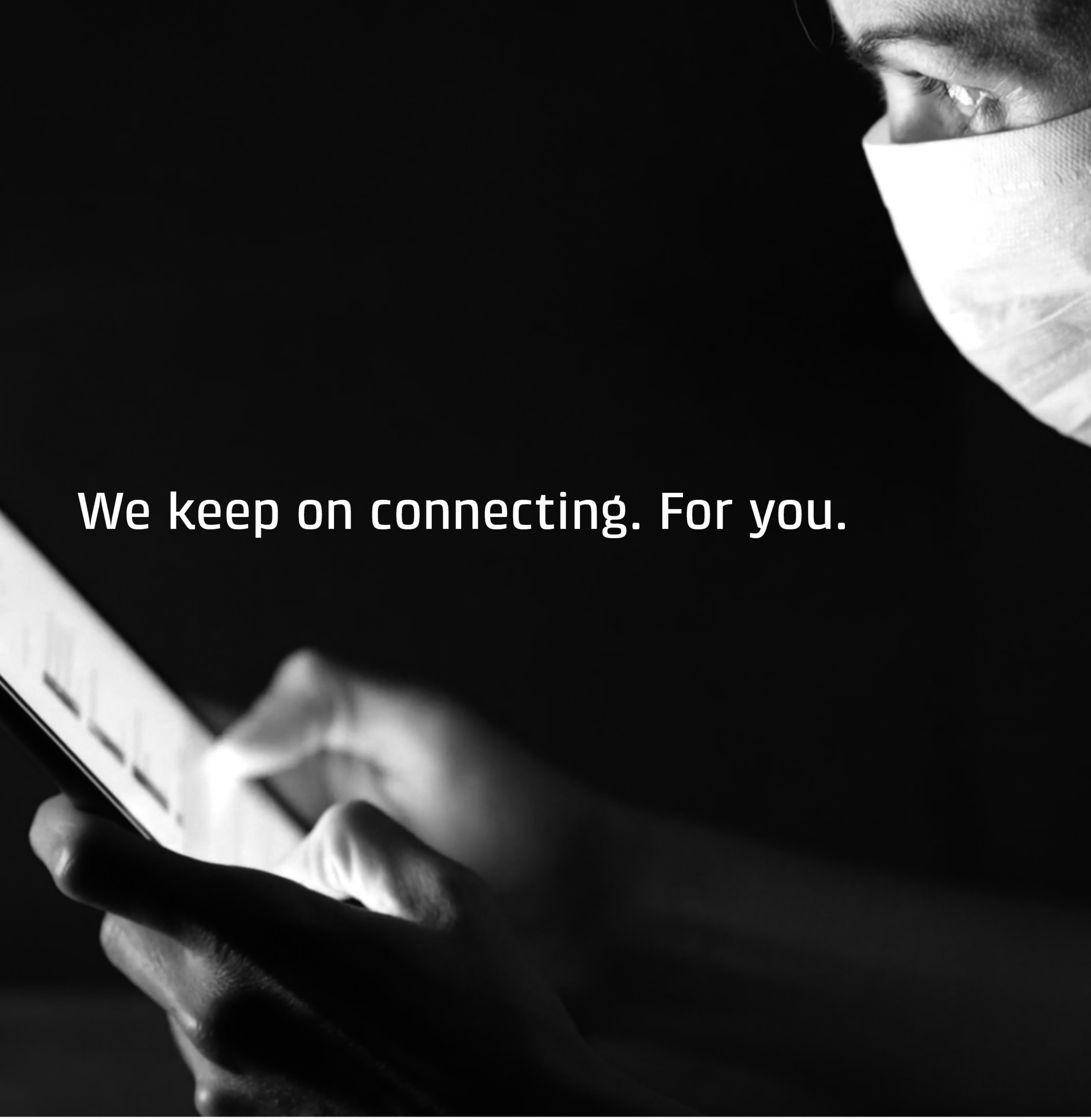

2020 Integrated Annual Report

Consolidated Financial Statements

cellnex

Cellnex Telecom, S.A. and Subsidiaries

Consolidated Financial Statements
for the year ended
31 December 2020 and
Consolidated Directors' Report,
together with Independent Auditor's
Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 31). In the event of a discrepancy, the Spanish-language version prevails.

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cellnex Telecom, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2020, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

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

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

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

Key Audit Matters

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

Evaluation of the impairment test on goodwill, other intangible assets and property, plant and equipment	
Description	**Procedures applied in the audit**
Notes 7 and 8 to the accompanying consolidated financial statements as at 31 December 2020 contain a description of the goodwill, other intangible assets and property, plant and equipment relating mainly to infrastructure for the provision of services to mobile telecommunications operators, and also of the cash-generating units (CGUs) identified by the Group. In this connection, each year the Group tests each of the aforementioned CGUs for impairment using discounted cash flow-based valuation techniques, for which purpose it employs cash flow projections aligned with projected earnings and investments in non-current assets and current assets, as well as other assumptions obtained from each CGU's business plan, irrespective of whether there are indications of impairment, given the sensitivity of the key assumptions used. Also, a discount rate is determined on the basis of the economic situation in general and of that of each CGU in particular.	Our audit procedures included, among others, obtaining and analysing the impairment tests conducted by the Group, verifying their clerical accuracy and also analysing the consistency of the future cash flow estimates considered in those tests with the most recent business plans prepared. Also, we evaluated the reasonableness of the key assumptions considered (such as revenue growth, cost inflation and the discount rate), and performed a sensitivity analysis of those key assumptions and an analysis of their consistency with the actual data relating to the performance of the CGUs. In addition, we involved our internal valuation experts in order to evaluate, mainly, the methodology employed by the Group in the impairment tests conducted, the discount rates considered and the terminal value, expressed in perpetuity growth terms, of the projected future cash flows.

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

Business combinations	
Description	**Procedures applied in the audit**
The Group performed several business combinations in 2020 and 2019, as described in Notes 2-h and 6 to the accompanying consolidated financial statements as at 31 December 2020. These combinations are complex transactions which include contractual agreements the recognition of which in the consolidated financial statements requires the directors to make significant judgements and estimates. In addition, in the process of identifying and determining the acquisition-date fair value of the assets acquired, the liabilities and contingent liabilities assumed and the goodwill that arose, significant judgements and estimates also need to be made, and therefore the Group, where appropriate, was assisted by experts engaged by it for this purpose.	Our audit procedures included, among others, obtaining and analysing the contractual documentation, placing particular emphasis on the transfer of the risks associated with the business in order to determine when the obtainment of control of the aforementioned businesses should be accounted for.

Business combinations	
Description	**Procedures applied in the audit**
The accompanying consolidated financial statements include the provisional accounting for the fair value of the assets acquired and the liabilities assumed as a result of the business combinations effected in 2020, and the completed accounting for the fair value of the assets acquired and the liabilities assumed as a result of the business combinations effected in 2019 (see Note 5). In this connection, current legislation allows the allocation of fair value to be re-estimated during a period of one year from the acquisition date. Consequently, the analysis of these transactions was a key audit matter in our audit.	For each business combination in 2020, we obtained the provisional analysis performed by the Group to determine the fair value of the assets acquired and liabilities assumed, and we verified the clerical accuracy of the calculations performed and the reasonableness of the main assumptions considered therein. In addition, for the business combinations in 2019, the accounting of which was considered to have been completed in 2020, we obtained the final analysis carried out by the Group to determine the fair value of the assets acquired and the liabilities assumed, and verified the same aspects. To this end, we analysed the consistency of the future cash flow forecasts considered in the analysis performed with the assumptions obtained from the business plan relating to the businesses acquired. In addition, we evaluated the reasonableness of the key assumptions considered (such as revenue growth, cost inflation and the discount rate), and performed a sensitivity analysis of those key assumptions. With regard to the external experts engaged by the Group, we evaluated their competence, capability and objectivity, and obtained an understanding of their work as experts and of the adequacy of that work for use as audit evidence.

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

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2020, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

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

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

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

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and risk management committee of the Parent for the Consolidated Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Cellnex Telecom, S.A. and its subsidiaries for 2020, which comprise the XHTML file including the consolidated financial statements for 2020 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Cellnex Telecom, S.A. are responsible for presenting the annual financial report for 2020 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation").

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

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

Additional Report to the Parent's Audit and risk management committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and risk management committee dated 25 February 2021.

Engagement Period

The Annual General Meeting held on 9 May 2019 appointed us as auditors of the Group for a period of one year from the year ended 31 December 2019.

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

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

Iván Rubio Borrallo
Registered in ROAC under no. 21443

25 February 2021

Appendix to our auditor's report

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

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

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

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

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

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

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

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

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

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

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

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

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

Cellnex Telecom, S.A. and Subsidiaries

Consolidated Financial Statements for the Year ended 31 December 2020

Translation of a report originally issued in Spanish and of 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 27). In the event of a discrepancy, the Spanish-language version prevails.

TABLE OF CONTENTS

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

CELLNEX TELECOM, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020

(Thousands of Euros)

	Notes	31 December 2020	31 December 2019 (*)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	Note 7	4,197,827	2,899,539
Intangible assets	Note 8	12,041,295	5,886,623
Right-of-use assets	Note 16	2,133,560	1,239,713
Investments in associates	Note 9	3,431	2,832
Financial investments	Note 10	28,042	140,909
Derivative financial instruments	Note 11	6,116	-
Trade and other receivables	Note 12	35,671	18,427
Deferred tax assets	Note 18.d	464,531	133,723
Total non-current assets		18,910,473	10,321,766
CURRENT ASSETS			
Inventories		2,158	2,149
Trade and other receivables	Note 12	502,070	365,079
Receivables from associates	Note 24	832	84
Financial investments	Note 10	2,067	2,015
Cash and cash equivalents	Note 13	4,652,027	2,351,555
Total current assets		5,159,154	2,720,882
TOTAL ASSETS		24,069,627	13,042,648

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated balance sheet at 31 December 2020.

(*) Restated balances. Certain amounts included in the consolidated balance sheet at 31 December 2019 do not relate to those included in the consolidated financial statements for the year ended 31 December 2019, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020
(Thousands of Euros)

	Notes	31 December 2020	31 December 2019 (*)
NET EQUITY			
Share capital and attributable reserves			
Share capital	Note 14.a	121,677	96,332
Treasury shares	Note 14.a	(8,078)	(4,222)
Share premium	Note 14.b	7.769,936	3,886,193
Reserves	Note 14.c	267,802	191,859
Profit for the year	Note 14.g	(133,100)	(9,177)
		8,018,237	4,160,985
Non-controlling interests	Note 14.f	914,504	889,644
Total net equity		8,932,741	5,050,629
NON-CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 15	9,315,830	5,093,696
Lease liabilities	Note 16	1,478,759	933,335
Derivative financial instruments	Note 11	9,743	3,593
Provisions and other liabilities	Note 19.b	1,453,278	401,744
Employee benefit obligations	Note 19.a	17,194	17,972
Deferred tax liabilities	Note 18.d	1,790,830	881,764
Total non-current liabilities		14,065,634	7,332,104
CURRENT LIABILITIES			
Bank borrowings and bond issues	Note 15	76,941	48,426
Lease liabilities	Note 16	284,060	206,853
Derivative financial instruments	Note 11	165	-
Employee benefit obligations	Note 19.a	26,860	22,975
Payables to associates	Note 24	116	25
Trade and other payables	Note 17	683,110	381,636
Total current liabilities		1,071,252	659,915
TOTAL NET EQUITY AND LIABILITIES		24,069,627	13,042,648

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated balance sheet at 31 December 2020.

(*) Restated balances. Certain amounts included in the consolidated balance sheet at 31 December 2019 do not relate to those included in the consolidated financial statements for the year ended 31 December 2019, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

(Thousands of Euros)

	Notes	2020	2019 (*)
Services		1,562,262	1,000,023
Other operating income		42,510	30,822
Operating income	Note 20.a	1,604,772	1,030,845
Staff costs	Note 20.b	(165,861)	(144,171)
Other operating expenses	Note 20.c	(301,799)	(243,387)
Change in provisions		(4,553)	154
Losses on fixed assets	Notes 7 and 8	(205)	(135)
Depreciation and amortisation	Notes 7, 8, 16 and 20.e	(974,064)	(501,841)
Operating profit		158,290	141,465
Financial income		4,969	1,254
Financial costs		(220,248)	(127,430)
Interest expense on lease liabilities		(142,523)	(69,763)
Net financial profit/(loss)	Note 20.f	(357,802)	(195,939)
Profit of companies accounted for using the equity method	Note 9	52	82
Profit/(loss) before tax		(199,460)	(54,392)
Income tax	Note 18	48,724	35,700
Consolidated net loss		(150,736)	(18,692)
Attributable to non-controlling interests	Note 14.f	(17,636)	(9,515)
Net profit attributable to the Parent Company		(133,100)	(9,177)
Earnings per share (in euros per share):			
Basic	Note 14.e	(0.35)	(0.03)
Diluted	Note 14.e	(0.35)	(0.03)

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated income statement corresponding to the year ended 31 December 2020.

