,129)
Issue of equity instruments, Treasury Shares and Payment of Dividends [7]	11,822	338,842
Net repayment of other borrowings and short term prepayments [8]	25,000	(1,957)
Change in Lease Liabilities [9]	(25,010)	179,728
Accrued Interest Not Paid and Others [10]	16,507	132,191
End of Period	**20,747,780**	**19,837,657**

(1) See heading "Recurring Leveraged Free Cash Flow" of the accompanying Consolidated Interim Directors' Report.
(2) See footnote 7 in heading "Recurring Leveraged Free Cash Flow" of the accompanying Consolidated Interim Directors' Report.
(3) See footnote 8 in heading "Recurring Leveraged Free Cash Flow" of the accompanying Consolidated Interim Directors' Report.
(4) See footnote 9 in heading "Recurring Leveraged Free Cash Flow" of the accompanying Consolidated Interim Directors' Report.
(5) See footnote 10 in heading "Recurring Leveraged Free Cash Flow" of the accompanying Consolidated Interim Directors' Report
(6) Corresponds to "Other Net Cash Out Flows" (see footnote 12 in heading "Recurring Leveraged Free Cash Flow" of the accompanying Consolidated Interim Directors' Report), excluding the change in other financial assets (€20Mn, see note 11.b to the accompanying Consolidated Financial Statements).
(7) Mainly 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 2023 minus the contribution of minority shareholders (€53Mn, see the relevant section in the Consolidated Statement of Changes in Net Equity).
(8) Corresponds to the "Net Repayment of Other Borrowings" in the accompanying Interim Condensed Consolidated Financial Statements of Cash Flows for the 30 June 2023 and short-term prepayments (see Note 14 to the accompanying Interim Condensed Consolidated Financial Statements).
(9) Changes in "Lease liabilities" long and short term to the accompanying Consolidated Balance Sheet as of 30 June 2023. See Note 14 to the accompanying Consolidated Financial Statements
(10) "Accrued interest not paid and others" include, mainly, arrangement expenses accrued, change in interest accrued not paid and other impacts such as Foreign exchange differences.

5. Net Payment of Interest

Net payment of interest corresponds to i) “interest payments on lease liabilities”[13] plus ii) “Net payment of interest (not including interest payments on lease liabilities)” and iii) non-recurring financing costs related to M&A projects[14].

The reconciliation of the hedging “Net payment of interest” from the Interim Consolidated Statement of Cash Flows corresponding to the period on 30 June 2023 and 2022, with the “Net Financial Loss” in the Consolidated Income Statement is as follows:

	Thousands of Euros	
	30 June 2023	30 June 2022
Interest Income [15]	13,696	13,673
Interest Expense [16]	(415,082)	(369,630)
Bond & loan interest accrued not paid [(2)]	113,722	100,138
Amortised costs – non-cash [(2)]	63,486	35,014
Interest accrued in prior year paid in current year [(2)]	(142,173)	(103,433)
Net payment of interest as per the Consolidated Statement of Cashflows [(1)]	**(366,351)**	**(324,238)**

[(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 163,554 thousand (see Note 14 of the accompanying interim condensed consolidated financial statements) plus ii) “Net payment of interest (not including interest payments on lease liabilities)” for an amount of EUR 202,069 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 (see section “Recurring leveraged free cash flow” of the accompanying Consolidated Interim Directors' Report).
[(2)] See note 13 of the accompanying interim condensed consolidated financial statements.

6. Available Liquidity

The Group considers as Available Liquidity the available cash and available credit lines at period-end closing, as well as other financial assets described in Note 11.b of the accompanying consolidated financial statements.

The breakdown of the available liquidity at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros	
	30 June 2023	31 December 2022
Available in credit facilities[17]	3,353,692	3,344,826
Cash and cash equivalents[18]	243,146	1,038,179
Other financial assets[19]	113,292	93,242
Available liquidity	**3,710,130**	**4,476,247**

7. Capital Expenditures

The Group 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

[13] See note 14 of the accompanying interim condensed consolidated financial statements.
[14] See note 18.d of the accompanying interim condensed consolidated financial statements.
[15] See consolidated income statement of the accompanying interim condensed consolidated financial statements.
[16] See consolidated income statement of the accompanying interim condensed consolidated financial statements.
[17] See note 13 (section "Borrowings by type of debt" of the accompanying interim condensed consolidated financial statements.
[18] See note 11.a of the accompanying interim condensed consolidated financial statements.
[19] See note 11.b of the accompanying interim condensed consolidated financial statements.

industry in which the Group 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

Includes investments in existing tangible or intangible assets, such as investment in infrastructure, equipment and information technology systems, and are primarily linked to keeping infrastructure, active and passive equipment, in good working order. Maintenance Capex also includes network maintenance, such us corrective maintenance (responses to network incidents and preventive inspections, e.g. replacement of air conditioning or electrical equipment), statutory maintenance (mandatory inspections owing to regulatory obligations, e.g. infrastructure certifications, lightning certifications), network renewal and improvements (renewal of obsolete equipment and assets improvement, e.g. tower reinforcement, battery renewal, phase-out management), continuity plans (specific plans to mitigate risk of infrastructure collapse or failure with existing services or assets not compliant with regulations), re-roofing (solutions to allow landlords' roofing work and avoid service discontinuity or building repairs attributable to Cellnex) as well as other non-network maintenance activities, such us business maintenance (infrastructure adaptations for tenants, upgrades not managed via Engineering Services, or capex to renew customer contracts without revenue increases), IT systems or repairs and maintenance of offices, as well as Engineering Services.

Expansion (or organic growth) capital expenditures

Includes adapting sites for new tenants, ground leases (cash advances), and efficiency measures associated with energy and connectivity, and early site adaptation to increase site capacity, and also Engineering Services. Thus, it corresponds to investments related to business expansion that generates additional Recurring Leveraged Free Cash Flow (including among other things, decommissioning, adaptation of telecom sites for new tenants, Engineering Services and prepayments of land leases). Please note that does not include acquisition of lands nor long-term rights of use of land.

Expansion capital expenditures (Build-to-Suit programs) and Remedies

Corresponds to committed build-to-suit programmes (consisting of sites, backhaul, backbone, edge computing centres, DAS nodes or any other type of telecommunication infrastructure as well as any advanced payment related to it or further initiatives) and also Engineering Services that have been contracted with different customers, including any ad-hoc capex required. Cash-in from the disposal of assets (or shares) due to, among others, autorithy bodies' decisions are considered within this item.

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 2023 and 2022 are summarised as follows:

	Thousands of Euros	
	30 June 2023	**30 June 2022**
Maintenance capital expenditures	51,238	30,800
Expansion (or organic growth) capital expenditures	197,086	120,655
Expansion capital expenditures (Build to Suit programs)	674,374	1,254,519
Expansion capital expenditures (Build to Suit programs)	708,507	1,254,519
Remedies [(2)]	(34,133)	—
M&A capital expenditures	603,526	1,214,651
Total investment [(1)]	**1,526,225**	**2,620,625**

(1) "Total Investment", amounting to EUR 1,526 million (EUR 2,621 million in the same period of 2022), corresponds to "Total net cash flow from investment activities" in the accompanying Consolidated Statement of Cash Flows amounting to EUR 1,666 million (EUR 2,576 million in the same period of 2022), plus i) "Cash and cash equivalents" of the acquired companies in business combinations amounting to EUR 0 million (EUR 0 million in the same period of 2022, see Note 4 to the accompanying consolidated financial statements); plus ii) "Cash advances to landlords" amounting to EUR 37 million (EUR 31 million in the same period of 2022, see Note 14 to the accompanying Consolidated Financial Statements) and "long-term rights of use of land" amounting to EUR 21 million (EUR 26 million in the same period of 2022, see Note 14 to the accompanying Consolidated Financial Statements); minus iii) "Others" amounting to EUR 198 million (EUR 13 million in the same period of 2022), which includes, mainly, timing effects related to assets purchases and other financial assets (EUR 20 million, see note 11.b to the accompanying Interim Condensed Consolidated Financial Statements).

(2) Corresponds to the total price in relation to the Divestment Remedy with Phoenix France Infrastructures in France.

8. Recurring Leveraged Free Cash Flow

The Group considers Recurring Leveraged Free Cash Flow to be one of the most important indicators of its ability to generate stable and growing cash flows which allows it to guarantee the creation of value, sustained over time, for its shareholders.

At 30 June 2023 and 2022 the Recurring Leveraged Free Cash Flow ("RLFCF") was calculated as follows:

	Thousands of Euros	
	30 June 2023	**30 June 2022**
Adjusted EBITDA (1)	1,490,340	1,281,826
Payments of lease installments in the ordinary course of business and interest payments (2)	(462,432)	(430,877)
Maintenance capital expenditures (3)	(51,238)	(30,800)
Changes in current assets/current liabilities (4)	(380)	(5,908)
Net payment of interest (without including interest payments on lease liabilities) (5)	(202,069)	(140,127)
Income tax payment (6)	(33,249)	(37,457)
Recurring leveraged free cash flow (RLFCF)	**740,972**	**636,657**
Expansion (or organic growth) capital expenditures (7)	(197,086)	(120,655)
Expansion capital expenditures (Build to Suit programs) and Remedies (8)	(674,374)	(1,254,519)
Free Cash Flow	**(130,488)**	**(738,517)**
M&A capital expenditures (cash only) (9)	(603,526)	(1,214,555)
Non-Recurrent Items (cash only) (10)	(9,373)	(41,403)
Net Cash Flow from Financing Activities (11)	106,822	548,363
Other Net Cash Out Flows (12)	(158,468)	(11,041)
Net Increase of Cash (13)	**(795,033)**	**(1,457,153)**

(1) Adjusted EBITDA: Profit from operations before D&A (after IFRS 16 adoption) and after adding back (i) certain non-recurring items (such as costs and taxes related to acquisitions (EUR 9 million) and redundancy provision (EUR 25 million)) and/or (ii) certain non-cash items (such as advances to customers (EUR 2 million) which include the amortisation of amounts paid for sites to be dismantled and their corresponding dismantling costs and LTIP remuneration payable in shares (EUR 7 million)).

(2) Corresponds to i) payments of lease instalments in the ordinary course of business excluding short-term prepayments (EUR 299 million) and; ii) interest payments on lease liabilities (EUR 163 million). See Note 14 to the accompanying Interim Condensed Consolidated Financial Statements.

(3) Maintenance capital expenditures: see definition in section "Alternative Performance Measures".

(4) Changes in current assets/current liabilities (see the relevant section in the Interim Condensed Consolidated Financial Statements of Cash Flows for the 30 June 2023).

(5) Corresponds to the net of “Interest paid” and “interest received” in the accompanying Interim Condensed Consolidated Financial Statements of Cash Flows for the 30 June 2023 (EUR 366 million), excluding “Interest payments on lease liabilities” (EUR 163 million) (see Note 14 to the accompanying Interim Condensed Consolidated Financial Statements) and non-recurring financing costs related to M&A projects (see footnote 11).