(*) Restated balances. Certain amounts included in this consolidated income statement for the year ended on 31 December 2019 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2019, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

(Thousands of Euros)

	Notes	2020	2019 (*)
PROFIT FOR THE YEAR		(150,736)	(18,692)
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		(4,337)	(2,072)
Hedges of net investments in foreign operations of the Parent Company and fully consolidated companies		(13,473)	-
Foreign exchange differences		(10,427)	10,447
Tax effect		1,086	468
Total Income and expenses recognised directly in net equity		(27,151)	8,843
Income transferred to the consolidated income statement:			
Changes in cash flow hedges of the Parent Company and fully consolidated companies		(217)	(200)
Tax effect		52	50
Total income transferred to the consolidated income statement		(165)	(150)
Total consolidated comprehensive income		(178,052)	(9,999)
Attributable to:			
- Company shareholders		(159,689)	(7,135)
- Non-controlling interests		(18,363)	(2,864)
Total consolidated comprehensive income		(178,052)	(9,999)

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2020.

(*) Restated balances. Certain amounts included in this consolidated income statement of comprehensive income for the year ended on 31 December 2019 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2019, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(Thousands of Euros)

	Share capital	Treasury shares	Share premium	Reserves	Profit for the year	Non-controlling interests	Net equity
At 1 January 2019	57,921	(5,572)	314,522	126,002	(14,983)	137,476	615,366
Comprehensive income for the year	-	-	-	2,042	(9,177)	(2,864)	(9,999)
Distribution of 2018 profit	-	-	-	(14,983)	14,983	-	-
Treasury shares	-	1,350	-	-	-	-	1,350
Change in scope	-	-	-	1,724	-	753,508	755,232
Final dividend	-	-	(26,620)	-	-	-	(26,620)
Capital Increases and other equity contributions	38,411	-	3,598,291	67,467	-	-	3,704,169
Employee remuneration payable in shares	-	-	-	8,367	-	-	8,367
Other	-	-	-	1,240	-	1,524	2,764
At 31 December 2019 (*)	96,332	(4,222)	3,886,193	191,859	(9,177)	889,644	5,050,629
At 1 January 2020	96,332	(4,222)	3,886,193	191,859	(9,177)	889,644	5,050,629
Comprehensive income for the year	-	-	-	(26,589)	(133,100)	(18,363)	(178,052)
Distribution of 2019 profit	-	-	-	(9,177)	9,177	-	-
Treasury shares	-	(3,856)	-	-	-	-	(3,856)
Change in scope	-	-	-	-	-	43,223	43,223
Final dividend	-	-	(29,281)	-	-	-	(29,281)
Capital Increases and other equity contributions	25,345	-	3,913,024	100,745	-	-	4,039,114
Employee remuneration payable in shares	-	-	-	3,506	-	-	3,506
Other	-	-	-	7,458	-	-	7,458
At 31 December 2020	121,677	(8,078)	7,769,936	267,802	(133,100)	914,504	8,932,741

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the statement of changes in the consolidated equity corresponding to the year ended 31 December 2020.
(*) Restated balances. Certain amounts included in this consolidated statement of changes in net equity for the year ended on 31 December 2019 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2019, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

(Thousands of Euros)

	Notes	2020	2019 (*)
Profit/(loss) for the year before tax		(199,460)	(54,392)
Adjustments to profit-			
Depreciation	Note 20.e	974,064	501,841
Gains/(losses) on derecognition and disposals of non-current assets		205	135
Changes in provisions		4,553	(154)
Interest and other income		(4,969)	(1,254)
Interest and other expenses		362,771	197,193
Share of results of companies accounted for using the equity method	Note 9	(52)	(82)
Other income and expenses		2,909	2,290
Changes in current assets/current liabilities-			
Inventories		(9)	1,715
Trade and other receivables		(63,928)	(61,334)
Other current assets and liabilities		53,511	59,520
Cash flows generated by operations			
Interest paid		(259,977)	(147,932)
Interest received		1,048	599
Income tax received/(paid)		(38,577)	(25,262)
Current provisions and Employee benefit obligations		(40,440)	(53,326)
Total net cash flow from operating activities (I)		791,649	419,557

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated statement of cash flows corresponding to the year ended 31 December 2020.

(*) Restated balances. Certain amounts included in this consolidated cash flow statement for the year ended on 31 December 2019 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2019, and reflect the adjustments described in Note 5.

CELLNEX TELECOM, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Thousands of Euros)

	Notes	2020	2019 (*)
Business combinations and changes in the scope of consolidation		(5,113,152)	(3,059,586)
Purchases of property, plant and equipment and intangible assets	Note 7 and 8	(759,648)	(894,224)
Payments for financial investments		(53,878)	(3,235)
Proceeds from financial investments		30,000	-
Dividends received		-	-
Total net cash flow from investing activities (II)		(5,896,678)	(3,957,045)
Acquisition of treasury shares		(6,509)	-
Issue of equity instruments	Notes 14 and 15	4,018,436	3,683,375
Proceeds from issue of bank borrowings	Note 15	1,018,087	1,656,330
Bond issue	Note 15	3,982,682	1,026,032
Repayment and redemption of bank borrowings	Note 15	(1,061,142)	(651,344)
Repayment of bond issues and other loans	Note 15	-	(62,835)
Net repayment of other borrowings	Note 15	(1,014)	(26,978)
Net payment of lease liabilities	Note 16	(487,078)	(174,151)
Dividends paid	Note 14	(29,281)	(26,620)
Dividends to non-controlling interests		-	(808)
Others		-	109
Total net cash flow from financing activities (III)		7,434,181	5,423,110
Foreign exchange differences		(28,680)	10,063
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)		2,300,472	1,895,685
Cash and cash equivalents at beginning of year	Note 13	2,351,555	455,870
Cash and cash equivalents at end of year		4,652,027	2,351,555

The accompanying Notes 1 to 27 and Appendices I and II attached form an integral part of the consolidated statement of cash flows corresponding to the year ended 31 December 2020.

(*) Restated balances. Certain amounts included in this consolidated cash flow statement for the year ended on 31 December 2019 do not relate to those included in the consolidated financial statements for the year ended on 31 December 2019, and reflect the adjustments described in Note 5.

Cellnex Telecom, S.A. and Subsidiaries
Notes to the consolidated financial statements for the year ended on 31 December 2020

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").

2. Basis of presentation

a) Basis of presentation

The consolidated financial statements of Cellnex Telecom, S.A. and Subsidiaries for the year ended on 31 December 2020, which have been based on the accounting records kept by the Parent Company and by the other companies that make up the Group, were authorised for issue by the Directors of the Parent Company at the meeting of the Board of Directors held on 25 February 2021.

These consolidated financial statements have been prepared in accordance with the regulatory financial reporting framework applicable to the Group which is established by the International Financial Reporting Standards (hereinafter "IFRS") adopted by the European Union (hereinafter, "EU-IFRS") and taking into consideration all of the accounting principles and standards and the valuation criteria that must be applied, as well as the Commercial Code, the Spanish Limited Liability Companies Act and other applicable commercial legislation, so that they show a true image of the equity and financial situation of the Cellnex Group at 31 December 2020 and the results of its operations, the changes in net equity and the consolidated cash flows that have occurred within the Group during the financial year ended on that date.

Given that the accounting principles and valuation criteria applied when preparing the Group's consolidated financial statements at 31 December 2020 may differ from those used by some of the companies within the Group, the adjustments and reclassifications needed to standardise the principles and criteria, and adapt them to the EU-IFRS, have been carried out as part of the consolidation process.

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

Moreover, the Group's consolidated financial statements corresponding to the financial year ended on 31 December 2019 were approved by the shareholders of the Parent Company on 21 July 2020.

b) Adoption of IFRSs

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

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

(I) Standards and Interpretations effective during the present year

The following new accounting standards, amendments and interpretations came into force in 2020:

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
Approved for use in the European Union		
Amendments to IAS 1 and IAS 8 - Definition of "materiality" (published in October 2018)	Modifications to IAS and IAS 8 to align the definition of "materiality" with that contained in the conceptual framework.	1 January 2020
Modifications to IFRS 9, IAS 39 and IFRS 7 - Reform of the Reference Interest Rates, Phase 1 (published in September 2019)	Amendments to IFRS 9, IAS 39 and IFRS 7 related to the ongoing reform of benchmarks (Phase 1).	1 January 2020
Amendment to IFRS 3 - Definition of business (published in October 2018)	Clarifications to the definition of business	1 January 2020
Amendment to IFRS 16 – Covid 19 – Related Rent Concessions (published in May 2020)	Modification to facilitate lessees accounting for rental improvements related to COVID-19	1 June 2020

The Group has applied the aforementioned standards and interpretations since their entry into force, which has not given rise to any significant change in its accounting policies, especially, considering that none of the Group's lease renegotiations could be subject to the amendment to IFRS 16.

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

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

New standards, amendments and interpretations		Obligatory Application in Annual Reporting Periods Beginning On or After:
Approved for use in the European Union		
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Reform of Reference Interest Rates - Phase 2 (published in August 2020)	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the reform of interest rates (second phase).	1 January 2021
Amendment to IFRS 4. Deferral of the application of IFRS 9 (published in June 2020).	Deferral of the application of IFRS 9 until 2023.	1 January 2021
Not yet approved for use in the European Union		
Amendment to IFRS 3. Reference to the Conceptual Framework (published in May 2020)	IFRS 3 is updated to align the definitions of assets and liabilities in a business combination with those contained in the conceptual framework. In addition, certain clarifications are introduced regarding the recording of contingent assets and liabilities.	1 January 2022
Amendment to IAS 16. Income obtained before intended use (published in May 2020)	The amendment prohibits deducting from the cost of property, plant and equipment any income obtained from the sale of the items produced while the entity is preparing the asset for its intended use. The income from the sale of such samples, together with the production costs, should be recorded in the income statement.	1 January 2022
Amendment to IAS 37. Onerous contracts - Cost of fulfilling a contract (published in May 2020)	The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that are directly related to the fulfilment of the contract.	1 January 2022
Improvements to IFRS Cycle 2018 - 2020 (published in May 2020)	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022
Amendment to IAS 1 - Classification of liabilities as current or non-current (published in January 2020)	Clarifications regarding the presentation of liabilities as current or non-current	1 January 2023
IFRS 17 - Insurance contracts and their modifications (published in May 2017 and June 2020, respectively)	It replaces IFRS 4 and includes the principles of registration, valuation, presentation and breakdown of insurance contracts in order for the entity to provide relevant and reliable information that allows users of financial information to determine the effect that the contracts of insurance they have in the financial statements.	1 January 2023

c) Presentation currency of the Group

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

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

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

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

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

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

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

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

c) Useful lives of right-of-use assets (see Note 3.r).

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

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

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

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

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

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

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

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

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

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

f) Fair value of assets and liabilities in business combinations (see Note 6).

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 statement of comprehensive income for the financial year.

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

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

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

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

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

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

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

Coronavirus Pandemic

Global economic conditions have rapidly deteriorated in 2020 as a result of the Coronavirus Pandemic which began in China in late 2019 and has subsequently spread globally, significantly affecting the European markets where the Group operates as of the date of these consolidated financial statements and where the Group will operate following completion of the Iliad Poland Acquisition (see Note 21.b.). While the Coronavirus Pandemic has not had a significant effect on the Group's business, financial condition or results of operations as of 31 December 2020 and, therefore, has not had a significant effect on the Consolidated Financial Statements for the year ended 31 December 2020, its future evolution is uncertain.

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

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

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

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

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

e) Comparative information

As required by the IFRS, the information relating to the financial year ended on 31 December 2019 contained in these consolidated financial statements for 2020 is submitted solely and exclusively for the purpose of comparison.

The consolidated balance sheet (and its respective disclosures), the consolidated income statement (and its respective disclosures), the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2019 (included in these consolidated financial statements) were restated (with regard to the information contained in the Group's consolidated financial statements at 31 December 2019) as a result of the final purchase price allocation for Iliad France Acquisition, Iliad Italy Acquisition, Swiss Infra Services Acquisition and Cignal subgroup Acquisition (see Notes 5 and 6).

f) Materiality

In determining what information to disclose in the Notes on the various items of the consolidated financial statements or other matters, the Group assessed their materiality in relation to these consolidated financial statements for 2020.

g) Consolidation principles

I) Methods of Consolidation

Subsidiaries

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

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

The Group consolidates subsidiaries using the full consolidation method. In this connection, Cellnex exercises effective control over the consolidated companies On Tower France, S.A.S. ("On Tower France", formerly Iliad7, S.A.S.), Nexloop France, S.A.S. ("Nexloop") and Metrocall, S.A. ("Metrocall") since Cellnex exercises effective control over the consolidated companies as: i) Cellnex holds more than 50% ownership interest of the companies, ii) Cellnex, as majority shareholder, has the capacity to appoint a majority of the members of the Board of Directors of the companies, and iii) by virtue of the respective shareholders agreement entered into with respective minority/ies shareholder/s of the companies, giving Cellnex the decision-making capacity over relevant activities of the companies and also the control over the returns of the investments.

Appendix I to these Notes provides details on all the subsidiaries included in the scope of consolidation at 31 December 2020.

Associates

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

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

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

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

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

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

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

Appendix II to these Notes provides details on the associates included in the scope of consolidation using the equity method at 31 December 2020.

II) Standardisation of accounting reference periods and valuation

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

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

III) Business combinations

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

The identifiable assets acquired, the contingent assets and liabilities assumed and any non-controlling interest in a business combination are initially measured at their acquisition-date fair value. For each business combination, the Group may elect to recognise any non-controlling interest in the acquiree at fair value or according to the proportionate share of the non-controlling interest in the acquiree's net identifiable assets.

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

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

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

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

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

In the case of business combinations achieved in stages, on gain of control the fair value of the assets and liabilities of the business acquired must be determined including the interest already held. The differences arising from the previously recognised assets and liabilities must be recognised in the consolidated statement of profit or loss.

In the case of acquisitions of associates in stages, goodwill is calculated for each acquisition based on the cost and the interest in the fair value of the net assets acquired on each acquisition date.

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

IV) Elimination of inter-company transactions

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

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

V) Transactions with non-controlling interests

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

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

Accounting policy relating to the Cellnex Switzerland Put Option ("DTCP Put Option")

In December 2019, DTCP exercised its rights to transfer the total amount of its shareholding in Cellnex Switzerland to Cellnex Telecom (see Note 19.a. of the 2019 consolidated financial statements). As a result, Cellnex Telecom acquired an additional 9% (DTCP stake in Cellnex Switzerland at the date of execution) of the share capital of Cellnex Switzerland for CHF 109,876 thousand (with a Euro value of EUR 101,231 thousand as of 31 December 2019), which was paid in cash. Following this acquisition, as at 31 December 2019, Cellnex Telecom held 72% of the share capital of Cellnex Switzerland.

At the 2019 year-end, following a thorough review of the contractual terms, the Parent Company's Directors decided to record the adjustments to the redemption liability directly in equity. This accounting treatment is supported by the guidance in paragraph 23 of IFRS 10 to recognise any adjustments related to changes in the parent's ownership interest that do not result in the parent losing or gaining control over a subsidiary as ownership transactions. Upon initial recognition of the redemption liability, the risks and rewards not transferred to the parent were recognised as non-controlling interests.

The impact in 2019 derived from subsequent changes in the DTCP Put Option liability carrying amount, which amounted to EUR 35 million, were thus registered in the reserves of the accompanying consolidated balance sheet.

VI) Translation of financial statements denominated in foreign currencies

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

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

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

VII) Other

Currency translation differences arising from the translation of a net investment in a foreign operation and from loans and other instruments in a currency other than euro designated as hedges of those investments are recognised in equity. When the investment is sold, any exchange differences are recognised in the consolidated income statement as part of the gain or loss on the sale.
Adjustments to goodwill and to fair value arising from the acquisition of a foreign operation are considered assets and liabilities of the foreign operation and are translated using the year-end exchange rate.

h) Changes in the scope of consolidation

Movements in 2020

Acquisitions and incorporations

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

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

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

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

In the first quarter of 2020, Cellnex acquired (through the Parent Company) 100% of the share capital of Belmont Infra Holding, S.A. from Belmont Infra Investments B.V. and PT Portugal SGPS, S.A. (sellers of 75% and 25%, of the share capital, respectively) and the credit rights under certain capital contributions (prestações acessórias) made by Belmont Infra Investments B.V. and PT Portugal SGPS, S.A. to Belmont Infra Holding, S.A. Belmont Infra Holding, S.A. holds all the shares of BIH-Belmont Infrastructure Holding, S.A. ("BIH") and Omtel, Estruturas de Comunicaçoes, S.A. ("Omtel"), which currently operates a nationwide portfolio of approximately 3,000 sites in Portugal. The consideration for the acquisition was approximately EUR 800 million (equivalent Enterprise Value[1]), estimated as of the date of the transaction, subject to certain price adjustments. On 2 January 2020, Cellnex paid EUR 300 million in cash, assumed EUR 233 million of debt of the acquired subgroup, which Cellnex fully repaid after closing of the acquisition, and incorporated EUR 43 million of cash balances. The remaining balance of the consideration (which, as of the date of signing, was 50% of the total fair market value of Belmont Infra Holding, S.A., amounting to a deferred payment of EUR 570 million) will be paid on the earlier of 31 December 2027 or upon the occurrence of certain events of default. Additionally, Omtel and MEO – Serviços De Comunicações E Multimédia, S.A. ("MEO") are party to the Omtel MSA (see Note 6), which, among other things, provides for the construction or incorporation of up to approximately 500 sites by 15 December 2023. Cellnex expects that this program could be increased by up to 250 additional sites by 2027. The related capital expenditure for this program, including the expected 250 additional sites, is expected to amount to approximately EUR 140 million, which the Group expects to finance with cash generated by the portfolio. In the event the Omtel MSA is terminated by MEO for cause, MEO will have a buy-back right with respect to Omtel's sites.

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

II) Incorporation of Nexloop

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

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

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

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

As a result of this transaction, at 31 December 2020, Cellnex, through its wholly owned subsidiary, Cellnex France Groupe, holds 51% of the share capital and voting rights and 100% of the effective economic rights over the expected cash flow after debt generated up until 2055, subject to certain limitations, as mentioned above, of Nexloop. Cellnex exercises effective control over Nexloop, as it holds ownership interests of over 50% and by virtue of the shareholders' agreement entered into with Bouygues Telecom, which gives

[1] Equivalent Enterprise Value considering the initial payment and debt assumption plus deferred payment discounted at investment's internal return rate.

Cellnex decision-making capacity over the investees' relevant activities and also the control over the returns of the investment, whereas Bouygues Telecom has certain protective rights. Finally, the signed shareholders' agreement includes certain exit agreements and provides Bouygues Telecom with a call option over Nexloop's shares held by Cellnex France Group, upon the expiry of a given period of time (for instance, a 20-year period from the execution of the shareholders' agreement) and subject to certain conditions which the Group believes makes challenging its execution.

III) Acquisition of Ukkoverkot subgroup

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

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

IV) Acquisition of On Tower UK subgroup

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

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

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

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

In the first half of 2020, Cellnex reached an agreement with the Portuguese mobile operator NOS, SGPS S.A. ("NOS"), for the acquisition, through its subsidiary CLNX Portugal, S.A. (formerly BIH - Belmont Infrastructure Holding, S.A.), from Nos Comunicações, S.A. of 100% of the share capital of NOS Towering Gestão de Torres de Telecomunicações, S.A. ("NOS Towering"), which following a carve out operates a nationwide portfolio of approximately 2,000 sites in Portugal, for a preliminary consideration (Enterprise Value) of approximately EUR 374 million (the "NOS Towering Acquisition"). Additionally, the Group agreed to acquire up to approximately 400 additional new or existing sites from the NOS group by 2026 (the Group treats this commitment as a build-to-suit program), and other agreed initiatives, with an estimated investment of approximately EUR 175 million. The transaction was completed in the second half of 2020 after all the conditions precedent were satisfied (see Note 6 of the accompanying consolidated financial statements). In this regard, during the last quarter of 2020, the subsidiary formerly called NOS Towering Gestão de Torres de Telecomunicações, S.A. changed its name to On Tower Portugal, S.A. ("On Tower Portugal").

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

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

VI) Acquisition of Metrocall

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

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

VII) Acquisitions by virtue of the CK Hutchison Holdings Transactions

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

Austria

Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Austria) has acquired 100% of the share capital of CK Hutchison Networks (Austria) GmbH ("Networks Co Austria"), owner of approximately 4,500 sites located in Austria. Additionally, Cellnex has agreed to the deployment of 450 sites in Austria by 2026 (see Note 21). The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 1.2 billion (see Note 6).

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

Ireland

Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Ireland) has acquired 100% of the share capital of CK Hutchison Networks (Ireland) Limited ("Networks Co Ireland"), owner of approximately 1,150 sites located in Ireland. Additionally, Cellnex has agreed to the deployment of 133 sites in Ireland by 2025 (see Note 21). The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 0.6 billion (see Note 6).

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

Denmark

Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully-owned subsidiary Cellnex Denmark), acquired 100% of the share capital of HI3G Networks Denmark ApS ("Networks Co Denmark"), owner of approximately 1,300 sites located in Denmark. Additionally, Cellnex has agreed to the deployment of 564 sites in Denmark by 2024 (see Note 21). In December 2020, the acquired company changed its name to On Tower Denmark ApS ("On Tower Denmark"). The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 0.4 billion (see Note 6).

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

VIII) Incorporation of Cellnex Finance Company

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

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

Transactions between companies in the scope of consolidation

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

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

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

Services Limited changed their names to On Tower UK 1 Ltd, On Tower UK 2 Ltd, On Tower UK 3 Ltd, On Tower UK 4 Ltd, On Tower UK 5 Ltd and On Tower UK Ltd, respectively.

Movements in 2019

Acquisitions and incorporations

The most significant changes in the scope of consolidation and in the companies included in it during the 2019 financial year were as follows:

Name of the company	Company with direct shareholding and % acquired/maintained		Consolidation method
Acquisitions/incorporations:			
Iliad7, S.A.S. (currently On Tower France, S.A.S.) (1)	Cellnex France Groupe	70%	Full
Swiss Infra Services SA (2)	Swiss Towers AG	90%	Full
Cignal Infrastructure Limited (3)	Cellnex Telecom, S.A.	100%	Full
Cellcom Ireland Limited (3)	Cignal Infrastructure Limited	100%	Full
National Radio Network Limited (3)	Cignal Infrastructure Limited	100%	Full
Cellnex Switzerland (4)	Cellnex Telecom, S.A.	9%	Full
On Tower Netherlands BV (5)	Cellnex Netherlands BV	100%	Full
On Tower Netherlands 1 BV (5)	On Tower Netherlands BV	100%	Full
On Tower Netherlands 2 BV (5)	On Tower Netherlands BV	100%	Full
On Tower Netherlands 3 BV (5)	On Tower Netherlands BV	100%	Full
On Tower Netherlands 4 BV (5)	On Tower Netherlands BV	100%	Full
On Tower Netherlands 5 BV (5)	On Tower Netherlands BV	100%	Full
On Tower Netherlands 6 BV (5)	On Tower Netherlands BV	100%	Full
Capital increases:			
Cellnex Switzerland (6)	Cellnex Telecom, S.A.	9%	Full

(1) 23/12/2019; (2) 05/08/2019; (3) 09/09/2019; (4) 16/12/2019; (5) 12/07/2019; (6) 30/07/2019

I) Iliad7, S.A.S. (currently On Tower France, S.A.S.)

In the first half of 2019, the Group entered into a long-term industrial alliance with the Iliad7 group of companies by virtue of which, Cellnex, through its fully owned subsidiary Cellnex France Groupe, acquired 70% of the share capital of Iliad 7, S.A.S. ("Iliad7"), owner of approximately 5,700 sites located in France. Additionally, Cellnex agreed to the deployment of 2,500 sites in France in a seven-year term.

The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 1.4 billion (see Note 6).

The transaction was completed in December 2019, following the settlement of several administrative authorizations. Thus, Iliad7 was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2019 the value of all of its assets and liabilities was included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

II) Swiss Infra Services

In the first half of 2019, the Group entered into a long-term industrial alliance with Matterhorn Telecom, S.A. ("Matterhorn") by virtue of which Swiss Towers purchased 90% of the share capital of Swiss Infra Services SA ("Swiss Infra") owner of approximately 2,800 sites located in Switzerland for a total amount of approximately EUR 770 million. Additionally, Cellnex agreed to the deployment of 500 additional sites in Switzerland in an eight-year term.

This transaction was completed in the second half of 2019, following the satisfaction of the closing conditions which included the granting of several administrative authorizations.

Thus, following this acquisition, Swiss Infra was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2019 the value of all of its assets and liabilities was included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

III) Cignal subgroup

During the second half of 2019, Cellnex Telecom (through the Parent Company Cellnex Telecom, S.A.) acquired 100% of the share capital of Cignal Infrastructure Limited ("Cignal") from InfraVia Capital Partners, owner of 546 sites in Ireland for a total amount of EUR 210 million (Enterprise Value). Additionally, Cignal will deploy up to 600 new additional sites by 2026.

Thus, following this acquisition, Cignal was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2019 the value of all of its assets and liabilities was included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

IV) Cellnex Switzerland

During the second half of 2019, in the context of the Swiss Infra Services acquisition (see Notes 2.h.ii and 6), Cellnex Switzerland carried out a capital increase amounting to CHF 460 million, which was fully subscribed by Cellnex Telecom and Swiss Life. As a consequence, the stake that Cellnex held in Cellnex Switzerland increased from 54% to 63% at the date of the aforementioned transaction. By not subscribing to this capital increase, Deutsche Telekom Capital Partners ("DTCP") reduced its stake in Cellnex Switzerland from 18%, to 9% at the date of this transaction.