(6) Corresponds to "Income Tax received/(paid)" in the accompanying Interim Condensed Consolidated Financial Statements of Cash Flows for the 30 June 2023.

(7) Investment related to business expansion that generates additional RLFCF, including among others, decommissioning, telecom site adaptation for new tenants, Engineering Services and prepayments of land leases. Corresponds to cash advances to landlords (EUR 37 million), efficiency measures associated with energy and connectivity (EUR 15 million), and others (EUR 145 million, including early site adaptation to increase the capacity of sites).

(8) Committed Build-to-Suit Programmes and further initiatives (consisting of sites, backhauling, 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 Works and Studies that have been contractualized with different clients, including ad-hoc Capex eventually required, and cash-in from the disposal of assets (or shares) due to antitrust bodies’ decisions.

(9) Corresponds to investments in shareholdings of companies as well as significant investments in acquiring portfolios of sites or land (asset purchases) and long-term rights of use of land, after integrating into the consolidated balance sheet mainly the "Cash and cash equivalents" of the acquired business. Mainly corresponds to the acquisition of the remaining minority stake in Poland (see Note 12 to the accompanying Interim Condensed Consolidated Financial Statements).

The amount resulting from (3)+(7)+(8)+(9), hereinafter the “Total Capex” (€1,526Mn), corresponds to “Total Investment” (€1,526Mn, see heading “Capital Expenditures” in the accompanying Consolidated Interim Directors’ Report for the 30 June 2023) minus the “Cash and cash equivalents” of the acquired companies (€0 Mn, see Note 4 to the accompanying Interim Condensed Consolidated Financial Statements).

Total Capex (€1,526Mn) also corresponds to “Total net cash flow from investing activities” (EUR 1,666 million, see the relevant section in the accompanying Consolidated Statement of Cash Flows for the 30 June 2023) + "Cash advances to landlords" (EUR 37 million, see Note 14 to the accompanying Consolidated Financial Statements) and "long-term rights of use of land" (EUR 21 million, see Note 14 to the accompanying Consolidated Financial Statements) - Others, which includes, mainly, timing effects related to assets purchases (see footnote 12) and the change in other financial assets (EUR 20 million, see note 11.b to the accompanying Interim Condensed Consolidated Financial Statements).

(10) Consists of "non-recurring expenses and advances to customers" that have involved cash movements, mainly corresponding to "Costs and taxes related to acquisitions"(EUR 9 million).

(11) Corresponds to “Total net cash flow from financing activities” (EUR -172 million, see the relevant section in the accompanying Interim Condensed Consolidated Statement of Cash Flows for the 30 June 2023), plus: i) payments of lease installments in the ordinary course of business excluding short-term prepayments (EUR 299 million, see footnote 2) and ii) Cash advances to landlords (EUR 37 million, see footnote 7) and Long-term rights of use of land (€21Mn, see footnote 9); minus: i) the contribution of minority shareholders (EUR 53 million, see the relevant section in the Consolidated Statement of Changes in Net Equity), ii) non-recurring financing costs related to M&A projects (EUR 1 million, see heading "Net Payment of Interest") and other impacts.

(12) Mainly corresponds to timing effects related to assets purchases from previous year (EUR 178 million) and tending to neutral at the end of 2023, payments related to the Reorganisation Plan (EUR 11 million, see Note 17.b to the accompanying Consolidated Financial Statements), other financial assets (EUR 20 million, see note 11.b to the accompanying Interim Condensed Consolidated Financial Statements) and "Foreign exchange differences" (EUR 21 million, see the relevant section in the Consolidated Statement of Cash Flows for the 30 June 2023), partly offset by the contribution of minority shareholders (see footnote 11) and other impacts. “Other Net Cash Out Flows” was positive in December 2022 due to deferral of Capex payments that leaves a negative “Other Net Cash Out Flows” in June 2023.

(13) “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 30 June 2023).

- ### Income tax payment

The reconciliation of the heading “Income Tax Payment” from the Consolidated Statement of Cash Flows for the year ended on 30 June 2023 and 2022, with “Income tax” in the Consolidated Income Statement is as follows:

	Thousands of Euros	
	30 June 2023	30 June 2022
Current tax expense	(63,276)	(61,531)
Payment of income tax prior year	(10,375)	(7,256)
Receivable of income tax prior year	12,037	732
Income tax (receivable)/payable[20]	37,653	30,420
Non-recurring Income tax paid	—	(7,342)
Others	(9,288)	178
Payment of income tax as per the Consolidated Statement of Cashflows	**(33,249)**	**(44,799)**

9. Free Cash Flow

Free Cash Flow is defined as RLFCF after deducting BTS Capex (that includes cash-in from Remedies) and Expansion Capex (and Engineering Services Capex should the latter be reported under a dedicated Capex line).

	Thousands of euros	
	30 June 2023	30 June 2022
Recurring Leveraged Free Cash Flow (RLFCF)	740,972	636,657
Expansion Capital Expenditures (build-to-suit programmes) and Remedies	(674,374)	(1,254,519)
Expansion (or organic growth) Capital Expenditures	(197,086)	(120,655)
Free Cash Flow	**(130,488)**	**(738,517)**

Revenues and results

Operating Income[21] for the period ended on 30 June 2023, by country and type of service, can be broken down as follows: Spain amounted to EUR 303 million (of which i) Telecom Infrastructure Services ("TIS") accounted for EUR 128 million – EUR 99 million colocations and DAS, EUR 4 million Engineering Services, EUR 23 million pass-through and EUR 1 million data centres –, ii) Broadcasting Infrastructure EUR 115 million and iii) Other Network Services EUR 59 million, while fibre revenues reported both at Telecom Infrastructure Services and Other Network Services amounted to EUR 10 million), Italy amounted to EUR 393 million (entirely from Telecom Infrastructure Services – EUR 304 million colocations and DAS, EUR 4 million Engineering Services and EUR 85 million pass-through), France amounted to EUR 399 million (entirely from Telecom Infrastructure Services – EUR 321 million colocations and DAS, EUR 41 million Engineering Services, EUR 10 million pass-through, EUR 14 million data centres and EUR 13 million fibre –) and Rest of Europe amounted to EUR 906 million (of which, Telecom Infrastructure Services accounted for EUR 903 million – EUR 735 million colocations and DAS, EUR 76 million Engineering Services the largest contributors being the i) UK with EUR 51 million, ii) Switzerland with EUR 11 million, iii) Poland with EUR 6 million and iv) Portugal with EUR 6 million, EUR 89 million pass-through, EUR 3 million data centres and EUR 0 million fibre and Other Network Services for EUR 3 million).

Operating Income for the period ended on 30 June 2022, by country and type of service, was: Spain EUR 278 million (of which, Telecom Infrastructure Services accounted for EUR 117 million, EUR 85 million colocations and DAS, EUR 3 million Engineering Services, EUR 28 million pass-through and EUR 1 million data centres–, Broadcasting Infrastructure for EUR 112 million and Other Network Services for EUR 49 million, while fibre revenues reported both at Telecom Infrastructure Services and Other Network Services amounted to EUR 8 million), Italy amounted to EUR 359 million (entirely from Telecom

[20] See note 10 and 16.c to the accompanying interim condensed consolidated financial statements.

[21] See note 18.a of the accompanying Interim Condensed Consolidated Financial Statements.

Infrastructure Services – EUR 283 million colocations and DAS, EUR 8 million Engineering Services and EUR 68 million pass-through), France amounted to EUR 366 million (entirely from Telecom Infrastructure Services – EUR 301 million colocations and DAS, EUR 47 million Engineering Services, EUR 4 million pass-through, EUR 8 million data centres and EUR 6 million fibre –) and Rest of Europe amounted to EUR 687 million (of which, Telecom Infrastructure Services accounted for EUR 687 million – EUR 572 million colocations and DAS, EUR 59 million Engineering Services, the largest contributors being the UK with EUR 37 million, Switzerland with EUR 9 million, Poland with EUR 6 million and Portugal with EUR 6 million, EUR 53 million pass-through, EUR 3 million data centres and EUR 0 million fibre and Other Network Services for EUR 0 million).

Thus, Operating income for the period ended on 30 June 2023 reached EUR 2,000 million, which represents a 18% increase over the same period in 2022. This increase was mainly due to the six month consolidation in 2023 of the business combination carried out during second half of 2022, in relation to the Hutchison United Kingdom Acquisition (please see Note 6 of the 2022 Consolidated Financial Statements).

Operating Income from Telecom Infrastructure Services income increased by 19% to EUR 1,822 million due to both the organic growth achieved and the acquisition performed during 2022, as detailed above. The Group provides its customers in Telecom Infrastructure Services with 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 rationalise their networks and optimise costs, through the dismantling of duplicate infrastructure (decommissioning) and building new infrastructure (build-to-suit) on strategic sites that can offer service to one or more MNOs. These services have the aim of completing the deployment of 4G and 5G in the future, reducing areas with no signal coverage and extending 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 on the Board of Directors or 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 infrastructure. Telecom Infrastructure Services are generated from a number of sources: i) annual base fee from telecommunications customers (both anchor and secondary tenants), ii) escalators or inflation as the annual update of the base fee and, iii) New colocations and Associated revenues (which include new third-party colocations as well as further initiatives carried out in the period such as special connectivity projects, indoor connectivity solutions based on DAS, mobile edge computing, fibre backhauling, site configuration changes as a result of 5G rollout and Engineering Services as well as housing services to broadcasters outside of Spain). The perimeter, therefore the number of tenants, may also be increased as a result of both acquisitions and executing BTS programmes. In addition to its current portfolio, the Group's management remains open to selective acquisitions or even to potential divestments, in alignment with its demanding capital allocation policy. The foreseeable new technological requirements linked to 5G along with other ordinary maintenance services such as investment in infrastructure, equipment and information technology systems, generally at the request of its customers, will translate into asset investment commitments in the coming years. In this context, the Group carries out Engineering Services, consisting of works and studies such as adaptation, engineering and design services as well as Instalation Services at the request of its customers, which represent a separate income stream and performance obligation. Engineering Services carried out in Cellnex' Infrastructure are invoiced and accrued when the customer's request is finalised and collected in accordance with each customer agreement with certain margin[22]. Also, Engineering Services can be deployed under the heading of Capex Recovery which are carried out, invoiced, accrued and collected over several years with a certain margin[22]. The costs incurred in relation to these services, that will be classified as capital expenditures, can be an internal expense or otherwise outsourced and the revenue in relation to these services is generally recognised when the capital expense is incurred. The margin is significantly lower than the Adjusted EBITDA margin of the Group, tending to be a mid-single-digit percentage. In terms of Engineering Services, when a new PoP is installed, the following concepts are usually involved: As-Built drawings, strength calculation, reports (electro, static, EMF...), joint site survey, site adequacy, energy meter installation, access cards and keys or tower/mast modifications. On the other hand, Installation Services are a type of Engineering Services carried out mainly in Cellnex' Infrastructure, accrued as projects progress, invoiced and collected in accordance with certain milestones. If the project is finalised and rejected by the customer, the cost is reclassified as an expense. Installation Services have a higher opex component than the regular Engineering Services such as the installation of customers' equipment on site, installation of antennae, microwave equipment or remote radio units. The total amount of revenues associated with these Engineering Services during first half of 2023 was EUR 126 million (EUR 117 million during the first half of 2022). The total amount of Capital Expenditures incurred related to Engineering Services during first half 2023 is disclosed in Note 6 to the accompanying Interim condensed consolidated financial Statements. Until 2022, Engineering Services were considered within the BTS programmes disclosed to the market:

[22] Margin = (Revenues - Capex) / Revenues

various acquisition business plans have contractualised Engineering Services. From 2023 onwards, if more Engineering Services are required, the Capital Expenditures associated with the projects will be reported within Expansion Capex or Maintenance Capex, depending on its nature and magnitude, and, if required, as a new capex line. Some of this capex devoted to Engineering Services, especially in the UK, can be advances of capex to be recovered through future Engineering Services revenues as well as the corresponding margin (Capex Recovery).