In addition, pursuant to the put option agreement entered into with DTCP in 2017, as it was reasonable to expect, the latter exercised its rights to transfer the total amount of its shareholding in Cellnex Switzerland to Cellnex Telecom. As a result, Cellnex Telecom acquired, during the second half of 2019, an additional 9% of the share capital of Cellnex Switzerland for CHF 109,876 thousand (with a Euro value of EUR 101,231 thousand as of 31 December 2019). Following this acquisition, as at 31 December 2019 Cellnex Telecom held 72% of the share capital of Cellnex Switzerland.

V) On Tower Netherlands subgroup

During the second half of 2019, Cellnex Telecom (through its subsidiary Cellnex Netherlands BV) reached an agreement to acquire 100% of the share capital of On Tower Netherlands BV ("On Tower Netherlands") from its shareholders which, in turn, owns all the shares of On Tower Netherlands 1 BV, On Tower Netherlands 2 BV, On Tower Netherlands 3 BV, On Tower Netherlands 4 BV, On Tower Netherlands 5 BV and On Tower Netherlands 6 BV, for an amount of EUR 40 million (Enterprise Value). As a result of the acquisition, Cellnex directly owns all the shares of On Tower Netherlands BV and, consequently, all the shares of its subsidiaries. The actual cash outflow in relation to this transaction was EUR 39 million following the incorporation of EUR 1 million of cash balances on the balance sheet of the acquired subgroup. As a result of this acquisition, Cellnex acquired 114 additional sites.

Thus, following this acquisition, On Tower Netherlands was fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2019 the value of all of its assets and liabilities was included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year.

Transactions between companies in the scope of consolidation

Also, in 2019, the following transactions were performed between companies in the scope of consolidation, which, accordingly, did not have an impact on these consolidated financial statements:

Selling/ Spun-off company	Buying/ Resulting company	Comments	Date
Mergers:			
Galata S.p.A Video Press Production, S.r.L. BRT Tower, S.r.L. DFA Telecomunicazioni, S.r.L. Sintel, S.r.L	Galata, S.p.A	Merger by absortion of Galata, S.p.A (absorbing company) with Video Press Production, S.r.L., BRT Tower, S.r.L., DFA Telecomunicazioni, S.r.L. and Sintel, S.r.L (absorbed companies).	01/08/2019

In addition, during 2019, the companies formerly called Shere Midco Limited, QS4 Limited and Shere Consulting Limited, changed their names to Cellnex UK Midco Limited, Connectivity Solutions Limited and Cellnex UK Consulting Limited, respectively.

3. Accounting policies and measurement bases

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

a) Property, plant and equipment

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

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

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

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

The depreciation of property, plant and equipment is calculated systematically, using the straight-line method, over the useful life of the assets, based on the actual decline in value caused by their use and by wear and tear.
The depreciation rates used to calculate the depreciation of the various items of property, plant and equipment are as follows:

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

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

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

Provision for asset retirement obligation

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

b) Intangible assets

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

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

I) Computer software

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

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

II) Intangible assets for telecom infrastructure services

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

- *Concession intangible assets*

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

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

- *Customer network services contracts*

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

- *Network location*

This intangible asset represents the incremental revenues and cashflows from additional infrastructure service agreements with carriers not yet present at the date of acquisition. The Network Location is considered an intangible asset, valued independently from the remaining intangible assets, because it meets the requirement of separability, given that the excess available capacity can be used to offer network access services to third parties.

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

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

III) Other intangible assets

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

IV) Goodwill

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

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

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

Any impairment of goodwill recognised separately (that of subsidiaries and joint ventures) is reviewed annually through an impairment test (or in intermediate periods if there are signs of impairment), to determine whether its value has declined to a level below the carrying amount, and any impairment loss is recognised in consolidated profit or loss for the year, as applicable (see Notes 3.c). Any impairment loss recognised for goodwill is not reversed in a subsequent period.
Goodwill included in the carrying amount of the investment in associates is not tested separately. Rather, under IAS 36, whenever there is an indication that the investment may be impaired, the total carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with the carrying amount.

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

c) Impairment losses on non-financial assets

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

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

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

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

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

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

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

The Group determines the classification of its financial assets at initial recognition. At 31 December 2020, financial assets were classified into the following categories:

I) Current and non-current financial investments

Advances to customers

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

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

Other advance payments

Other Advance Payments includes payments made to the seller in the context of business combinations, which relate to assets included in purchase price which have not yet been transferred as at 31 December 2020. Once these assets are transferred, the corresponding amount will be reclassified to the appropriate balance sheet item in accordance with the related Purchase Price Allocation.

II) Trade and other receivables

This heading mainly corresponds to:

- Loans granted to associates, multi-group or related parties, which are measured at amortised cost using the effective interest method. This value is reduced by the corresponding valuation adjustment for the impairment of the asset, as applicable.

- Deposits and guarantees recognised at their nominal value, which does not differ significantly from their fair value.

- Trade accounts receivable, which are measured at their nominal amount, which is similar to fair value at initial recognition. This value is reduced, if necessary, by the corresponding provision for bad debts (impairment loss) whenever there is objective evidence that the amount owed will not be partially or fully collected. This amount is charged against the consolidated income statement for the year.

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

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

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

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

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

Impairment of financial assets

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

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

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

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

i) Significant increase in credit risk

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

ii) Definition of default

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

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

iii) Credit-impaired financial assets

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

iv) Recognition and measurement of expected credit losses

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

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

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

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

v) Impairment policy

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

e) Derivative financial instruments

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

According to IAS 39, all derivative financial instruments are recognised as assets or liabilities on the consolidated balance sheet at their fair value, with changes in fair value recognised in consolidated income statement for the year. However, with hedge accounting, the effective portion of the hedge (fair value hedges, cash flow hedges and hedges of a net investment in a foreign currency) is recognised in equity.

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

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

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

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

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

I) Cash-flow hedge

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

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

This type of hedge corresponds primarily to those derivatives entered into by the Group companies that convert floating rate debt to fixed rate debt.

II) Hedges of a net investment in a foreign operation

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

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

III) Derivatives not recognised as hedges

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

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

IV) Fair value and valuation techniques

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

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

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

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

To determine the fair value of its derivatives, the Group uses valuation techniques based on expected total exposure (which includes both current exposure as well as potential exposure) adjusted for the probability of default and loss given default of each counterparty. The expected total exposure of the derivatives is obtained using observable market inputs such as interest rate, exchange rate and volatility curves in accordance with the market conditions at the measurement date. The inputs used for the probability of default by the Group and by the counterparties are estimated on the basis of the credit default swap (CDS) prices observed in the market, when these exists.

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

As at 31 December 2020 and 2019 the Group had derivative financial instruments (see Note 11).

f) Inventories

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

g) Cash and cash equivalents

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

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

h) Net equity

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

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

i) Earnings per share

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

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

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

j) Treasury Shares

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

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

k) Financial liabilities

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

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

The Group considers that the terms of financial liabilities are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

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

l) Income tax

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

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

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

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

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

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

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

m) Employee benefits

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

I) Post-employment obligations:

Defined contribution obligations

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

Defined benefit obligations

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

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

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

II) Other long-term benefits

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

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

III) Severance pay

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

IV) Obligations arising from plans for termination of employment

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

V) Long Term Incentive Plan

The amounts considered by the Group in relation to the Long-term Incentive Plans ("LTIP") which were formalised in 2017, 2018, 2019 and 2020 with the objective to retain key personnel and incentivise the sustainable creation of value for the shareholders, is based on the variables described below:

Rolling Long-term Incentive Plan (2017-2019)

On 27 April 2017 the Board of Directors approved the 2017-2019 LTIP, and decided to make the LTIP a rolling plan going forward to further incentivise the retention of the beneficiaries, which included the CEO, the Senior Management and some of the Group's key employees (up to a maximum of 50 employees).

The 2017-2019 LTIP was divided into two phases: (i) 2017-2018, and (ii) 2018-2019. Its objectives were as follows:

Phase I 2017-2018 accrued from 1 January 2017 until 31 December 2018 and was payable once the Group's financial statements corresponding to the 2018 financial year were approved.

The amount to be received by the beneficiaries of this Phase I (2017-2018) was determined by the degree of fulfilment of three objectives, each with the following weight:

1. 50%; the attainment of certain RLFCF ("Recurring Leveraged Free Cash Flow" as defined in section 3 of the accompanying Consolidated Management Report) per share figures according to the market consensus and at a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more;
2. 30%; the share price appreciation calculated between the initial starting price of the period and the average price in the last quarter of 2018, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers; and
3. 20%; the attainment of certain Adjusted EBITDA figure (As defined in section 3 of the accompanying Consolidated Management Report) according to the market consensus and the constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more;

With regards to this Phase I (2017-2018) the weighted average degree of fulfilment of the three objectives was 125%. For the first objective, which was related to the RLFCF per share, the percentage of attainment was 125%, for the second objective, which was related the share price appreciation, the percentage of attainment was 125%, and for the third objective, which was related to the Adjusted EBITDA, the percentage of attainment was 125%.

In accordance with the attainment above, the cost of Phase I (2017-2018) of the LTIP (2017-2019) for Cellnex was EUR 5 million, which was paid during 2019.

Phase II (2018-2019) accrued from 1 January 2018 until 31 December 2019 and has been payable once the Group's financial statements corresponding to the 2019 financial year have been approved.

The amount to be received by the beneficiaries of this Phase II (2018-2019) was determined by the degree of fulfilment of two objectives, each with a weight of 50%:

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more; and
- 50%; the share price appreciation calculated between the initial starting price of the period and the average price in the last quarter of 2019, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

As at 31 December 2019, the cost of the Phase II (2018-2019) was EUR 9.9 million, which has been paid during the second half of 2020.

For the LTIP (2017 – 2019) all Senior Management and certain employees must receive a minimum of 30% of their LTIP remuneration in Cellnex shares and for the CEO and Deputy CEO the minimum amount is 40% of their LTIP remuneration. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The share based compensation of this LTIP has been grossed up to partially offset the tax impact on the beneficiaries.

Rolling Long-term Incentive Plan (2018-2020)

On 27 September 2018 Cellnex's Board of Directors approved the LTIP (2018-2020). The beneficiaries of this Plan are the CEO, the Deputy CEO, the Senior Management and key employees (approximately 55 employees). This plan had similar characteristics to the LTIP 2017-2019. This plan accrued from 1 January 2018 until 31 December 2020 and will be payable once the Group's financial statements corresponding to the 2020 financial year have been approved.

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

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 150% if the target is beaten by 5% or more; and
- 50%; the share price increase calculated using the initial starting price of the period and the average price in the last quarter of 2020, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

As at 31 December 2020, the cost of the LTIP (2018-2020) was EUR 7.3 million, which will be paid once the Group's financial statements corresponding to the 2020 financial year are approved.

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

Rolling Long-term Incentive Plan (2019-2021)

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

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

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

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

As at 31 December 2020, the estimated cost of the 2019-2021 LTIP is approximately EUR 8.8 million. The cost of the 2019-2021 LTIP assuming full achievement of the Group's objectives is estimated at approximately EUR 11.0 million.

Rolling Long-term Incentive Plan (2020-2022)

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

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

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

For the 2020–2022 LTIP, the CEO must receive a minimum amount of 30% of his LTIP remuneration in shares and the outstanding 70% may be paid in options. The rest of the Senior Management must receive a minimum amount of 40% of their LTIP remuneration in shares and the outstanding 60% may be paid in options. Other beneficiaries must receive 70% of their LTIP remuneration in shares and the outstanding 30% may be paid in options. The rest of the beneficiaries must receive 100% of their LTIP remuneration in shares.

As of 31 December 2020, the estimated cost of the 2020-2022 LTIP amounts to approximately EUR 10.2 million.

n) Government grants

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

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

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

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

o) Provisions and contingencies

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

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

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

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

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

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

Provision for asset retirement obligation

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

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

p) Revenue recognition

Revenue is recognised in such a way as to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, IFRS 15 establishes a revenue recognition approach based on five steps:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

In this connection, revenue is recognised as an entity satisfies the obligations, i.e., when the "control" of the goods or services underlying the obligation in question is transferred to the customer.

The various services are provided through services agreements for the infrastructure, in order to distribute the broadcasting or mobile signals, for a certain amount and for a certain length of time. The Group recognises revenue on a straight-line basis over the period in which the services are provided as established in the respective contracts. Also, on request of its customers the Group carries out certain works and studies such as adaptation, engineering and design services on the Cellnex network (hereinafter "Engineering Services"), which represent a separate income stream and performance obligation under IFRS 15. The costs incurred in relation to these services can be internal costs or outsourced. The revenue in relation to these services is generally recognised as the costs are incurred.

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

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

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

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

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

- Other Network Services: the Group provides the infrastructure required to develop a connected society by providing the following network services: data transport, security and control, Smart communication networks including IoT, Smart Services and managed services and consulting. As a telecom infrastructure operator, Cellnex 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 genuine Smart territories. This constitutes a specialized business that generates relatively stable cash flows with potential for growth.

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

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

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

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

q) Expense recognition

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

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

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

r) Leases

a) The Group as Lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b) The Group as Lessor

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

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

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

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

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

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

s) Activities affecting the environment

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

It was not considered necessary to make any provision for environmental risks and expenses, given that there are no contingencies in relation to environmental protection (see Note 20).

t) Related Party Transactions

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

u) Consolidated statement of cash flows

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

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

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

v) Transactions in foreign currencies

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

4. Financial and capital risk management

a) Financial risk factors

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

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

I) Foreign currency risk

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

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

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

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

31 December 2020

Company		Thousands of Euros	
	Functional currency	Income	%
Shere Group UK and On Tower UK	GBP	141,339	9%
Cellnex Switzerland subgroup	CHF	137,467	9%
Contribution in foreign currency		278,806	18%
Total Cellnex Group		1,604,772	

31 December 2019

Company		Thousands of Euros	
	Functional currency	Income	%
Shere Group UK	GBP	13,535	1%
Cellnex Switzerland subgroup	CHF	84,993	8%
Contribution in foreign currency		98,528	9%
Total Cellnex Group		1,030,845	

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

31 December 2020

Company				Thousands of Euros	
	Functional currency	Total assets	%	Equity	%
Shere Group UK and On Tower UK	GBP	3,620,496	15%	1,826,842	20%
Cellnex Switzerland	CHF	1,931,964	8%	768,309	9%
Cellnex Denmark	DKK	588,394	2%	348,822	4%
Contribution in foreign currency		6,140,854	25%	2,943,973	33%
Total Cellnex Group		24,069,627		8,932,741	

31 December 2019 restated

Company	Functional currency	Total assets	%	Equity	%
					Thousands of Euros
Shere Group UK	GBP	268,975	2%	274,476	5%
Cellnex Switzerland	CHF	1,922,526	15%	792,959	16%
Contribution in foreign currency		2,191,501	17%	1,067,435	21%
Total Cellnex Group		13,042,648		5,050,629	

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

		Thousands of Euros
		2020
Functional currency	Income	Equity [1]
10% change:		
GBP	(13,122)	(166,077)
CHF	(12,497)	(69,846)
DKK	-	(31,711)

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

		Thousands of Euros
		2019 restated
Functional currency	Income	Equity [1]
10% change:		
GBP	(1,230)	(24,952)
CHF	(7,727)	(72,087)

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

The effects on the Group's equity would be partially offset by the impact on equity from the net investment hedges, which were entered into for the initial investment amount.

II) Interest rate risk

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

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

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

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

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

III) Credit risk

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

The mobile network operators 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, together with geographic and customer diversification, and specially the greater relative weight of customers with higher credit quality, helps to mitigate this risk.

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

Given the nature of the Group's business, it has significant concentrations of credit risk, since there are significant accounts receivable as a result of having a limited number of customers. To mitigate this credit risk, the Group has in 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.

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

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

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

IV) Liquidity risk

The Group carries out a prudent management of liquidity risk, which involves maintaining cash and having access to a sufficient amount of financing through established credit facilities as well as the ability to settle market positions. Given the dynamic nature of the Group's businesses, the policy of the Group is to maintain flexibility in funding sources through the availability of committed credit facilities. Due to this policy the Group has available liquidity c. EUR 17,6 billion, considering cash and available credit lines, as at 31 December 2020, and has no immediate debt maturities (the maturities of the Group's financial obligations are detailed in Note 15).

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

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

V) Inflation risk

A significant portion of the Group's operating costs could rise as a result of higher inflation. 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.

VI) Risks Related to Group Indebtedness

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

- Placing the Group at a possible competitive disadvantage to less leveraged competitors and competitors that may have better access to capital resources, including with respect to acquisitions and forcing the Group to forego certain business opportunities.
- Requiring the dedication of a substantial portion of cash flow from operations to service the debt, thereby reducing the amount of cash flow available for other purposes, including, among others, capital expenditures and dividends.
- Requiring the Group to issue debt or equity securities or to sell some of its core assets, possibly not on the best terms, to meet payment obligations.
- Accepting financial covenants in the financing contracts such as: debt limitation, cash restriction, pledge of assets, amongst others.
- Affecting the Group current corporate rating with a potential downgrade from a rating agency, which can make obtaining new financing more difficult and expensive.
- Requiring the Group to early repay the outstanding debt in the event that the relevant change of control clause is triggered.

b) Fair value measurement

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

31 December 2020

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

31 December 2019

				Thousands of Euros
	Level 1	Level 2	Level 3	2019
Liabilities				
Derivative financial instruments:				
Cash flow hedges	-	3,593	-	3,593
Total derivative financial instruments	-	3,593	-	3,593
Total liabilities	-	3,593	-	3,593

In 2020 and 2019 there were no transfers between Levels 1 and 2.

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

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

For non-current borrowings observable market prices are used; the fair value of interest rate swaps is calculated as the present value of estimated future cash flows and the fair value of foreign currency forward contracts is determined using the forward exchange rates quoted in the market at the closing date. In this regard, the fair value based on the aforementioned hierarchies of the bond issues and other loans, and loans and credit facilities at 31 December 2020 and 2019 is detailed in Note 15.

c) Capital management

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

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

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

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

The leverage ratios at 31 December were as follows:

	Thousands of Euros	
	31 December 2020	31 December 2019 restated
Bank borrowings (Note 15)	1,854,488	1,636,450
Bonds issues (Note 15)	7,534,957	3,501,124
Lease liabilities (Note 16)	1,762,819	1,140,188
Cash and cash equivalents (Note 13)	(4,652,027)	(2,351,555)
Net Borrowings (1)	6,500,237	3,926,207
Net equity (Note 14)	8,932,741	5,050,629
Total capital (2)	15,432,978	8,976,836
Leverage ratio (1)/(2)	42%	44%

5. Matters arising from the completion of the business combinations of the 2019 year end

The comparative financial information for 2019 has been restated, in accordance with IFRS 3, as a result of the completion of the purchase price allocation for Iliad France Acquisition, Iliad Italy Acquisition, Swiss Infra Services Acquisition and Cignal subgroup Acquisition (see Note 6).

The reconciliation of the key figures of the Group's consolidated balance sheet, consolidated statement of changes in net equity, consolidated income statement and consolidated statement of cash flows for the year ended 31 December 2019, obtained before and after the completion of the purchase price allocation for the acquisitions mentioned above, is shown below:

Consolidated balance sheet at 31 December 2019

	31 December 2019 Approved	Impact of IFRS 3 (See Note 6)	31 December 2019 Restated
			Thousands of Euros
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2,986,142	(86,603)	2,899,539
Goodwill	1,486,410	(195,407)	1,291,003
Other intangible assets	4,251,825	343,795	4,595,620
Right-of-use assets	1,251,117	(11,404)	1,239,713
Investments in associates	2,832	-	2,832
Financial investments	146,909	(6,000)	140,909
Trade and other receivables	18,427	-	18,427
Deferred tax assets	136,581	(2,858)	133,723
Total non-current assets	10,280,243	41,523	10,321,766
CURRENT ASSETS			
Inventories	2,149	-	2,149
Trade and other receivables	365,083	(4)	365,079
Receivables from associates	84	-	84
Financial investments	2,015	-	2,015
Cash and cash equivalents	2,351,555	-	2,351,555
Total current assets	2,720,886	(4)	2,720,882
TOTAL ASSETS	13,001,129	41,519	13,042,648

	Thousands of Euros		
	31 December 2019 Approved	Impact of IFRS 3 (See Note 6)	31 December 2019 Restated
NET EQUITY			
Share capital and attributable reserves			
Share capital	96,332	-	96,332
Treasury shares	(4,222)	-	(4,222)
Share premium	3,886,193	-	3,886,193
Reserves	191,871	(12)	191,859
Profit for the year	(9,245)	68	(9,177)
	4,160,929	56	4,160,985
Non-controlling interests	889,907	(263)	889,644
Total net equity	5,050,836	(207)	5,050,629
NON-CURRENT LIABILITIES			
Bank borrowings and bond issues	5,093,696	-	5,093,696
Lease liabilities	944,529	(11,194)	933,335
Derivative financial instruments	3,593	-	3,593
Provisions and other liabilities	401,720	24	401,744
Employee benefit obligations	17,972	-	17,972
Deferred tax liabilities	827,860	53,904	881,764
Total non-current liabilities	7,289,370	42,734	7,332,104
CURRENT LIABILITIES			
Bank borrowings and bond issues	48,426	-	48,426
Lease liabilities	207,498	(645)	206,853
Employee benefit obligations	22,975	-	22,975
Payables to associates	25	-	25
Trade and other payables	381,999	(363)	381,636
Total current liabilities	660,923	(1,008)	659,915
TOTAL NET EQUITY AND LIABILITIES	13,001,129	41,519	13,042,648

Consolidated income statement for the year ended 31 December 2019

	31 December 2019 Approved	Impact of IFRS 3 (See Note 6)	31 December 2019 Restated
			Thousands of Euros
Services	1,000,023	-	1,000,023
Other operating income	30,822	-	30,822
Operating income	1,030,845	-	1,030,845
Staff costs	(144,171)	-	(144,171)
Other operating expenses	(243,387)	-	(243,387)
Change in provisions	154	-	154
Losses on fixed assets	(135)	-	(135)
Depreciation and amortisation	(500,814)	(1,027)	(501,841)
Operating profit	142,492	(1,027)	141,465
Financial income	1,254	-	1,254
Financial costs	(127,430)	-	(127,430)
Interest expense on lease liabilities	(70,408)	645	(69,763)
Net financial profit/(loss)	(196,584)	645	(195,939)
Profit of companies accounted for using the equity method	82	-	82
Profit/(loss) before tax	(54,010)	(382)	(54,392)
Income tax	35,507	193	35,700
Consolidated net profit/(loss)	(18,503)	(189)	(18,692)
Attributable to non-controlling interests	(9,258)	(257)	(9,515)
Net profit attributable to the Parent Company	(9,245)	68	(9,177)
Earnings per share (in euros per share):			
Basic	(0.03)		(0.03)
Diluted	(0.03)		(0.03)

Consolidated statement of changes in net equity for the year ended 31 December 2019

Total Net Equity at 31/12/2019	Share capital	Treasury shares	Share premium	Reserves	Profit for the year	Non-controlling interests	Net equity
							Thousands of Euros
Net Equity before IFRS 3 impact	96,332	(4,222)	3,886,193	191,871	(9,245)	889,907	5,050,836
Impact of IFRS 3	-	-	-	(12)	68	(263)	(206)
Net Equity after IFRS 3 impact	96,332	(4,222)	3,886,193	191,859	(9,177)	889,644	5,050,629

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

Consolidated statement of cash flows for the year ended 31 December 2019

			Thousands of Euros
	31 December 2019 Approved	Impact of IFRS 3 (See Note 6)	31 December 2019 Restated
Profit/(loss) for the year before tax	(54,010)	(382)	(54,392)
Adjustments to profit-			
Depreciation	500,814	1,027	501,841
Gains/(losses) on derecognition and disposals of non-current assets	135	-	135
Changes in provisions	(154)	-	(154)
Interest and other income	(1,254)	-	(1,254)
Interest and other expenses	197,838	(645)	197,193
Share of results of companies accounted for using the equity method	(82)	-	(82)
Other income and expenses	2,290	-	2,290
Changes in current assets/current liabilities-			
Inventories	1,715	-	1,715
Trade and other receivables	(61,334)	-	(61,334)
Other current assets and liabilities	59,520	-	59,520
Cash flows generated by operations			
Interest paid	(147,932)	-	(147,932)
Interest received	599	-	599
Income tax received/(paid)	(25,262)	-	(25,262)
Current provisions and Employee benefit obligations	(53,326)	-	(53,326)
Total net cash flow from operating activities (I)	419,557	-	419,557

	Thousands of Euros		
	31 December 2019 Approved	Impact of IFRS 3 (See Note 6)	31 December 2019 Restated
Business combinations and changes in the scope of consolidation	(3,059,586)	-	(3,059,586)
Purchases of property, plant and equipment and intangible assets	(894,224)	-	(894,224)
Non-current financial investments	(3,235)	-	(3,235)
Dividends received	-	-	-
Total net cash flow from investing activities (II)	(3,957,045)	-	(3,957,045)
Acquisition of treasury shares	-	-	-
Issue of equity instruments	3,683,375	-	3,683,375
Proceeds from issue of bank borrowings	1,656,330	-	1,656,330
Bond issue	1,026,032	-	1,026,032
Repayment and redemption of bank borrowings	(651,344)	-	(651,344)
Repayment of bond issues and other loans	(62,835)	-	(62,835)
Net repayment of other borrowings	(26,978)	-	(26,978)
Net payment of lease liabilities	(174,151)	-	(174,151)
Dividends paid	(26,620)	-	(26,620)
Dividends to non-controlling interests	(808)	-	(808)
Others	109	-	109
Total net cash flow from financing activities (III)	5,423,110	-	5,423,110
Foreign exchange differences	10,063	-	10,063
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)+(II)+(III)	1,895,685	-	1,895,685
Cash and cash equivalents at beginning of year	455,870	-	455,870
Cash and cash equivalents at end of year	2,351,555	-	2,351,555

6. Business combinations

The Group typically acquires telecommunications infrastructures from telecommunications carriers or other infrastructure operators and subsequently integrates those infrastructures into its existing network. The financial results of the Group's acquisitions have been included in the accompanying consolidated financial statements for the year ended 31 December 2020 from the date of respective acquisition. The date of acquisition, and by extension the point at which the Group begins to recognise the results of an acquisition, may be dependent upon, among other things, the receipt of contractual consents, the commencement and extent of contractual arrangements, the timing of the transfer of title or rights to the assets as well as the customary regulatory approvals, which may be accomplished in phases.