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 handle 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.

In the context of 5G and its forecasted growth, Cellnex will continue expanding its presence in greenfield projects or "tower-adjacent assets" that are playing a key role in the 5G world such as; optical fibre, edge computing centres, RAN sharing or private networks, among others. Cellnex is committed to preserving its business model but also might expand into adjacent assets along its value chain and under the same tower economics (i.e., a B2B business model with limited churn risk, deep industrial rationale within the telecommunications ecosystem, with anchor tenants securing the majority of the expected future cash flows of projects, long term contracts with fixed fees that are CPI-linked or have a fixed escalator and ability to market infrastructure to third parties).

As disclosed in the January-September 2022 results presentation, the Group is currently evaluating a number of opportunities related to: i) supporting MNOs to improve their networks and increase coverage requiring RAN Sharing, FTTT, data centres, ii) enhancing public sector coverage in rural areas, providing mobile broadband connectivity through metropolitan transport systems, inter-city communications and motorway and railway environments, and improving public safety connectivity, iii) building private networks for enterprises in order to maximise industry uses. Cellnex estimates an aggregate pipeline of approximately EUR 11 billion, always subordinated to the achievement of Investment Grade and in accordance with its strict financial criteria.

Furthermore, those future agreements might allow Cellnex to offer additional services to existing partners with a gradual deployment, that is always commensurate with the next chapter of the Cellnex equity story and the strict M&A criteria.

The Group has extensive experience in DAS network solutions. The Group has deployed approximately 8,541 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 anntenae connected to a common source, thus providing wireless service within a specific geographical 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 true 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 the active network equipment for the DAS nodes that the Group manages.

The Group is also developing capabilities in fibre to the tower and edge computing centres infrastructure, in order to offer its customers the data-processing capacity distributed in the network, without which the potential of 5G could not be realised. For instance, in 2017 the Group acquired Alticom, a Dutch company that owns a portfolio of sites which has data centres, in 2018 and 2019 Cellnex signed an agreement to build 88 and acquire 62 edge computing centres for Bouygues Telecom and in 2020 it extended the scope to build another 90 sites with those characteristics with Bouygues Telecom in the context of the fibre co-investment deal to roll-out a transport network (backhaul and backbone) connecting all key elements of the telecom network of Bouygues Telecom over optical fibre. Also in Cellnex Netherlands, colocation to Broadcasters and also Broadcasting Services can be provided to customers. Please note that every revenue from Cellnex Netherlands is classified as TIS.

In general, the Group's service contracts for colocation 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, with "all or nothing" clauses), 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 Telefónica contract, the first anchor customer that reached its initial term, was successfully renewed during 2022. 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 taking into account the last annual fee (which reflects the cumulative inflation of the full initial term), that in the case of Telefónica ranges from -5% to +5% (applicable after the initial period and the first two extension periods have elapsed) and from -15% to +5% for Wind Tre.

Operating Income from the Broadcasting Infrastructure business amounted to EUR 115 million, which represents a 3% increase compared with the same period in 2022. 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 content, OTT broadcasting services and other services, all of them in Spain. The provision of these services requires unique high-mast infrastructure 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 Group covers more than 99% of the population with DTT and radio of the broadcast infrastructure, which is a portfolio larger than all of its competitors combined. The Group's Broadcasting Infrastructure segment is characterised by predictable, recurrent and stable cash flows as well as in-depth 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 have no volume risk, but do feature stable and visible pricing of MUXs, compliance with applicable regulations and 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 generally a high degree of indexation to the CPI that allows the Group to cover increases in operational costs where the CPI is positive (except for the RTVE contract that was renewed in 2023 with the same fees but with no annual escalator, while other nationwide broadcasters have indexing to the CPI capped at 3% when inflation stands at or below 5% and at 4% when inflation stands above 5%), as the decrease cannot be less than 0%. Note that Cellnex completed a general cycle of renewing contracts with customers in the broadcasting field, although in recent years the relative weight of this segment has decreased significantly. The strategy in this business segment is to maintain its strong market position while capturing potential organic growth. Cellnex plans to maintain its leading position in the Spanish national digital TV sector (in which it is the sole operator of national TV MUXs) by leveraging its technical knowledge of infrastructure and network infrastructure, its market understanding and the technical expertise of its staff. A significant portion of the contracts of the Group with these customers are inflation-linked, taking into consideration that the decrease cannot be less than 0%. In the past, the Group has experienced a high rate of renewal for the contracts in this business segment, although there can be price pressure from customers when renegotiating contracts, specially in highly inflation environments. 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 customer relationships to obtain business in adjacent areas where it benefits from competitive advantages.

Operating Income from the Other Network Services segment increased its income by 26%, to EUR 62 million, compared with the same period in 2022. The Group classifies the type of services that it provides in this segment in five groups: connectivity services, mission-critical and private network ("MC&PN") services, O&M, urban telecom infrastructure and optical fibre. "Connectivity services" include connectivity between different nodes of the telecommunication networks (backhaul) of the Group's customers and/or connectivity with its customers' premises (enterprise leased lines), using radio-links, fibre or satellite. The Group also provides specialised leased lines to telecom operators such as MNOs or FNOs, public administrations, and small and medium-sized enterprises as well as companies in rural areas of Spain offering 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 hazardous 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 for 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 cities. Under "optical fibre" the Group uses optical fibre to connect its, or its customers', infrastructure (macro cells, DAS and Small Cells) and edge-computing facilities. When the main customer of such business is the public administration, rather than an 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. Please note that, like Broadcasting Infrastructure, Other Network Services are only provided in Spain.

The transactions performed during the previous years, especially in the Telecom Infrastructure Services business segment, helped boost Operating Income and Operating Profit, the latter also being impacted by the measures to improve efficiency and optimise operating costs. Regarding land, which is the most important cost item, the Group carries out Cash Advances, which are prepayments to landlords related to specific long-term contracts that allow Cellnex to reduce its annual recurring payments and extend the duration of the contracts, basically in order to obtaining efficiencies.

In line with the increase in revenue, Adjusted EBITDA was 16% higher than the same period in 2022, reflecting the Group's capacity to generate cash flows on a continuous basis.

In this context of intense growth, the "Depreciation, amortisation and results from disposals of fixed assets" expense has increased substantially, by 16% compared to the same 2022 period-end, as a result of the higher fixed assets (property, plant and equipment, and intangible assets) in the accompanying consolidated balance sheet, following the business combination undertaken during the second half of 2022.

Moreover, the net financial loss increased by 13%, derived largely from the new bond issuances and credit facility disposals carried out during the previous year. On the other hand, on 1 April 2022, the merger of CK Hutchison Networks Italia S.p.A. and Towerlink Italia S.r.l. into Cellnex Italia SpA was completed, with Cellnex Italia S.p.A. being the surviving entity. Furthermore, on 1 July 2022, the merger of Towerco S.p.A. and Iaso Gruppo Immobiliare S.r.l. into Cellnex Italia SpA was completed with Cellnex Italia S.p.A. being the surviving entity (collectively the "Big Merger II Transaction"). The merger difference was determined at the effective accounting date (backdated to 1 January 2022) as the excess of i) the cost of the investments and ii) their respective equity. The entire merger difference was allocated to goodwill in Cellnex Italia SpA's individual financial statements, which are prepared under Italian generally accepted accounting standards (GAAP). With regards to the goodwill generated by the Big Merger II Transaction, Cellnex Italia SpA will opt to step-up the tax basis of the goodwill, for which payment of the substitute tax ("imposta sostitutiva") is required in order to generate the corresponding tax deduction of the amortisation, with payments for three years in 2024, 2025 and 2026 amounting to EUR 91 million, EUR 125 million and EUR 96 million, respectively.

Therefore, the net loss attributable to the parent company on 30 June 2023 amounted to EUR 193 million due to the substantial effect of higher amortisations and financial costs associated with the intense investment effort carried out during the recent years, and the consequent geographical footprint expansion, as mentioned above. Thus, as mentioned in the 2022 Annual Results Presentation, the Group expects to continue experiencing a net loss attributable to the parent company in the coming quarters.

Consolidated Balance Sheet

Total assets at 30 June 2023 stood at EUR 43,888 million, a 1% decrease compared with the 2022 year-end, mainly due to both the amortisation of the intangible and tangible fixed assets, and the divestment of the first lot of sites in France in accordance with the Divestment Remedy required by the FCA in the Hivory Acquisition (see Note 5 of the accompanying condensed interim consolidated financial statements). Around 86% 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 2023 amounted to EUR 1,526,225 thousand, mainly for 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 6 of the accompanying interim condensed consolidated 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 2023 stood at EUR 14,820 million, a 2% decrease compared with the 2022 year-end, largely due to the acquisition of an additional 30% stake of On Tower Poland, as described in Notes 2.h and 12.f of the accompanying condensed consolidated interim financial statements.

In relation to bank borrowings and bond issues, at 30 June 2023, the Cellnex debt structure is marked by flexibility, low cost and high average life, and the 76% at a fixed interest rate. During the first half of 2023, Cellnex has worked on refinancing in some of its debt maturities. The Group entered into a EUR 700 million term loan facility with 5 year maturity. The purpose of this agreement was mainly to refinance the outstanding GBP 600 million term loan facility maturating in 2024. Various refinancing alternatives, such as the issuance of a new straight bond, a new convertible bond, bank refinancing or utilization of undrawn credit facilities are being analysed to face 2024 maturities. Specifically, the EUR 750 million Bond and CHF 620 million credit facility in Swiss Towers A.G.

The Group's net financial debt as of 30 June 2023 stood at EUR 20,748 million compared to EUR 19,838 million at the end of 2022. Likewise, at 30 June 2023, Cellnex had access to immediate liquidity (cash and undrawn debt) for an amount of approximately EUR 3,700 million (EUR 4,500 million at the end of 2022).

Corporate Rating

At 30 June 2023, 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 2 February 2023 and a long-term “BB+” with positive outlook according to the international credit rating agency Standard & Poor’s Financial Services LLC as confirmed by a report issued on 25 April 2023.