As a result of the business combinations performed during 2020 and 2019, 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 recognised resulting from the higher fair value attributed to the net assets acquired in comparison with their tax bases. Furthermore, provision for other responsibilities captures mainly provisions for contingent liabilities 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 2020

The main relevant business combinations for the 2020 year end are detailed below:

Omtel Acquisition

In the first half of 2020 Cellnex acquired 100% of the share capital of Belmont Infra Holding, S.A. from Belmont Infra Investments B.V. and PT Portugal SGPS, S.A. (sellers of 75% and 25%, of the share capital, respectively) and the credit rights under certain capital contributions (prestações acessórias) made by Belmont Infra Investments B.V. and PT Portugal SGPS, S.A. to Belmont Infra Holding, S.A. (the "Omtel Acquisition"). Cellnex entered into separate share purchase and assignment agreements with each of Belmont Infra Investments B.V. and PT Portugal SGPS, S.A. in connection with the Omtel Acquisition. The consideration for the acquisition was approximately EUR 800 million (equivalent Enterprise Value[2]), estimated as of the date of the transaction, subject to certain price adjustments, including in the event that Cellnex resells 100% of the share capital of Belmont Infra Holding, S.A. within three years from completion. On 2 January 2020, Cellnex paid EUR 300 million in cash and assumed EUR 233 million of debt of the acquired subgroup, which Cellnex fully repaid after closing of the Omtel Acquisition, and incorporated EUR 43 million of cash balances.

The remaining balance of the consideration (which, as of the date of signing, was approximately 50% of the total fair market value of Belmont Infra Holding, S.A., amounting to a deferred payment of EUR 570 million) will be paid on the earlier of 31 December 2027 or upon the occurrence of certain events of default (including certain defaults by Cellnex under unrelated indebtedness). The Group has financed the initial payment of this acquisition with available cash.

As a result of the Omtel Acquisition, Cellnex directly owns all the shares of Belmont Infra Holding, S.A. and, consequently, all the shares of its subsidiaries BIH and Omtel. Omtel currently operates a nationwide portfolio of approximately 3,000 sites in Portugal, with an initial tenancy ratio of c.1.25 per site.

Thus, following the Omtel Acquisition, this subgroup has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2020. The operating income and net loss contribution since acquisition amounted to EUR 60 million and EUR 0.4 million, respectively, corresponding to the impact of 100% of the financial results of the Omtel Acquisition in the accompanying consolidated income statement.

Omtel agreements

Omtel and Serviços De Comunicações E Multimédia, S.A. ("MEO") entered into an MSA (as amended on 18 March 2019 and on 19 May 2020, (the "Omtel MSA") whereby Omtel agreed to provide certain services (including services for the hosting of MEO's equipment on Omtel's sites, fibre connection services and additional ancillary services) to MEO on certain sites owned by Omtel on a non-exclusive basis to support the electronic communication services provided by MEO to its customers. The fees under the Omtel MSA are CPI-linked. The initial term of the Omtel MSA is of 20 years, subject to automatic extensions for additional 5-year periods, unless cancelled. As part of the Omtel MSA, the parties have committed to deploy new sites under a build-to-suit program. The build-to-suit program, among other things, provides for the construction or incorporation of up to approximately 500 sites by 15 December 2023. Cellnex expects that this program could be increased by up to 250 additional sites by 2027. The Group estimates that the related capital expenditure for this build-to-suit program, including the expected 250 additional sites, is expected to amount to approximately EUR 140 million, which the Group expects to finance with cash generated by the portfolio. In the event the Omtel MSA is terminated by MEO for cause, MEO will have a buy-back right with respect to Omtel's sites.

[2] Equivalent Enterprise Value considering the initial payment and debt assumption plus deferred payment discounted at investment's internal return rate.

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

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

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

The initial accounting for the business combination involving the Omtel Acquisition described in Note 4 of the condensed consolidated interim financial statements for the period six-month period ended on 30 June 2020, is considered to have been completed as of the date of signing these consolidated financial statements, since one year has elapsed since the date of acquisition (in accordance with IFRS 3). The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3.c. With regards to the Omtel Acquisition, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year and given the complexity of identifying the acquired intangible assets, the Group decided to perform a purchase price allocation with the participation of an independent third party expert. The potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their “customer ratio”. This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and consists of “Customer Network Services Contracts” and “Network Location” as defined in Note 3. b) ii), and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases. Among other effects, this transaction allows Cellnex to incorporate a new client, MEO, which is the market leader in Portugal and joins a rich and diversified mix of clients in Europe, covering the leading operators in the markets in which the Group operates. The timing of the transaction further coincides with the imminent arrival of 5G which will require network densification and an efficient roll-out that should allow Cellnex to propose an attractive solution to mobile operators both in terms of cost and speed of execution. The assets and liabilities arising from the Omtel Acquisition are as follows:

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

Arqiva Acquisition

In the second half of 2019, Cellnex and Cellnex UK Limited entered into an agreement with Arqiva Holdings Limited, a company within the Arqiva group (the "Arqiva Group"), for the sale and purchase of 100% of the issued and paid up share capital of Arqiva Services Limited (the "Arqiva Acquisition"), a company to which the Arqiva Group has carved-out the UK telecoms towers business of the Arqiva Group following a reorganisation of assets, liabilities and activities. In the second half of 2020, the Group completed the Arqiva Acquisition, after all the conditions precedent were satisfied, and acquired full ownership of the share capital of Arqiva Services Limited, which is the owner of approximately 7,400 held sites and the rights to market approximately 900 sites located in United Kingdom. The Group paid an aggregate consideration of approximately GBP 2 billion, which was financed with available cash and bank financing.

Thus, following the Arqiva Acquisition, this subgroup has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2020. The operating income and net loss contribution since acquisition amounted to EUR 128 million and EUR 13 million, respectively, corresponding to the impact of 100% of the financial results of the Arqiva Acquisition in the accompanying consolidated income statement. Otherwise, if the Arqiva Acquisition, had been completed on 1 January 2020, and consequently, it had been fully consolidated for the year ended 31 December 2020, it would have contributed an operating income and net loss for an amount of approximately EUR 265 million and EUR 15 million, respectively.

Arqiva agreements

Certain Cellnex and Arqiva group companies have entered into several agreements in the context of the Arqiva Acquisition, including:

- a sale and purchase agreement, for the sale and purchase of 100% of the entire issued share capital of Arqiva TowerCo, between Cellnex, Cellnex UK and Arqiva Holdings Limited (the "Arqiva SPA");
- a master site share agreement, entered into by Arqiva Limited (a company of the Arqiva Group) and Arqiva TowerCo, permitting Arqiva Limited rights of access to and use of the UK Tower Business sites for its broadcast and M2M businesses and regulating the provision by Arqiva TowerCo of related site services (the "Arqiva MSSA");
- master site share agreements with certain third parties, permitting such third parties rights of access to and use of certain sites and regulating the provision by the Group and Arqiva TowerCo, as applicable, of related site services (the "Third-Party MSSAs"); and
- a portfolio management agreement, entered into by Arqiva Limited and Arqiva TowerCo, permitting Arqiva TowerCo rights of access to and use of 1,492 sites for its customer's equipment and services and for certain exclusive rights to market site space to MNOs and to receive 100% of all revenues in relation thereto (the "Arqiva PMA").

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

	Thousands of Euros
Total acquisition price [(1)]	2,209,840
Fair value of the net assets acquired	1,590,624
Resulting goodwill	619,216

[(1)] Corresponds to the cash paid (GBP 1,987,041 thousand) with the impacts of natural hedge accounting as disclosed in Note 11, which has been treated as the hedge of a "transaction highly probable in accordance with the provisions of IAS 39, totalling an amount equivalent to EUR 2,209,840 thousand.

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3.c. With regards to the Arqiva Acquisition, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year and given the complexity of identifying the acquired intangible assets, the Group decided to perform a purchase price allocation with the participation of an independent third party expert. The potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their “customer ratio”. This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and consists of “Customer Network Services Contracts” and “Network Location” as defined in Note 3. b) ii) and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases. The assets and liabilities arising from the Arqiva Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	2,059,624	-	2,059,624
Right-of-use assets	319,640	307,515	12,125
Property, plant and equipment	167,087	167,087	-
Trade and other receivables short term	37,113	37,113	-
Cash and cash equivalents	113	113	-
Lease liabilities long term	(188,152)	(200,337)	12,185
Provisions and other liabilities long term	(305,377)	(89,310)	(216,067)
Lease liabilities short term	(58,219)	(33,909)	(24,310)
Provisions and other liabilities short term	(80,548)	(80,548)	-
Trade and other payables	(28,706)	(28,706)	-
Net deferred tax assets /(liabilities)	(331,952)	59,377	(391,329)
Net assets acquired	1,590,623	138,396	1,452,228
Total acquisition price	2,209,840	2,209,840	
Cash and cash equivalents	(113)	(113)	
Cash outflow in the acquisition	2,209,727	2,209,727	

Finally, at the date of signing these consolidated financial statements for the year ended on 31 December 2020, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

NOS Towering Acquisition

In the first half of 2020, Cellnex reached an agreement with the Portuguese mobile operator NOS, SGPS S.A. (“NOS”), for the acquisition from Nos Comunicações, S.A. of 100% of the share capital of NOS Towering Gestão de Torres de Telecomunicações, S.A. (“NOS Towering”), which following a carve out operates a nationwide portfolio of approximately 2,000 sites in Portugal, for a preliminary consideration (Enterprise Value) of approximately EUR 374 million (the “NOS Towering Acquisition”). Additionally, the Group agreed to acquire up to approximately 400 additional new or existing sites from the NOS group by 2026 (the Group treats this commitment as a build-to-suit program), and other agreed initiatives, with an estimated investment of approximately EUR 175 million. The transaction was completed in the second half of 2020 after all the conditions precedent were satisfied. The Group has financed this acquisition with available cash and expects to finance the deployment of new or existing additional sites using cash flows generated by the portfolio and other internal resources. The NOS Towering Acquisition strengthens the Group’s industrial project in Portugal. Under the agreement, Cellnex and NOS as an anchor tenant have signed an inflation-linked MLA for an initial period of 15 years, to be automatically extended for additional 15-year periods, on an “all-or-nothing” basis, with undefined maturity, under which NOS will continue to use the sites that Cellnex will operate, locating its voice and data signal transmission equipment there.

Thus, following the NOS Towering Acquisition, this subgroup has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities has been included in the consolidated balance sheet and the corresponding impact of operations in the consolidated income statement for the year ended on 31 December 2020. The operating income and net loss contribution since acquisition amounted to EUR 9 million and EUR 4 million, respectively, corresponding to the impact of 100% of the financial results of the NOS Towering Acquisition in the accompanying consolidated income statement. Otherwise, if the NOS Towering Acquisition, had been completed on 1 January 2020, and consequently, it had been fully consolidated for the year ended 31 December 2020, it would have contributed an operating income and net loss for an amount of approximately EUR 36 million and EUR 17 million, respectively.

NOS Towering agreements

The Group entered into a share purchase agreement with NOS Comunicações, S.A. governing the terms and conditions of the NOS Towering Acquisition. In addition, the Group entered into an MLA with NOS as anchor tenant and certain entities of the NOS group setting forth, among other things, the terms and conditions of certain co-location services to be provided by NOS Towering on its sites to certain entities of the NOS group and the sale of up to approximately 400 new or existing sites to NOS Towering by certain entities of the NOS group by 2026 (the Group treats this commitment as a build-to-suit program) (the "NOS Towering MLA"). The fees under the NOS Towering MLA will be CPI-linked. The NOS Towering MLA will 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, under which NOS will continue to use the sites that Cellnex will operate, locating its voice and data signal transmission equipment in such sites.