1.4. 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 Risk Management 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 with its competitors.
	IV)	Industry trends and technological developments may require the Group to continue investing in adjacent businesses to telecommunication towers, such as fibre, edge computing and small cells.
	V)	Spectrum is a scarce resource and it is highly dependent on political decisions. Access may not be secured in the future, which would prevent the Group from providing a high portion of its services in accordance with its plans.
	VI)	Risk related to a substantial portion of Group revenue being derived from a small number of customers.
	VII)	Risk of infrastructure sharing.
	VIII)	Risk of non-execution of 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 in 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 capital allocation.
	XIII)	Regulatory and other similar risks.
	XIV)	Litigation.
	XV)	Risk related to the Parent Company's significant shareholders' interests differing from those of the Group.
Operational risks	XVI)	Risks related to the industry and the business in which the Group operates.
	XVII)	Risk of not implementing the strategic sustainability plan.
	XVIII)	Risks related to maintaining the rights over land where the Group's infrastructures are located.
	XIX)	Difficulties to attract and retain high quality personnel could adversely 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 Parent Company cannot guarantee that it will be able to implement its Shareholders' Remuneration Policy or to pay dividends (and even if it were able to, that it 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, some of which are not under the control of the Group (such as for instance, those which are a consequence of the Russian invasion of Ukraine), 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, (some of which are beyond the Group's control) including, among others:

- 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;
- reduced potential organic growth due to higher number of competitors in each market as many MNOs have already contractualized the roll-out plans with their own towercos such as Vantage, DFMG or Totem (please see "ii. Risk of increasing competition").
- 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 regarding the number of PoPs or customer ratio, (among others, due to the increased number of towercos (please see Risk ii) some clients can withdraw their equipments from our towers), 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.

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 completed in 2021 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. In addition several infrastructure funds have recently acquired portfolios of towers from Vodafone and DFMG, thus reducing the addressable market of the Group both to grow organically and inorganically. 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 has made the acquisition of high quality assets significantly more costly, 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 have shown appetite towards this kind of assets. Some competitors are larger than the Group and may have greater financial resources (such as KKR or Brookfield), 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 Group'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, 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 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 review of the relevant market, concluded on 17 July 2019 with the publication of Resolution approving the definition and analysis of the wholesale market for the television broadcasting transmission service (Market 18/2003, as 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 regulatory 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 adjacent businesses to telecommunication towers, such as fibre, edge computing and small cells

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

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) limited 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 have a large-scale to become a relevant player in these businesses given global and local competition; (v) increased risk of overbuilding capacity affecting the price equilibrium in the market; (vi) compliance with new regulations; (vii) risk of over-paying, giving the high current valuations due to growing investors' demand; and (viii) increased competition against players holding better operational capabilities, among others.

The Group believes it has 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, however failing to overcome such risks could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

V) Spectrum is a scarce resource and it is highly dependent on political decisions. Access may not be secured in the future, which would prevent the Group from providing a high portion of its services in accordance with his plans

The Group and its customers are highly dependent on the availability and accessibility of sufficient spectrum for the provision of services. Spectrum is a scarce resource and the process for guaranteeing access to it is highly complex, costly and time-consuming.

The Group depends upon spectrum allocation for the wireless services that it provides, either in the Telecom Infrastructure Services segment (4G, 5G, etc.), the Broadcasting Infrastructure segment, (TV and radio) or Other Network Services segment, (Public Protection Disaster Relief, IoT or radio links). The Group cannot guarantee that the spectrum needed to appropriately render its services or the spectrum needed by its customers will be available in the future, and any change in spectrum allocation could have a material adverse effect on the Group’s business, prospects, results of operations, financial condition and cash flows.

The licenses and assigned frequency usage rights that the Group and its customers use for services such as connectivity have a finite maturity. The Group and its customers could be unable to renew or obtain their licenses and frequency usage rights necessary for their business upon expiration of their terms or they may have to make significant investments to maintain its licenses, either of which could have a material adverse effect on their business, prospects, results of operations, financial condition and cash flows.

Focusing into the Broadcasting Infrastructure segment, the Group owns the infrastructures and equipment that broadcasters use to compress and distribute their signals in Spain. The evolution of technology standards, formats, coding technologies and consumer habits is likely to influence the future spectrum demand for broadcasting services.

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 current services.

Following the EU regulation in this matter, the Spanish government passed 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”. This Royal Decree states that the sub-700 megahertz (“MHz”) will continue to be used for DTT broadcasting until, at least, 2030. Nonetheless, 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.

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.

Finally, the Group believes that any delays in 5G rollouts in member states of the European Union (“Member States” and the “EU”, respectively) 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.

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 the Group's 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 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 assets 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, including due to disagreements regarding certain terms or matters or otherwise. Any of the above could potentially have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. 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 and Broadcasting Infrastructure segment), 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 during last years 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 and reducing the indexation to inflation, excepting the RTVE contract that has been renewed in 2023 for a 5 years period. 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, certain contracts for services may be cancelled under certain circumstances by the customer at short notice without penalty. The termination of the contracts ("churn") with major customers may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

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 mismatch 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. Land owners could decide not to renew, or to adversely amend the terms of the land lease contracts with the relevant Group company, or landlords may lose their rights to the land they own, or they may transfer their land interests to third parties. Also, some landlords can force Cellnex to leave the towers and look for a new land. Moreover, land aggregator entities, which tend to intermediate ground lease prices by acquiring large portfolios of land contracts, may increase the price for the Group's land lease contracts, which could result in a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. In addition, subsidiaries of the Group may in the future become involved in disputes with their landlords, which could interfere with the Group's operation of a given site or force the Group to build new sites in order to continue providing services to its customers. The Group's inability to negotiate rent renewals on attractive terms, or to protect its rights to the land on which its infrastructures are located, may result in an increase in costs and 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 (especially in the current geopolitical situation leading to energy prices escalation), 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.

Moreover, potential energy outages, especially in the context of the military conflict between Russia and Ukraine and disrupting supply chains may affect the Group's relationship with its customers, especially in those businesses where the Group operates active equipment providing the communications signal (such as the Broadcasting in Spain or the Augmented TowerCo model in Poland).

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 Parent 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. In addition, customer consolidation may result in a reduction in their total future capital expenditures because their expansion plans may be similar. As a result of the above, either MNOs' consolidation or 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 for the provision of services with anchor customers may include clauses by which the parties agree to execute further acquisitions or the construction of infrastructures over a defined period or acquisition or construction of a maximum number of infrastructures. Such 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, such agreements with anchor customers may include the unilateral right to dismiss a low-single digit percentage of the total sites (respiration rate clause) per year. If any these circumstances were to occur, 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's business, prospects, results of operations, financial condition and cash flows.

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), following the revaluation of Cellnex's share price performance (from the signing of those transactions and until the acquisition of those minority interests). For example, in 2019 the Group purchased 90% of the share capital of Swiss Infra for a total consideration (Enterprise Value) of approximately EUR 770 million and in 2021 the Group acquired an additional 10% for EUR 131.5 million, or in 2019 the Group acquired 70% of the share capital of On Tower France for an aggregate upfront consideration of approximately EUR 1.4 billion, and in 2022 the Group acquired the remaining 30% non-controlling interest from Iliad, S.A. for EUR 950 million. Additionally, in 2021 the Group acquired 60% of the share capital of On Tower Poland for a total consideration (Enterprise Value) of approximately EUR 1,458 million, and in 2022 and 2023, respectively, the Group acquired and additional 10% and the remaining 30% non-controlling interest from Iliad Purple for an amount of approximately EUR 131 million and EUR 512 million, respectively (Euro value of the date of completion), exclusive of taxes. Consequently, the Group expects that the acquisition of minority stakes may follow, at least, the same pattern and therefore for the price to be inflationary with respect to the purchase price of the majority stakes.

The Group's growth strategy deployed in recent years has an impact in the accounting losses due to a prudent depreciation and amortization policy and it exposes the Group to operational and strategic challenges and risks such as the need to identify potential acquisition or divestment opportunities on favourable 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. As such, in accordance with IFRS 3, at an acquisition's completion date Cellnex recognises contingent liabilities (which are a result of present obligations arising from past events, where the fair value can be reliably measured) arising from the purchase price allocation process in business combinations, even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. 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 for the provision of services 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 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 or due to a change in their business strategy or due to the impact of the Russian invasion of Ukraine, among others. In addition, such 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 (Respiration Rate). 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 framework agreements with third-party suppliers or with the customers that will use the new infrastructures. As such the Group relies on third parties to effectively execute its contractual obligations and despite long term contracts tends to be based on fixed costs, the raw materials price increase might ultimately negatively affect the final cost of the infrastructures this impacting the Group's prospects. 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, analyses 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 taken into account for potential changes in the perimeter of the target, or may fail to successfully absorb them or pass them onto its customers, 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 strategy (including due to the lack of suitable acquisitions or buyers for assets, the failure to negotiate and agree acceptable purchase or divestment 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 or divestments 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.

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 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 growth strategy. 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, American Tower, Phoenix Tower, TOTEM, Inwit, TDF or CTIL, among others. A potential combination of any of those would create a more predominant competitor.

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 (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 organic growth. Moreover, these MNO-captive infrastructure vehicles could eventually join together, further limiting the Group's inorganic growth prospects.

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 labour (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 strategy and there is no guarantee that the Group will be successful in identifying acquisitions, divestments or making any investments in a timely manner or at all. Generally, if the Group cannot identify, implement or integrate attractive opportunities on favourable 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 internationalisation 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, the United Kingdom, Switzerland, Poland, Portugal and the Netherlands represent a significant portion of the operating income of the Group, therefore especially exposing it to risks affecting these countries. The Group increased its presence in the United Kingdom, following completion of the Hutchison United Kingdom Acquisition in 2022, and thereby increased its exposure to risks affecting this country. Notwithstanding the above, the Group is in process of completing certain disposals in France, as required in the context of the Hivory Acquisition.

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 the accompanying Consolidated Management Report (in particular, in those countries with customers representing a significant portion of the operating income of the Group).

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

In addition, both the military conflict between Russia and Ukraine and the associated sanctions are contributing to further increases in the prices of energy, oil and other commodities, and further disrupting supply chains. This has led to a significant increase in costs that will put pressure on business margins and ultimately affect the evolution of investment. Such an increase in commodity prices adds to a context of high inflation rates where the Group operates and in most developed countries. In this situation, central banks abandoned the low interest rate environment, increasing interest rates progressively in order to address and reduce inflation, which could trigger an environment of increased risk aversion, a tightening of financial conditions globally, reduced economic growth and/or result in regional or global recessions. Despite the lowering inflation due to central banks raising interest rates, inflationary pressures could further increase if the Russian invasion of Ukraine is prolonged, escalates or expands (including if additional countries become involved), if additional economic sanctions or other measures are imposed, or if volatility in commodity prices or disruptions to supply chains worsen. In this context, there is a risk that our suppliers do not have adequate capacity to respond or provide the resources and services required by the Group across different geographies, potentially affecting the operational capacity of Cellnex and the value of the Parent Company's shares, prospects, results of operations, financial condition and cash flows.

Events such as the above could severely affect macroeconomic conditions and financial markets and exacerbate the risk of regional or global recessions or "stagflation" (i.e. recession or reduced rates of economic growth coupled with high inflation rates), all of which in turn may also materially and adversely affect the Group's business, results of operations, cash flows, 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 the accompanying Consolidated Interim Directors' Report (in particular in those countries where there are customers representing a significant portion of the operating income of the Group). Also, changes in the international financial markets' conditions as a result of the effects of the Russian invasion of Ukraine 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 accompanying Consolidated Interim Directors' Report (in particular, in those countries where there are customers representing 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 EU, 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 EU 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 31 January, 2020 ("Brexit"). Prior to that, on 24 January, 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 31 December, 2020, during which time the United Kingdom continued to benefit from, and was bound by, many EU laws. On 24 December, 2020, the EU and the United Kingdom entered into three agreements setting out the terms of their post-Brexit relationship namely the Trade and Cooperation Agreement, the Agreement on Nuclear Cooperation, and the Agreement on Security Procedures for Exchanging and Protecting Classified Information. 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. In addition, while domestic law derived from EU law, EU law directly applicable in the United Kingdom, and EU rights, powers, liabilities and obligations recognised and available in the United Kingdom, in each case immediately before 31 December, 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.

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. In this regard, on 9 June 2022 the European Central Bank Governing Council announced that while reinvestments of the principal payments from maturing securities purchased under the asset purchase programmes will continue in full for an extended period of time, net asset purchases under such asset purchase programmes were discontinued as of 1 July 2022 (please see risk XXVIII).

Furthermore, 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. Moreover, in the current high interest rate environment, most of the Group's contracts that are linked to inflation are capped at various levels, whereas the Group's operating expenses and payment of lease instalments are generally uncapped, which would negatively impact the Group's business, prospects, results of operations, financial condition and cash flows. However, even if contractually agreed, certain operators may not agree to bear the cost of the inflation impact on the Group's contracts.

As a consequence of the foregoing, 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 effects of adverse economic and/or political conditions, in particular those deriving from the Russian invasion of Ukraine. 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 acquisitions

Completion of any new acquisition or divestment 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 acquisition or divestment. Such conditions include the obtaining of an antitrust clearance decision by the relevant antitrust authority.

If the Group fail to complete a previously announced acquisition or divestment on the terms described in the agreements, it may not be able to obtain the expected synergies of the proposed business expansion represented by such transaction, and this failure 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 deleveraging plans, business, prospects, results of operations, financial condition and cash flows. Additionally, liabilities and defects may emerge that are hidden or unknown at the time of the execution of any agreement.

Prior to entering into any agreement, the Group usually perform due diligence 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 is limited and such towers may be subject to defects or risks that were unknown at the time of the execution of the agreements or at the time of completion of the transaction or were known but were not considered material.

In addition, the Group assume all rights and liabilities of the acquired business since the closing of the transaction, 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, labour, 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 fails 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 transaction, 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 acquisitions

The Group's analysis and risk evaluation prior to entering into any agreements assumed on 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 context of its due diligence procedures.

The Group may be unable to successfully integrate the new business into the Group

The operational integration of a new business 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 the integration process which are beyond the Group's control and may exceed those foreseen at the time of the signing of the 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 business acquired, 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 the customers of the business acquired, 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 are located, as well as in connection with the transition of the payments, the retention of existing customers on sites operated by the business acquired, 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 the business acquired or divested.

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 the relevant 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 expected anticipated benefits and cost savings may not be fully realized, which could materially and adversely affect the Group's business and the value of the Parent Company's shares, prospects, results of operations, financial condition and cash flows.

It should be noted that the Group may face a risk of implementing an effective and unified culture across the different geographies where it is present as a result of several simultaneous integrations, potentially conflicting the alignment of its employees with the Group's strategy and the engagement of its workforce.

Additionally, the significant demands on the attention of the Group's management arising from the integration of the business acquired 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, then it could impact in the opportunity to improve the efficiency of the Group's Consolidated Income Statement, in addition to any other difficulties that could arise if full integration of assets and resources of the business acquired 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 Group has full control over certain subsidiaries in which shareholders are holders of a minority investment.

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, drag options, rights to acquire belonging to Cellnex, etc.) and the Group has the willingness to acquire such minority stakes. However, the price of this acquisition may be inflationary and strongly revaluated (as happened with the acquisition of the additional 30% of On Tower France as described in Note 2.h.II of the 2022 Consolidated Financial Statements, and with the acquisition of the remaining 30% of On Tower Poland as described in Note 2.h. of the accompanying Condensed Consolidated Interim Financial Statements) or because this mechanisms may have already a defined price in the SHA, which is higher than the current original price paid by Cellnex.

During 2022, Cellnex France Groupe, Iliad, On Tower France and Free Mobile entered into two agreements, pursuant to which, Cellnex (through Cellnex France Groupe, of which Cellnex owns 100%) acquired 30% interest of the share capital of On Tower France, S.A.S ("On Tower France") from Iliad, S.A. ("Iliad"), for an amount of EUR 950 million, exclusive of taxes.

The price paid was calculated pursuant to said agreement, which was very inflationary as happened with the acquisition of the additional 10% of Swiss Infra. Pursuant to this acquisition, Cellnex France Groupe held 100% of On Tower France as of 31 December 2022. In addition, Cellnex enhanced the Build-to-Suit programmes with 2,000 new sites (additional to the minimum 2,500 sites already committed -see Note 5 of the consolidated financial statements ended as of 31 December 2019-) until 2027, with an Enterprise Value of EUR 639 million. Moreover, during 2022, Cellnex Poland and Iliad Purple entered into an agreement, pursuant to which, Cellnex (through Cellnex Poland, of which Cellnex owns 100%) acquired 10% interest of the share capital of On Tower Poland, for an amount of PLN 615 million (approximately EUR 140 million at the current exchange rate) (exclusive of taxes). This price implied the same valuation of On Tower Poland applied at the closing of the Iliad Poland Acquisition. Pursuant to this acquisition, Cellnex Poland held 70% of On Tower Poland as of 31 December 2022. During the first half of 2023, Cellnex and Iliad Purple entered into an agreement pursuant to which Cellnex (through Cellnex Poland, of which Cellnex owns 100%) acquired an additional 30% interest in the share capital of On Tower Poland from Iliad Purple, for an amount of approximately PLN 2,273 million (with a Euro value of EUR 512 million as of the date of completion), exclusive of taxes. Following this acquisition, Cellnex Poland held 100% of On Tower Poland as of 30 June 2023 (see Note 2.h of the accompanying interim condensed consolidated financial statements). The Iliad Poland SHA was very similar to the Iliad France SHA with regards to the referred right to sell.

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 capital allocation

Cellnex' strategy includes the aim to expand its operations while deleveraging towards Investment Grade status by S&P, among others, through divestments. This strategy exposes Cellnex to operational challenges and risks, such as the need to identify potential 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 or divested intangible assets, including goodwill, as well as of liabilities or other claims.

Prior to entering into an 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 or divestments, which may be applied the acquisition or divestment. To the extent Cellnex or other third parties underestimated or failed to identify or disclose risks and liabilities associated with a transaction, 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 or disclose any defects, liabilities or risks could result in Cellnex having acquired or divested assets which are not consistent with its 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 or divestment 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 radio 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 country's governmental bodies 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. 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 Parent Company's significant shareholder's interests may differ from those of the Group

As of 30 June 2023, there are three significant shareholders of Cellnex represented in the Board of Directors with one director each, which pursuant to publicly available information on the website of the Spanish Securities Market Commission (the "CNMV"): (i) Edizione S.R.L ("Edizione") indirectly holds approximately 9.90% of Cellnex's share capital; ii) The Children's Investment Master Fund ("TCI") directly and indirectly holds approximately 9.38% of Cellnex's share capital, and; (iii) GIC Private Limited ("GIC") 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 3% of the share capital (see Note 12 of the accompanying Interim Condensed Consolidated Financial Statements).

Cellnex's 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 Infrastructure business is threaten due to substitute new technologies such as cable TV, satellite TV, or OTTs, or low-orbit satellites might in the future challenge network configuration, negatively impacting the Telecommunications Infrastructure Service business prospects.

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 tranked 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 the Strategic Sustainability Plan 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 (SBTi) according to IPPC, as well as with our stakeholders and society in general.

The Group 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 Group'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. Failure to implement the mentioned Plan, could also have an impact on the financing costs due to the increase in margins, as a consequence of sustainability KPIs not achieved.

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, 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 relevant Group company, or landlords may lose their rights to the land they own, or they may transfer their land interests to third parties. Also, some landlords may force Cellnex to leave the towers and look for a new land. 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 (i.e. in Group subsidiaries such as Xarxa Oberta de Catalunya ("XOC") and Tradia).

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 mismatch in the maturities of both contractual relationships which could prevent the Group from successfully 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.

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 programme, to ensure a level of coverage and risk in keeping with the policies that have been introduced.

XIX) Difficulties 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 key employees. In the increasingly volatile labour market where the Group operates, the loss of any of its key senior executives, could have an adverse effect on its business unless and until a replacement is found. Related to this, the Company conducts a recurrent succession plan review to identify internal pipeline as well as external talent mapping. In addition, the Group believes that its future success, including the ability to internationally develop the Group's business, will depend on its continued ability to attract and retain highly skilled personnel with experience in its key business areas. At the same time, developing talent from within, which needs to be also a priority to build a solid talent pipeline and also a driver to retain key talent as per development opportunities. Labour markets are becoming tight and with inflationary pressure on hiring. In some markets where Cellnex operates, with low unemployment rates, demand for high quality personnel is intense and the Group may not be able to successfully recruit, train or retain qualified personnel.

The appointment of Mr. Marco Patuano as CEO, as a result of the resignation of Mr. Tobías Martínez, could cause management changes, with the subsequent need to secure the capabilities that are necessary to deliver the Group's business plans.

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.

Also, the execution of efficiency plans could require contention or reduction of staff. Even when in these circumstances the Group would target to eliminate redundancies, a worsened climate among its workforce could lead to losing or retaining key talent or impacting the 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

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 Parent Company's existing suppliers and such competitors may obtain more favourable 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 favourable 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.

The Group's Accounting Policies should only change if the change is required by an IFRS or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. All changes in Accounting Policies follow the guidance in IAS 8 or, if resulting from the initial application of an IFRS, in accordance with the specific transitional provisions, if any, in that IFRS. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group develops an accounting estimate to achieve the objective set out by the accounting policy. The Group may need to change an accounting estimate if changes occur in the circumstances on which the accounting estimate was based or as a result of new information, new developments or more experience. By its nature, a change in an accounting estimate does not relate to prior periods and is not the correction of an error, but 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 addition, the Group calculates backlog assuming that acquisitions which are subject to the satisfaction of conditions precedent will be completed on the terms described in the applicable transaction agreements in their entirety. However, there is no assurance that any pending or future acquisitions will be completed or, if completed, that they will be completed on such same terms. For example, necessary regulatory or administrative authorisations 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, which may limit the Group's ability to grow its portfolio of assets in a particular market or jurisdiction as expected or at all. As a result, the assumptions the Group uses to calculate backlog may prove to be incorrect, which in turn could have an adverse effect on the Group's backlog estimates.