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

	Thousands of Euros
Total acquisition price (1)	398,555
Fair value of the net assets acquired	313,762
Resulting goodwill	84,793

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

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3.c. With regards to the NOS Towering Acquisition, considering that IFRS 3 allows the reassessment of the allocation process during a period of one year and given the complexity of identifying the acquired intangible assets, the Group decided to perform a purchase price allocation with the participation of an independent third party expert. The potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their "customer ratio". This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and consists of "Customer Network Services Contracts" and "Network Location" as defined in Note 3. b) ii) and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases. The NOS Towering Acquisition strengthens the Group's industrial project in Portugal. The assets and liabilities arising from the NOS Towering Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	280,400	-	280,400
Right-of-use assets	26,498	29,053	(2,555)
Property, plant and equipment	96,942	96,942	-
Trade and other receivables short term	4,207	4,207	-
Cash and cash equivalents	45,030	45,030	-
Lease liabilities long term	(17,383)	(29,482)	12,099
Provisions and other liabilities long term	(15,188)	(15,188)	-
Lease liabilities short term	(8,470)	(6,761)	(1,709)
Trade and other payables	(24,563)	(24,563)	-
Net deferred tax assets /(liabilities)	(73,713)	4,799	(78,512)
Net assets acquired	313,760	104,037	209,723
Total acquisition price	398,555	398,555	
Cash and cash equivalents	(45,030)	(45,030)	
Cash outflow in the acquisition	353,525	353,525	

Finally, at the date of signing these consolidated financial statements for the ended on 31 December 2020, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

CK Hutchison Holdings Transaction

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

The CK Hutchison Holdings Transactions in respect of Austria, Denmark and Ireland were completed at the end of December 2020 following satisfaction or waiver of all applicable conditions precedent (the "CK Hutchison Holdings 2020 Completed Transactions") and, consequently, as of the end of December 2020, the Group fully owns Networks Co Austria, On Tower Denmark and Networks Co Ireland. In addition, the CK Hutchison Holdings Transactions in respect of Sweden was completed on 26 January 2021 following satisfaction or waiver of all applicable conditions precedent (the "CK Hutchison Holdings Swedish Transaction"). Completion of the CK Hutchison Holdings Transactions in respect of Italy and the United Kingdom remains subject to certain remaining conditions precedent, including in connection with customary anti-trust and foreign investment clearances and, in the case of the United Kingdom, Group shareholder approval (the "CK Hutchison Holdings Pending Transactions"). In accordance with IFRS 3, given that the CK Hutchison Holdings Swedish Transaction and the CK Hutchison Holdings Pending Transactions had not been completed as of 31 December 2020, the relevant target businesses were not accounted for in the consolidated financial statements for the year ended 31 December 2020.

Agreements

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

Hutchison Austria Acquisition

In the second half of 2020, Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Austria) acquired 100% of the share capital of CK Hutchison Networks (Austria) GmbH ("Networks Co Austria"), owner of approximately 4,500 sites located in Austria, (the "Hutchison Austria Acquisition"). Additionally, Cellnex has agreed to the deployment of 450 sites in Austria by 2026 (see Note 21). The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 1.2 billion. The transaction was completed in December 2020, following the settlement of several administrative authorizations. Thus, the Hutchison Austria Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities has been included in the consolidated balance sheet. In accordance to the aforementioned, there has been no contribution to the operating income and net profit in the accompanying consolidated income statement. Otherwise, if Hutchison Austria Acquisition, had been completed on 1 January 2020, and consequently, it had been fully consolidated for the year ended 31 December 2020, it would have contributed an operating income and net loss for an amount of approximately EUR 77 million and EUR 2 million, respectively.

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

	Thousands of Euros
Total acquisition price (1)	934,507
Fair value of the net assets acquired	659,453
Resulting goodwill	275,054

(1) In addition to the acquisition price paid for the shares of the acquired company (EUR 935 million), at the acquisition date, an additional EUR 224 million were paid to cancel the existing debt that Networks Co. Austria had with companies of the Hutchison Group at that date.

Given the date on which the Hutchison Austria Acquisition has been completed, at the date of preparation of these consolidated financial statements, Cellnex is in the process of finalizing the allocation of the resulting goodwill to the identified CGUs and the fair value of the assets and liabilities acquired at the acquisition date, through their valuation based on the analysis of the discounted cash flows generated by the identified assets, providing, as established by IFRS 3, of the term of one year from the formalization of the corresponding operation to complete the purchase price allocation process. In this context, the Group, based on its experience and the analysis performed during the purchase process, has carried out an internal preliminary purchase price allocation. Given the complexity in identifying the intangible assets acquired, an independent third party expert will be employed in the coming months. In this regard, as in previous business combinations, the potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their "customer ratio". This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and consists of "Customer Network Services Contracts" and "Network Location" as defined in Note 3. b) ii) and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases. The assets and liabilities arising from the Hutchison Austria Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	883,962	547	883,415
Right-of-use assets	84,604	84,604	-
Property, plant and equipment	118,629	118,629	-
Trade and other receivables short term	2,160	2,160	-
Cash and cash equivalents	20,549	20,549	-
Loans from Group companies long term	(223,642)	(223,642)	-
Lease liabilities long term	(73,216)	(73,216)	-
Provisions and other liabilities long term	(55,037)	(837)	(54,200)
Lease liabilities short term	(23,052)	(23,052)	-
Provisions and other liabilities short term	(780)	(780)	-
Trade and other payables	(1,830)	(1,830)	-
Net deferred tax assets /(liabilities)	(72,894)	147,960	(220,854)
Net assets acquired	659,453	51,092	608,361
Total acquisition price	934,507	934,507	
Cash and cash equivalents	(20,549)	(20,549)	
Cash outflow in the acquisition	913,958	913,958	

Given the date on which the Hutchison Austria Acquisition has been completed, at the date of signing these consolidated financial statements for the ended on 31 December 2020, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

Hutchison Ireland Acquisition

In the second half of 2020, Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Ireland) acquired 100% of the share capital of CK Hutchison Networks (Ireland) Limited ("Networks Co Ireland"), owner of approximately 1,120 sites located in Ireland, (the "Hutchison Ireland Acquisition"). Additionally, Cellnex has agreed to the deployment of 133 sites in Ireland by 2025 (see Note 21). The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 0.6 billion. The transaction was completed in December 2020, following the settlement of several administrative authorizations. Thus, the Hutchison Ireland Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities has been included in the consolidated balance sheet. In accordance to the aforementioned, there has been no contribution to the operating income and net profit in the accompanying consolidated income statement. Otherwise, if Hutchison Ireland Acquisition, had been completed on 1 January 2020, and consequently, it had been fully consolidated for the year ended 31 December 2020, it would have contributed an operating income and net loss for an amount of approximately EUR 40 million and EUR 9 million, respectively.

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

	Thousands of Euros
Total acquisition price	612,196
Fair value of the net assets acquired	383,188
Resulting goodwill	229,008

Given the date on which the Hutchison Ireland Acquisition has been completed, at the date of preparation of these consolidated financial statements, Cellnex is in the process of finalizing the allocation of the resulting goodwill to the identified CGUs and the fair value of the assets and liabilities acquired at the acquisition date, through their valuation through the analysis of the discounted cash flows generated by the identified assets, providing, as established by IFRS 3, of the term of one year from the formalization of the corresponding operation to complete the purchase price allocation process. In this context, the Group, based on its experience and the analysis performed during the purchase process, has carried out an internal preliminary purchase price allocation. Given the complexity in identifying the intangible assets acquired, an independent third party expert will be employed in the coming months. In this regard, as in previous business combinations, the potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their "customer ratio". This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and consists of "Customer Network Services Contracts" and "Network Location" as defined in Note 3. b) ii) and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases. The assets and liabilities arising from the Hutchison Ireland Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	481,109	64,194	416,915
Right-of-use assets	94,568	94,568	-
Property, plant and equipment	68,918	68,918	-
Trade and other receivables short term	989	989	-
Cash and cash equivalents	14	14	-
Lease liabilities long term	(82,931)	(82,931)	-
Provisions and other liabilities long term	(115,023)	(2,323)	(112,700)
Lease liabilities short term	(11,387)	(11,387)	-
Trade and other payables	(864)	(864)	-
Net deferred tax assets /(liabilities)	(52,205)	(91)	(52,114)
Net assets acquired	383,188	131,087	252,101
Total acquisition price	612,196	612,196	
Cash and cash equivalents	(14)	(14)	
Cash outflow in the acquisition	612,182	612,182	

Given the date on which the Hutchison Ireland Acquisition has been completed, at the date of signing these consolidated financial statements for the ended on 31 December 2020, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

Hutchison Denmark Acquisition

In the second half of 2020, Cellnex, by virtue of the CK Hutchison Holdings Transactions (through its fully owned subsidiary Cellnex Denmark), acquired 100% of the share capital of HI3G Networks Denmark ApS ("Networks Co Denmark"), owner of approximately 1,300 sites located in Denmark (the "Hutchison Denmark Acquisition"). Additionally, Cellnex has agreed to the deployment of 564 sites in Denmark by 2024 (see Note 21). In December 2020, the acquired company changed its name to On Tower Denmark ApS ("On Tower Denmark"). The actual cash outflow for Cellnex in relation to this transaction (Enterprise Value) has been EUR 0.4 billion. The transaction was completed in December 2020, following the settlement of several administrative authorizations. Thus, the Hutchison Denmark Acquisition has been fully consolidated within the Cellnex Group as of the acquisition date, such that as at 31 December 2020 the value of all of its assets and liabilities has been included in the consolidated balance sheet. In accordance to the aforementioned, there has been no contribution to the operating income and net profit in the accompanying consolidated income statement. Otherwise, if Hutchison Denmark Acquisition, had been completed on 1 January 2020, and consequently, it had been fully consolidated for the year ended 31 December 2020, it would have contributed an operating income and net profit for an amount of approximately EUR 30 million and EUR 2 million, respectively. The breakdown of the net assets acquired and goodwill generated by the Hutchison Denmark Acquisition, at the completion date, is as follows:

	Thousands of Euros
Total acquisition price	437,777
Fair value of the net assets acquired	320,370
Resulting goodwill	117,407

Given the date on which the Hutchison Denmark Acquisition has been completed, at the date of preparation of these consolidated financial statements, Cellnex is in the process of finalizing the allocation of the resulting goodwill to the identified CGUs and the fair value of the assets and liabilities acquired at the acquisition date, through their valuation through the analysis of the discounted cash flows generated by the identified assets, providing, as established by IFRS 3, of the term of one year from the formalization of the corresponding operation to complete the purchase price allocation process. In this context, the Group, based on its experience and the analysis performed during the purchase process, has carried out an internal preliminary purchase price allocation. Given the complexity in identifying the intangible assets acquired, an independent third party expert will be employed in the coming months. In this regard, as in previous business combinations, the potential value of the sites is mainly due to the characteristics and quality of the physical locations, which translates into a certain expectation of increasing their "customer ratio". This can be attributed to certain sets of intangible assets, of which each individual element is necessary to realise the full value. Thus, the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets), and consists of "Customer Network Services Contracts" and "Network Location" as defined in Note 3. b) ii) and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases. The assets and liabilities arising from the Hutchison Denmark Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	326,847	-	326,847
Right-of-use assets	25,118	25,118	-
Property, plant and equipment	59,898	59,898	-
Trade and other receivables long term	1,446	1,446	-
Trade and other receivables short term	803	803	-
Cash and cash equivalents	718	718	-
Lease liabilities long term	(17,753)	(17,753)	-
Provisions and other liabilities long term	(45,576)	(76)	(45,500)
Lease liabilities short term	(8,033)	(8,033)	-
Trade and other payables	(3,954)	(3,954)	-
Net deferred tax assets /(liabilities)	(19,144)	52,763	(71,907)
Net assets acquired	320,370	110,930	209,440
Total acquisition price	437,777	437,777	
Cash and cash equivalents	(718)	(718)	
Cash outflow in the acquisition	437,059	437,059	

Given the date on which the Hutchison Denmark Acquisition has been completed, at the date of signing these consolidated financial statements for the ended on 31 December 2020, Cellnex is in the process of finalizing the allocation of the fair value of the assets and liabilities acquired by means of the analysis of the discounted cash flows generated by the assets identified, and therefore, in accordance with IFRS 3, the Group has one year from the date of completion of the operation to complete the measurement process.

Business combinations for 2019

The initial accounting for the business combinations involving Iliad France Acquisition, Iliad Italy Acquisition, Swiss Infra Services Acquisition and Cignal subgroup Acquisition described in Note 5 of the consolidated financial statements for the 2019 financial year, are now considered to have been completed, since one year has elapsed since the respective dates of acquisition (in accordance with IFRS 3). Therefore, the Group modified the values used in the 2019 consolidated financial statements, as further information became available, allowing it to carry out a more accurate evaluation of the purchase price allocation process (see Note 5).

Iliad France Acquisition

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

	Thousands of Euros
Total acquisition price [(1)]	2,005,142
Fair value of the net assets acquired	1,533,613
Resulting goodwill	471,529

[(1)] The amount that Cellnex France Groupe would have paid for 100% of On Tower France. The Group has a 70% stake in On Tower France (see Note 2.h).

The review of the purchase price allocation of the Iliad France Acquisition gave rise to a EUR 138,525 thousand decrease in goodwill following the recognition of a higher revaluation of other intangible assets ("Customer Network Services Contracts" and "Network Location") which ultimately amounted to EUR 1,701,000 thousand (EUR 1,473,400 thousand in the 2019 consolidated financial statements), and a step down in property plant, and equipment resulting from an accurate appraisal of fixed assets, which ultimately amounted to EUR 335,577 thousand (EUR 378,477 thousand in the 2019 consolidated financial statements).