While the first contract of the Telecom Infrastructure Services subject to renewal was successfully renewed (the different Telefónica contracts were unified, harmonized and renewed for a total of up to 30 years) and one of the main contracts of the Broadcasting business was also successfully renewed for a 5 years period (under the same fees but with no escalators), it should be noted that several contracts of the Telecom Infrastructure Services business are expected to face renewals in the coming years, being KPN's at the Shere portfolio and Wind Tre S.p.A. ("Wind Tre") at the Galata portfolio amongst the most relevant contracts to be renewed first (as defined herein), please see section 1.2 of the accompanying Consolidated Interim Directors' Report. Please note that KPN contracts will reach their termination date in 2026 and 2027 respectively, thus requiring a new negotiation potentially driving the anchor terms to converge with the fees being applied in the market to secondary customers. In addition, contracts with major customers in the Broadcasting Infrastructure segment will face a new cycle of renewals in 2025 (excepting the above-mentioned RTVE contract that was renewed in 2023 for a 5 years period). Also, certain contracts for services may be cancelled under certain circumstances by the customer at short notice without penalty.

The termination of the contracts ("churn") with major 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 Tre may be subject to changes in relation to the fees being applied at a time of a renewal, set within a predefined range taking into account the last annual fee (which reflects the cumulative inflation of the full initial term), that in the case of Telefonica ranges from -5% to +5% (applicable after the initial period and the first two extension periods have elapsed) and of -15% to +5% for Wind Tre.

Regarding the contracts in Polkomtel, it should be noted that the Polkomtel MSA is following a business model consisting in a long term revenue that ensures the profitability and return on investment (Capex) executed by Cellnex on behalf of the client, encouraging investment in the expansion and modernization of client infrastructure and allowing better client quality services owing to new investments (Capex). This long term revenue model presents a tariff scheme that allow Cellnex to increase revenue in line with opex increases following the Polish CPI, (please see section 1.2.2) resulting in potential risks of very high inflationary pressures on both Capex and Opex requirements that the Group might not be able to translate into the tariff scheme agreed, or other tariff concepts that could be subject to interpretation and potentially challenged by the customer. Additionally, 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. Even where a project proceeds as scheduled, it is possible that the client may default and fail to pay amounts owed to the Group. Payment delays, payment defaults or contract 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. Recently, interest rates hikes have brought long-term Cellnex's notes to yields of approximately 5%.

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.

During periods of high interest rates, the Group could also decide to enter into derivatives transaction to change fix rated contracts to variable rates contracts to benefit from the lowering of interest rates in the future.

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 interim condensed consolidated financial statements).

As of 30 June 2023 and 31 December 2022 there are financing granted from third parties covered by interest rate hedging mechanisms (see Note 9 of the accompanying interim condensed consolidated 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.

During periods of high interest rates and inflation, the Group's customers can experience difficultly in making payments which could have an impact on the working capital of the Group, this affecting its prospects.

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

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

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

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

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 3.7 billion, considering cash and available credit lines, as of 30 June 2023, and has no immediate debt maturities (the maturities of the Group's financial obligations are detailed in Note 13 of the accompanying interim condensed consolidated 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

After a long period of historically low inflation, inflation significantly increased around the world during 2022 and the first half of 2023, with food, energy and petrol prices hitting record highs. A significant portion of the Group's operating costs could rise as a result of higher inflation and monetary policies of the European Central Bank. Further, most of the Group's infrastructure services contracts are indexed to inflation. As a consequence, its results of operations could be affected by inflation and/or deflation, specially if Cellnex is not successful in passing through the inflation to the customers. In this sense, those contracts with customers that are not inflationary capped may not be sustainable over time for our customers, which could result in renegotiation requests, bad debt increase, legal disputes and a worsened relationship between the Group and its customers, causing potential future opportunities loses.

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

This mismatch arises from a link of the Group's Operating Income to inflation which is capped at most of its contracts with anchor customers or fixed terms escalators (please see section 1.1. of the accompanying Consolidated Interim Directors' Report), whereas Opex and leases are generally uncapped, which require a strong Opex and lease control that is not under the total control of the Group, and could result in a potential margin erosion and a worsened liquidity position.

Any of the events above could in turn materially affect the Group business, prospects, financial condition, results of operations and cash flows.

XXVIII) Risk related to Group indebtedness

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

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

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

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

Furthermore, the Group announced a new capital allocation framework with deleverage and Investment Grade status by two credit rating agencies as key priorities (hence subordinating alternative uses of cash flow generation). Failure to deliver would significantly impact the credibility of the Group, force the Group to forego certain business opportunities and shareholding remuneration or force to sale assets while potentially being perceived as a distressed seller.

Moreover, BTS programs could be subject to acceleration demands from the Group’s customers, seriously conflicting the commitment to deleverage.

In addition, the Group may be exposed to increasing demands from its customers to execute additional Engineering Services which could imply Expansion or Maintenance capital expenditures to increase. As such, from 2023 onwards, Engineering Services capex will be reported within Expansion Capex (potentially surpassing 10% guided intensity over Operating Income) or Maintenance capital expenditures, depending on its nature and magnitude (in prior years Engineering Services were included within the Build-to-suit programmes). Potentially, the Engineering Services could constitute a new capex line.

Also, achieving 2025 Targets could rely on more intensive Capital Expenditures activities, which would imply either delaying the Group’s deleverage ambition or a failure to deliver on the 2025 Targets set.

In terms of interest rate risk, the Group is exposed through its current and non-current borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk.

Any increase in interest rates would increase the Group's finance costs relating to its variable-rate indebtedness and increase the costs of refinancing its existing indebtedness and issuing new debt, which could adversely affect the Group's business, prospects, results of operations, financial condition and cash flows. To mitigate this risk, the Group maintains the 76% of its debt at fixed rate. Thus, at 30 June 2023 and 31 December 2022 a change on the interest rates would not have a significant impact on the consolidated financial statements.

Adverse circumstances around the Group's indebtedness and the risk of refinancing debt at worsened terms could prevent Cellnex from achieving its target of accessing an Investment Grade status by two credit rating agencies.

XXIX) The Parent Company cannot guarantee that it will be able to implement its Shareholders' Remuneration Policy or to pay dividends (and even if it were able to, that it 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 Parent Company's Shareholder's Remuneration 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 Parent 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 Parent Company in any financial year, any limitations to the distribution of dividends included in the Group's financing agreements and the Group's growth strategy. In the future, the Parent 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 Parent Company to be able to do so. Even if the Parent Company does have adequate cash and reserves, the Parent 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 Parent Company's ability to distribute dividends at all, depends on the same circumstances and factors and even if the Parent Company does have adequate cash and reserves, the Parent Company's shareholders and Board of Directors may choose not to distribute dividends at all.

Consequently, the Group cannot assure that it will pay a dividend in the future in compliance with the Parent Company's Shareholder's Remuneration 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 defense 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.

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). 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. For example, in the context of the Polkomtel Acquisition, the Group entered 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 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%.

On the other hand, the bonds issued under the EMTN Programme, and the Guaranteed EMTN Programme, other debt securities issued by the Group, the Convertible Bonds, (see note 13 of the accompanying interim condensed consolidated financial statements) and the bank financing contracts of the Group include certain change of control clauses that 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"). 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.

1.5. Use of financial instruments

During the 6-month period ended on 30 June 2023 the Group followed the policy for the use financial instrument described in Note 3 of the 2022 Consolidated Financial Statements.

1.6. R&D+i activities

Cellnex is committed to investing in Research, Development and Innovation ("R&D+i") that is closely linked to its strategy, and in doing so contribute to its objective of being 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 context of digital and communication technology evolution.

To deliver towards this commitment, the Group promotes three streams of activities: new and emerging product formulation, innovation projects, and technology scouting activities. These activities are underpinned by a cross-cutting approach with multidisciplinary teams and enhanced cooperation with internal and external stakeholders:

- New and emerging product formulation: definition and development of products and commercial opportunities that are in a more advanced stage of the innovation process and with mid to long-term commercialization potential for the Group. These are classified in four areas: Edge Computing, Active Infra (ORAN or mmW), V2X and Broadcast. Please note the following examples:

    - Deployment of a disruptive Edge service that unlocks value proposition of the DAS system with an enhanced fan experience in the Real Betis stadium, based on Cellnex innovative real-time edge streaming video, connected to the stadium as well as dedicated cameras, which allows viewers to enjoy a live audiovisual experience on their mobile phones, including replay functionality, on the pitch that complements the match experience (also known as second screen experience).

    - Digitalization of Valencia Port, combining Cellnex Infrastructure such as 5G and Edge Computing processing with Artificial Intelligence and Radar technology to digitize the ship docking operation and to facilitate the berthing process by providing highly accurate position and distance of the vessel with respect to the dock to be visualized in real time from any device at the Cruceros 1 pier of the north extension.

    - On Active Infra, Paris La Défense selected Cellnex as partner for a neutral host 5G mmWave (26Ghz) implementation at the heart of this emblematic district. The development has a twofold aim: firstly, to test the feasibility of a neutral host model in high frequency, allowing the sharing of antennas and infrastructures; and secondly, to experiment with new private network use cases, leveraging very-high-speed 26 GHz (the so-called "millimeter" band) deployed in the business district.

    - Cellnex will contribute to the deployment of 5G infrastructure in cross-border European corridors, including the launch of a neutral host vehicle to infrastructure (V2I) communications network and edge computing nodes for safety and non-safety services, in four transport corridors between Portugal, Spain and France: Barcelona to Montpellier and Toulouse, Bilbao to Bordeaux, Salamanca and Porto to Vigo, and Mérida to Évora.

    - With Cellnex collaboration, RTVE launched UHD broadcasting during the 2022 Football World Cup, enabling the audience to expire the high resolution.

- Innovation projects: scoping and delivering projects in collaboration with consortiums of entities from the public and private sector. These are typically three-year term projects that are in their initial experimental phase and partially subsidized by the public sector. The most relevant fall into three areas: 5G, V2X (Vehicle to Everything) Communications and Security.

    - 5G Infrastructure: consists of leveraging the most innovative 5G infrastructure to support the Mobile Operators´ 5G deployments. Within Cellnex´s Augmented Towerco strategy, for developing assets adjacent to towers: Open RAN, Mobile Edge Computing and 5GSA Core technologies to enable a wide range of disruptive use cases. For example, "5G Catalunya Pilot" has developed a 5G novel network in different locations of Barcelona to facilitate 5G solutions in sectors like education, industry and mobility that benefit citizens, public administrations and the private sector. This project has been recognized at the Mobile World Congress with the prestigious GSMA Foundry Excellence Award 2023.

- Resilient network for cross-border connectivity: the Group coordinates the implementation of connected corridors in the European Union´s borders to enable the transition of autonomous cars between countries and the implementation of Vehicle to Everything communications in cities and hotspots. In the corridor between Perpignan (France) and Figueres (Spain) Cellnex has already defined and tested the reference architecture to be used in the corridors including the coexistence between 5G and V2X and the orchestration of services in the border using new Edge computing infrastructure. Currently connectivity and roaming is available in the testbed of Castellolí ready to be moved to the corridors, once all the use cases such as remote driving are already working.

- Security: the Group has several initiatives such as CYBERSEC to provide additional protection and resilience against cyber-attacks to connected environments through research in emerging technologies in attack detection, attack simulation, communication systems (5G, NB-IoT, IIoT, OT, ICS) and Artificial Intelligence. In another initiative, AI Mars, Cellnex provides real-time information to Public and Private Security Forces (including shopping centers, or sports facilities) to manage and prevent attacks, disturbances and other incidents when high concentration of people occurs.

- Technology scouting 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 is participating in “Alaian”, where seven major global telecommunications companies have come together in a unique alliance with the mission of reinventing the industry by discovering the most disruptive startups and the potential to provide access to a network of 700 million customers. Among these telcos are included Telefonica, NOS, Bouygues Telecom, WindTre or KPN.

  - The Group has also participated in Retail Tech Innovation Hub with Lanzadera and Merlin Properties where we look for innovative and disruptive solutions or products that allow us to innovate within shopping centers, managing to improve the customer experience, increase their loyalty, and/or increase their length of stay.

  - In the same line of innovation, the Group is participating in 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.

  - 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.

1.7. Sustainability

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.

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 reinforce its commitment to Environmental, Social and Governance (“ESG”) issues in recent years.

The Cellnex ESG Master Plan 2021-2025 constitutes the reference framework and the tool for management the strategic objectives, monitoring indicators and the actions and programmes under way for each of the axes of the ESG Master Plan. In this sense, Cellnex has an Environment and Climate change Policy for the entire Group (updated in June 2023) in line with the United Nations Sustainable Development Goals (the "SDGs") and has implemented an Integrated Management System Model that incorporates the Quality, Environment and Health and Safety Management Systems. The Environment and Climate change Policy defines the guidelines to pay maximum attention to environmental protection and conservation, and 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 environmental sustainability, Cellnex defined an Strategic Sustainability Plan in 2019. During 2022, in order to reinforce the Group's ESG strategy, the Strategic Plan was updated considering the current lines of work, and updating them in response to the new regulatory requirements and the results of the double materiality analysis. Therefore, the new Environment and Climate Change Strategy (2023-2025) gives continuity to the actions of the Strategic Plan 2019-2021. The commitments and strategic lines have been reformulated based on the double-materiality analysis, progress of recent years, and ESG Master Plan ambitions.

The Environment and Climate Change Strategy (2023-2025) main commitments are: (i) Achieve excellence and be a benchmark in integral environmental management within the telecommunications sector, establishing a solid commitment throughout our value chain; (ii) To be a leading group in the fight against climate change by achieving carbon neutrality, improving the resilience of our infrastructures and promoting a circular economy in line with our activity; (iii) Improve our environmental impact, integrating our infrastructure into the environment and establishing collaborative alliances with stakeholders.

As part of the Group's daily activities the Environment and Climate Change Strategy (2023-2025) is structured within 8 strategic lines linked to the SDGs: Integrated Environmental Management, Climate change, Energy Management, Circular economy, Water management, Biodiversity and land use, Environmental impacts of infrastructures and Training, awareness and collaboration with the community. Aligned with Cellnex's ambitions, the main developments are as follows:

- Establishment of net-zero by 2050 and carbon neutral by 2035 commitments
- Increase in self-generated renewable energy
- Evaluation of the impact on biodiversity with a focus on natural capital
- Maintained in the "A List" of CDP for the fourth consecutive year
- Obtain LEED and WELL certification in the Cellnex corporate building in Barcelona (Torre Llevant)

Cellnex is aware of the importance of its energy performance and the sustainable origin of the energy necessary for its operations. In this sense, indirect emissions from electricity consumption are an significant contributor to Cellnex's carbon footprint. To boost this awareness, the Energy Transition Plan issued in 2021 and further developed in 2022 established the guidelines to promote an efficient use of energy through the implementation of energy saving and efficiency measures in work processes and conduct, and by controlling and monitoring consumption in the most significant uses. All of this is based on compliance with applicable legal and regulatory standards at international, European, state, regional and local level, as well as the willingness to adapt to future standards and the requirements of customers and society.

In 2022 Cellnex continued developing the overall strategy of intensifying the key activities and outlined corporate commitments to pave the path to carbon neutral operations. In addition, a budget plan was allocated to investment and development for the four pillars of the Energy Transition Plan: Energy 4.0, Green energy sourcing, Energy efficiency and Self generation.

Cellnex has defined precise and ambitious science-based targets (SBT) for reducing its emissions aligned with the 1.5ºC scenario. Additionally in 2023 it has committed to achieve carbon neutrality by 2035 and net-zero by 2050. Within this framework the Energy Transition Plan and the Environment and Climate Change Strategy are the key levers to achieve Cellnex's carbon footprint reduction goals. Thanks to the actions defined, at the end of 2022 Cellnex met its renewable electricity consumption target with 77% of consumption from renewable sources (40.5% in 2021). Moreover, Cellnex will actively promote and closely work with its customers to ensure that 100% of the Group's energy consumption, based on its actual perimeter, will be green by 2025, and in not more than 3 years for any new acquisition.

Cellnex measures and obtains independent third-party verification of its carbon footprint, to ascertain the Group'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 have been incorporated into the carbon footprint calculation. The operational scope is based on the ISO 14064-1:2018 as well as the Greenhouse Gas Protocol (GHG Protocol) criteria with 2020 as the base year of comparison for all its companies including the three scopes. This is the basis on which the emission reduction targets have been 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 and mitigate GHG emissions, since 2015 Cellnex offsets scope 1 emissions to achieve neutrality in all the countries. In 2022 Cellnex offset 3,212 tCO_2e by acquiring 3,212 CER (certified emission reductions) credits in two different projects: Manantiales Behr Wind Farm in Argentina (VCS) and Madhya Pradesh Wind Project in India (Gold Standard).

Once again Cellnex also took part in the CDP Climate Change, 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 2022 Cellnex obtained an "A" for the fourth consecutive year, which means that it continues to be a Leadership Brand. Being included in the "A List" is the highest acknowledgement allocated by CDP. Cellnex also received an "A" in the CDP Supply Chain, consolidating as CDP Supplier Engagement Leader.

Cellnex has implemented a management system based on the company's organizational model and Process Management. Based on the Integrated Management System, the Quality and Certifications Department has focused in 2021 and until 2023 on implementing global certifications in non-certified countries. At the end of 2022, Cellnex Spain, Cellnex Italy, Cellnex France, Cellnex Netherlands, Cellnex Switzerland, Cellnex UK, Cellnex Portugal, Cellnex Ireland and Cellnex Poland were ISO 9001, ISO 14000, ISO 45001, ISO 14064, ISO 14046 certified. In addition, all Business Units except from Poland were ISO 27001 certified, Cellnex Spain certified in ISO 50001 (Energy) and ISO 20000-1 (Service Management); and Cellnex Italy certified in EASI, SA 8000 (Social Responsibility) and UNI/PdR 125:2022 (Gender equality).

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 2022, 2021, 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.

1.8. Employees

The Group’s team is distributed geographically 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 still predominantly male, with 69% of men and 31% of women in the workforce by June 2023, having a higher representation of female than the current situation of the sector. The Cellnex contribution to reducing this gap and acting for gender equality is carried out through the following programs and actions:

- The internal acceleration development program dedicated for women ("Women ADP") which the second edition closed on April 2023 and which offer to a selection of female talent to pursuit a 10 month a learning, mentoring and coaching program.

- "Women Intercompany Mentoring Program", to accelerate development of female talent across all levels in the Company.

- "Inclusive Leadership Program" with the participation of all employees.

- Monitor female representation at talent pools, enabling internal female promotion which is measured as part of the equity, diversity and inclusion ("EDI") business targets.

Regarding equity, diversity and inclusion ("EDI"), during the first half of 2023, the Group worked on the mid-term ESG Master Plan update for 2023 and strength the commitments for the 2023 to 2025 period. Additionally, the Group teams and specially the Global People team worked on several corporate policies that will be communicated as soon as they will be approved. Equity, diversity and inclusion is embedded in all of them.

The Group's EDI strategy is driven by four drivers (Outside in, Awareness, Growth and Leadership) and has the Cellnex people pillars (Culture, Leadership and Talent) as core elements.

In 2023, Cellnex continue roll outing the EDI strategy cross countries and has setup goals and priorities for each of the four drivers:

- Driven by an "outside-in" perspective, we will continue increasing our visibility to be known as great employers by increasing the speaking opportunities and our participation in external programs and certifications. Setting agenda around reputation and talent attraction and continue rolling out employer branding strategy, is also one of the main 2023 priorities for this driver.

- With the Awareness driver Cellnex continues to reinforce its commitment to Equity, Diversity and Inclusion with several internal awareness initiatives: celebration of the EDI Week, workshops on the five different diversity axes (Gender, Generational, Cultural, Ability and LGBTIQ+), promoting the existence of employee resource groups and specific underrepresented group celebration, as “Pride Month”. One of the main priorities is to leverage our values and to connect with the launching of purpose and values

- With Growth driver we will be focusing in promoting our internal talent by setting global internal mobility as a priority and by giving access to leadership itineraries for the entire company.

- Leadership will continue to be a priority for all the teams. The Senior Management and Country Managing Directors also strength their commitment by keeping diversity in the agenda and carry out quarterly sessions to talk about diversity and the impact in the business. This strong commitment of our senior management and countries MDs to EDI is carved in their MBO and LTIP. Additionally, the commitment of our leaders is reflected in the EDI statement signed by the Executive Committee and Managing Directors, through which we endorse our commitments as a company and as individuals. As for the governance on Equity, Diversity and Inclusion, the champion volunteers role is implemented since 2020 and, currently, we count around 33 champions.

2. OTHER INFORMATION

2.1. Shareholder Remuneration

The approved shareholders' remuneration policy aims to maintain an appropriate balance between shareholder remuneration, the parent company's profit generation and the parent company's growth strategy, while pursuing an adequate capital structure. When implementing the Shareholders' Remuneration Policy, the Group is focused on distributing an annual dividend of 10% above the dividend distributed for the prior year. As a result, each year the parent company distributes dividends against either net profit or distributable reserves attributable to the Group for the respective financial year. The determination of the distribution of dividends is carried out based on the individual statutory financial statements of Cellnex Telecom, S.A., and within the framework of the legislation in force in Spain.

On 21 July 2020, the General Shareholders' Meeting approved the distribution of a dividend charged to the share premium reserve with a maximum of EUR 109 million, to be paid upfront or in instalments over the years 2020, 2021, 2022 and 2023. It was also agreed to delegate to the Board of Directors the authority to establish, if appropriate, the amount and the exact date of each payment during that period, while always remaining within the maximum overall amount stipulated.

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

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

During the first half of 2023, in compliance with the Parent Company´s Shareholders' Remuneration policy, the Board of Directors, pursuant to the authority granted by resolution of the Annual Shareholders' Meeting of 21 July 2020, approved the distribution of a cash pay-out charged to the share premium reserve of EUR 11,822 thousand, which represented EUR 0.016760 for each existing and outstanding share with the right to receive such cash pay-out.

The payment of the dividends will be made on the specific dates to be determined in each case and will be duly announced.

Notwithstanding the above, the Parent Company's ability to distribute dividends depends on a number of circumstances and factors including, but not limited to, net profit attributable to the Parent Company, any limitations included in financing agreements and Group's growth strategy. As a result of such or other circumstances and factors, the Parent Company may modify the Shareholders' Remuneration Policy or may not pay dividends in accordance with the Shareholders' Remuneration Policy at any given time. In any case, the Parent Company will duly announce any future amendment to the Shareholders' Remuneration Policy.

2.2. Business outlook

The Group estimates its revenues for the year ending 31 December 2023 to increase to between EUR 4,100 million and EUR 4,300 million and its Adjusted EBITDA to increase to between EUR 2,950 million and EUR 3,050 million, as a result of: (i) organic growth (price escalators, new colocations and associated revenues with a targeted more than 5% new PoPs year-on-year and efficiencies), (ii) the contribution of the transactions completed during 2022; mainly the CK Hutchison Holdings Pending Transaction with regard to the United Kingdom concluded in the last quarter of 2022 and, (iii) required disposals (either completed, such as the UK divestment, or to be carried out in 2023, such as part of the French disposals).

The Group expects its Recurring Leveraged Free Cash Flow (RLFCF) for the year ending 31 December 2023 to be in the range of EUR 1,525 million to EUR 1,625 million (with Net payment of lease liabilities expected to be around 850 million, Maintenance Capital Expenditures expected to be around 3% of Operating Income and Changes in current assets/current liabilities expected to be trending to neutral). Expansion Capital Expenditures is expected to represent approximately 10% of Operating Income and Free Cash Flow for the year ended 31 December 2023 is targeted to trend to neutral.

Business Perspective 2025 unchanged

Additionally, the Group has previously issued long-term targets up to 2025 that are considered valid by the Group as of the date of this Interim Directors' Report (the "2025 Targets"), after factoring higher inflation positively impacting Operating Income to grow at around 3% due to the average escalator. Operating Expenses and Net payment of lease liabilities expected to grow more slowly than Operating Income as a result of efficiencies, and the net impact from disposals and new investments committed (please see slides 14 and 21 in the 2021 full year results presentation). The 2025 Targets are underpinned by highly visible financials and could trend to the upper end of the range if current high inflation levels are sustained.

- Operating Income: 4,100 – 4,300 (€Mn)
- Adjusted EBITDA: 3,300 – 3,500 (€Mn)
- RLFCF: 2,000 – 2,200 (€Mn)

The 2023 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 2023 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 in 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 c.70% - is a recommendation to buy.

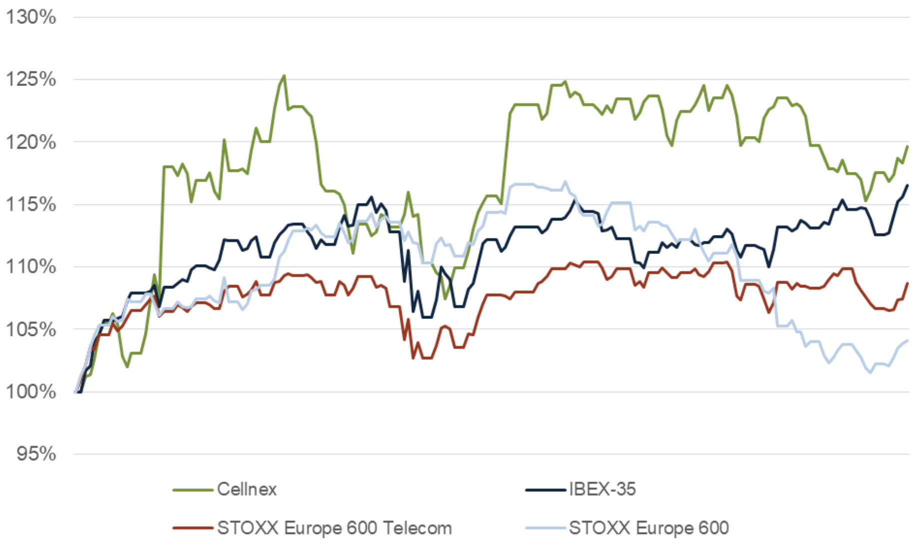
Cellnex's share price experienced a 20% increase during the first half of 2023. The average volume traded has been approximately 1,351,424 shares a day. The IBEX 35, STOXX Europe 600 and STOXX Europe 600 Telecom increased by 17%, 4% and 9% respectively.

Cellnex's market capitalisation stood at EUR 26,133 million at the period ended on 30 June 2023, 806% higher than at start of trading on 7 May 2015, compared with a 14% drop in the IBEX 35 over the same period.

The detail of the main stock market indicators of Cellnex in 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023	31 December 2022
Number of shares	706,475,375	706,475,375
Stock market capitalisation at period/year end (millions of euros)	26,133	21,844
Share price at close (EUR/share)	36.99	30.92
Maximum share price for the period (EUR/share)	38.76	51.70
Date	15/2/2023	03/01/2022
Minimum share price for the period (EUR/share)	31.06	28.02
Date	2/1/2023	13/10/2022
Average share price for the period (EUR/share)	36.27	38.75
Average daily volume (shares)	1,351,424	1,721,999

The evolution of Cellnex shares during the first half of 2023, compared to the evolution of IBEX 35, STOXX Europe 600 and STOXX Europe 600 Telecom, is as follows:



2.4. Treasury shares

In accordance with the authorisation approved by the Board of Directors, at 30 June 2023 the Group held 1,094,099 treasury shares (0.155% of its share capital). The use to be made of the treasury shares has yet to be decided and will depend on any decisions adopted by the Group's governing bodies.

During the first half of 2023, the treasury shares transactions carried out, are disclosed in Note 12.a to the accompanying interim condensed consolidated financial statements.

2.5. Post balance sheet events

New projects with Bouygues Telecom

In the context of the optic fibre network agreements in France (see Note 6 of the accompanying interim condensed consolidated financial statements), on 24 July 2023, Cellnex, through its subsidiary Nexloop, entered into an agreement with Bouygues Telecom to (i) extend the fiber perimeter in approximately 3,600 km; and (ii) build additional up to 65 small and metropolitan offices, with an associated investment of approximately EUR 275 million. The rollout would be executed from 2023 to 2028. With this agreement, Nexloop would have more capillarity for FTTT coverange and would extend the longhaul program. The estimated Enterprise Value/EBITDAaL amounts to approximately 12.5x. In order to partially finance the investment, Nexloop extended its current EUR 620 million financing with an additional tranche of EUR 100 million, bringing the total amount to EUR 720 million.

Swiss Towers CHF Facility Refinancing

On 26 July 2023, Swiss Towers AG, as borrower, and Swiss Infra Services S.A, as guarantor, entered into a CHF 580 million syndicated facilities agreement to refinance the existing CHF 620 million syndicated facilities agreement entered into by Swiss Towers AG, as borrower, on 17 July 2019 (as amended on 28 December 2021). The new financing maintains an attractive interest expense while extending the average life of the Group’s debt.

New European Investment Bank (EIB) Financing

On 24 July 2023, the Group entered into a EUR 315 million term loan facility with the European Investment Bank. The purpose relates to the partial financing of the Group's network infrastructure expansion, upgrade and improvement in efficiency, as well as investments in digitalization of its operations, in the following countries: France, Poland, Italy, Spain and Portugal. The average life of such agreement will be of c.8 years

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 2023, information of a public nature is available, which should 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.cellnex.com/app/uploads/2021/11/Oferta-Venta-y-Admision-a-Negociacion-Acciones-de-Cellnex-Telecom-23-de-abril-de-2015.pdf)
- Supplement to the informative prospectus for the sale and admission to trading of shares of Cellnex Telecom, S.A.U. (https://www.cellnex.com/app/uploads/2021/11/Suplemento.pdf).
- Prospectus March 2019 Capital Increase (https://www.cellnex.com/app/uploads/2021/11/Prospectus-Capital-Increase.pdf)
- Prospectus October 2019 Capital Increase (https://www.cellnex.com/app/uploads/2021/11/Prospectus-Capital-Increase.pdf)
- Prospectus July 2020 Capital Increase (https://www.cellnex.com/app/uploads/2021/11/Prospectus-Capital-Increase.pdf)
- Prospectus March 2021 Capital Increase (https://www.cellnex.com/app/uploads/2021/11/20210330-Cellnex-Offering-Memorandum.pdf)
- Debt Programs (https://www.cellnex.com/investor-relations/fixed-income/#shareholders-investors-debt-programs)
- Universal Registration Document (https://www.cellnex.com/app/uploads/2017/11/Folleto.pdf).
- Euro Medium Term Note Program (EMTN) Base Prospectus (https://www.cellnex.com/app/uploads/2015/12/Base-Prospectus_9a658ab1-a8aa-40f6-a58a-135203155a1e.pdf).
- Euro-Commercial Paper Programme (https://www.cellnex.com/app/uploads/2018/06/Cellnex-ECP-Programme_Information-Memorandum_FINAL.pdf).
- Report of the Board of Directors on Convertible Bonds (https://www.cellnex.com/app/uploads/2018/01/Informe-Consejo-de-Administraci%C3%B3n-Bonos-Convertibles.pdf).
- Auditor's Report on Convertible Bonds (https://www.cellnex.com/app/uploads/2018/01/Informe-Auditor-Bonos-Convertibles.pdf).
- Ratings Rating Agencies (https://www.cellnex.com/investor-relations/fixed-income/#shareholders-investors-debt-programs).
- Corporate Policies (https://www.cellnex.com/investor-relations/corporate-governance/#shareholders-investors-corporate-policies).
- Press releases (https://www.cellnex.com/mediacenter/).

– Inside Information (https://www.cellnex.com/investor-relations/cnmv-notifications/).

– Quarterly Results (https://www.cellnex.com/sections/shareholders-investors-financial-quarterly-table/).

– ESG (https://www.cellnex.com/sustainability/)

– Annual/half-yearly reports (https://www.cellnex.com/investor-relations/financial-information/#shareholders-investors-financial-reports).

– Corporate Bylaws of Cellnex Telecom S.A. (https://www.cellnex.com/app/uploads/2022/05/20220428-Estatutos-sociales-refundidos-ENG.pdf)

– Comisión Nacional del Mercado de Valores (“CNMV”) website (https://www.cnmv.es/portal/home.aspx).

– Cellnex Telecom website (https://www.cellnex.com/)

– 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 interim condensed consolidated 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.

Barcelona, 27 July, 2023