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3. b) ii) and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. With regards to the Iliad France Acquisition, given the complexity of identifying the acquired intangible assets, the Group decided to perform a purchase price allocation with the participation of an independent third party expert. The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases. Among other effects, this transaction allows Cellnex to strengthen its footprint in the French market as the leading independent telecommunications infrastructures operator with a network of dense and capillary sites that will play a key role in the deployment of 5G in France. The assets and liabilities arising from the Iliad France Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	1,701,000	-	1,701,000
Right-of-use assets	267,569	256,974	10,595
Property, plant and equipment	335,577	386,977	(51,400)
Trade and other receivables long term	116	116	-
Trade and other receivables short term	3,439	3,439	-
Cash and cash equivalents	341	341	-
Lease liabilities long term	(189,205)	(179,805)	(9,400)
Provisions and other liabilities long term	(127,804)	(9,681)	(118,123)
Lease liabilities short term	(57,985)	(55,848)	(2,137)
Trade and other payables	(16,566)	(17,507)	941
Net deferred tax assets /(liabilities)	(382,869)	-	(382,869)
Net assets	1,533,613	385,006	1,148,607
Non-controlling interests	(460,084)	(115,502)	(344,582)
Net assets acquired	1,073,529	269,504	804,025
Total acquisition price	2,005,142	2,005,142	
Cash in from other shareholders	(601,542)	(601,542)	
Cash and cash equivalents	(341)	(341)	
Cash outflow in the acquisition	1,403,259	1,403,259	

Iliad Italy Acquisition

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

	Thousands of Euros
Total acquisition price [(1)]	600,000
Fair value of the net assets acquired	567,661
Resulting goodwill	32,339

[(1)] The acquisition price contains the amount paid by Cellnex Italia for the business unit containing approximately 2,200 sites in Italy.

The review of the purchase price allocation of the Iliad Italy Acquisition gave rise to a EUR 2,570 thousand decrease in goodwill following the recognition of a higher revaluation of other intangible assets (“Customer Network Services Contracts” and “Network Location”) which ultimately amounted to EUR 388,100 thousand (EUR 383,700 thousand in the 2019 consolidated financial statements).

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3. b) ii) and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. With regards to the Iliad Italy Acquisition, given the complexity of identifying the acquired intangible assets, the Group has decided to perform a purchase price allocation with the participation of an independent third party expert. The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases. Among other effects, this transaction decisively allows Cellnex to strengthen its footprint in the Italian market. The assets and liabilities arising from the Iliad Italy Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	388,100	-	388,100
Right-of-use assets	81,720	-	81,720
Property, plant and equipment	94,400	-	94,400
Non-current financial investments	114,000	-	114,000
Provisions and other liabilities long term	(37,700)	-	(37,700)
Lease liabilities long term	(68,969)	-	(68,969)
Lease liabilities short term	(12,751)	-	(12,751)
Net deferred tax assets /(liabilities)	8,861	-	8,861
Net assets acquired	567,661	-	567,661
Total acquisition price	600,000	600,000	
Cash and cash equivalents	-	-	
Cash outflow in the acquisition	600,000	600,000	

Swiss Infra Services Acquisition

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

	Thousands of Euros
Total acquisition price [(1)]	919,678
Fair value of the net assets acquired	766,553
Resulting goodwill	153,125

[(1)] The amount paid by Swiss Towers for 100% of Swiss Infra. The Group has a 65% stake in Swiss Infra (see Note 2.h.).

The review of the purchase price allocation of the Swiss Infra Acquisition gave rise to a EUR 39,295 thousand decrease in goodwill following the recognition of a higher revaluation of other intangible assets ("Customer Network Services Contracts" and "Network Location") which ultimately amounted to EUR 892,867 thousand (EUR 844,946 thousand in the 2019 consolidated financial statements).

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3. b) ii) and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. With regards to the Swiss Infra Services Acquisition, given the complexity of identifying the acquired intangible assets, the Group has decided to perform a purchase price allocation with the participation of an independent third party expert. The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases. Among other effects, this transaction allows Cellnex to strengthen its footprint in the Swiss market. The assets and liabilities arising from the Swiss Infra Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	892,867	-	892,867
Right-of-use assets	135,449	135,529	(80)
Property, plant and equipment	68,702	72,730	(4,028)
Trade and other receivables long term	640	640	-
Cash and cash equivalents	92	92	-
Lease liabilities long term	(116,663)	(104,542)	(12,121)
Provisions and other liabilities long term	(41,695)	(35,800)	(5,895)
Lease liabilities short term	(11,007)	(23,208)	12,201
Provisions and other liabilities short term	(2,171)	(2,171)	-
Trade and other payables	(731)	(731)	-
Net deferred tax assets /(liabilities)	(158,930)	-	(158,930)
Net assets	766,553	42,539	724,014
Non-controlling interests (1)	(330,538)	(18,343)	(312,195)
Net assets acquired	436,015	24,196	411,819
Total acquisition price	919,678	919,678	
Cash in from other shareholders	(91,968)	(91,968)	
Cash and cash equivalents	(92)	(92)	
Deferred payment	(57,835)	(57,835)	
Cash outflow in the acquisition	769,783	769,783	

(1) Corresponding to the stake in Swiss Infra Services at the date of acquisition, different from that hold at 2019 year-end (See Note 2.h.).

Cignal subgroup Acquisition

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

	Thousands of Euros
Total acquisition price	111,928
Fair value of the net assets acquired	71,862
Resulting goodwill	40,066

The review of the purchase price allocation of the Cignal subgroup Acquisition gave rise to a EUR 14,875 thousand decrease in goodwill following the recognition of a higher revaluation of other intangible assets ("Customer Network Services Contracts" and "Network Location") which ultimately amounted to EUR 145,100 thousand (EUR 79,300 thousand in the 2019 consolidated financial statements), and a step down in property plant, and equipment resulting from an accurate appraisal of fixed assets, which ultimately amounted to EUR 49,023 thousand (EUR 97,823 thousand in the 2019 consolidated financial statements).

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined, for the most part, using valuation techniques. The main valuation methods used were the analysis of discounted cash flows generated by the identified assets, based on criteria similar to those mentioned in Note 3. b) ii) and also that provisions related with certain risks of the transaction and the acquired business that meet the recognition criteria according to IFRS3. With regards to the Cignal subgroup Acquisition, given the complexity of identifying the acquired intangible assets, the Group has decided to perform a purchase price allocation with the participation of an independent third party expert. The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases. The assets and liabilities arising from the Cignal subgroup Acquisition are as follows:

Debit/(Credit)			Thousands of Euros
			Value acquired
	Fair value	Carrying value	Revaluation
Other intangible assets	148,191	3,091	145,100
Property, plant and equipment	49,023	97,823	(48,800)
Cash and cash equivalents	2,485	2,485	-
Provisions and other liabilities long term	(10,000)	-	(10,000)
Loans from Group companies long term	(106,991)	(106,991)	-
Trade and other payables	(58)	(58)	-
Net deferred tax assets /(liabilities)	(10,788)	-	(10,788)
Net assets acquired	71,862	(3,650)	75,512
Total acquisition price	111,928	111,928	
Cash and cash equivalents	(2,485)	(2,485)	
Cash outflow in the acquisition	109,443	109,443	

7. Property, plant and equipment

The changes in this heading in the consolidated balance sheet during 2020 and 2019 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 2020 restated				
Cost	2,967,951	697,550	153,243	3,818,744
Accumulated depreciation	(540,661)	(378,544)	-	(919,205)
Carrying amount	2,427,290	319,006	153,243	2,899,539
Carrying amount at beginning of year	2,427,290	319,006	153,243	2,899,539
Changes in the consolidation scope (Note 6)	497,975	109,071	21,039	628,085
Additions	633,297	104,680	249,415	987,391
Disposals (net)	(1,689)	(1,379)	(3,516)	(6,584)
Transfers	70,489	1,341	(71,830)	-
Foreign exchange differences	(4,286)	(3,957)	(433)	(8,676)
Depreciation charge	(247,046)	(54,882)	-	(301,928)
Carrying amount at close	3,376,032	473,880	347,915	4,197,827
At 31 December 2020				
Cost	4,163,739	907,306	347,915	5,418,960
Accumulated depreciation	(787,707)	(433,426)	-	(1,221,133)
Carrying amount	3,376,032	473,880	347,915	4,197,827

				Thousands of Euros
	Land and buildings	Plant and machinery and other fixed assets	Property, plant and equipment under construction	Total
At 1 January 2019				
Cost	1,933,140	588,350	88,995	2,610,485
Accumulated depreciation	(387,832)	(318,911)	-	(706,743)
Carrying amount	1,545,308	269,439	88,995	1,903,742
Carrying amount at beginning of year	1,545,308	269,439	88,995	1,903,742
Changes in the consolidation scope (Note 5)	552,696	3,353	6,213	562,262
Additions	406,104	97,910	136,041	640,055
Disposals (net)	(1,221)	(233)	(319)	(1,773)
Transfers	69,969	7,716	(77,768)	(83)
Foreign exchange differences	7,263	454	81	7,798
Depreciation charge	(152,829)	(59,633)	-	(212,462)
Carrying amount at close	2,427,290	319,006	153,243	2,899,539
At 31 December 2019 restated				
Cost	2,967,951	697,550	153,243	3,818,744
Accumulated depreciation	(540,661)	(378,544)	-	(919,205)
Carrying amount	2,427,290	319,006	153,243	2,899,539

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

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

“Property, plant and equipment under construction” includes the investment carried out mainly in relation to the “built-to-suit” programs reached by the Group for the construction of mobile telecommunications infrastructures, as well as the investment for the roll-out of the optic fibre network, among others.

Movements in 2020

Changes in the scope of consolidation and business combinations

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

- the Omtel Acquisition (EUR 98,258 thousand, see Notes 2.h and 6).
- the Arqiva Acquisition (EUR 167,087 thousand, see Notes 2.h and 6).
- the NOS Towering Acquisition (EUR 96,942 thousand, see Notes 2.h and 6).
- the Hutchison Austria Acquisition (EUR 118,629 thousand, see Notes 2.h and 6).
- the Hutchison Ireland Acquisition (EUR 68,918 thousand, see Notes 2.h and 6).
- the Hutchison Denmark Acquisition (EUR 59,898 thousand, see Notes 2.h and 6).

Signed acquisitions and commitments

France

As detailed in Note 2.h., in the first half of 2020 Cellnex France Groupe and Bouygues Telecom reached a strategic agreement through which they became shareholders of Nexloop, a newly incorporated company (49% owned by Bouygues Telecom and 51% owned by Cellnex, although, taking into account both the signed shareholders' agreement and the financing structure agreed for the new company, Cellnex will have in practice an effective right to 100% of the expected cash flows generated after debt service up until 2055, subject to certain limitations, either through shareholder loan remuneration or through preferred dividends). This company will deploy a national fibre optic network in France to provide mobile and fixed fibre based connectivity and especially accelerate the roll-out of 5G in the country. The agreement comprises the roll out of a network of up to 31,500 km., interconnecting the telecommunications rooftops and towers providing service to Bouygues Telecom (approximately 5,000 of which belong to and are operated by Cellnex) with the network of “metropolitan offices” for housing data processing centres (Edge Computing). The agreement covers the deployment of up to 90 new “Metropolitan Offices”. The estimated investment up to 2027, amounts to up to EUR 1.1 billion.

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

The optic fibre network and the new sites are expected to contribute up to an estimated EUR 80 million of annual Adjusted EBITDA, once the network and all the sites have been built or acquired, as applicable. “Adjusted EBITDA” is an APM (as defined in section “Economic performance” of the accompanying Consolidated Management Report).

As of 31 December 2020, in accordance with the agreements reached with Bouygues Telecom during the period 2016 - 2020, Cellnex, through its subsidiaries Cellnex France, Towerlink France and Nexloop, has committed to acquire or for Bouygues Telecom to build, as applicable, up to 5,400 sites that will be gradually transferred to Cellnex until 2027, of which 4,078 have been transferred to Cellnex as of 31 December 2020, as well as to the roll-out of a network of up to 31,500 km., interconnecting the telecommunications rooftops and towers providing service to Bouygues Telecom (approximately 5,000 of which belong to and are operated by Cellnex) with the network of “metropolitan offices” for housing data processing centres (Edge Computing). During the year ended on 31 December 2020, 572 sites were acquired, and optic fibre network was deployed, in relation to the aforementioned agreements, for an amount of approximately EUR 160 million. In addition, the investment in fixed assets in progress corresponding to those sites and fibre network which were under construction during 2020, amounted to EUR 203 million. Therefore, the total investment during 2020, in relation to the agreements described above, amounted to EUR 363 million, approximately.

Additionally, in accordance with the agreement reached with Free Mobile in 2019 (see Note 6), Cellnex, through its subsidiary On Tower France, has committed to acquire or for Free Mobile to build, as applicable, a minimum of 2,500 sites that will be gradually transferred to Cellnex until 2026, of which 548 have been transferred to Cellnex as of 31 December 2020 for an amount of approximately EUR 125 million.

Therefore, the total investment in France during 2020, in relation to the agreements described above, amounted to EUR 488 million, approximately.

Spain

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

Orange Spain will be the main customer of this portfolio of telecom sites, with whom 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 undefined periods of 1 year on an all-or-nothing basis, and which presents an initial tenancy ratio of c.1.8x.

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

Italy

During 2020, in the context of the Iliad Italy Acquisition (see Note 5 of the 2019 consolidated financial statements), part of the sites that were pending transfer at the end of 2019, have been transferred to Cellnex for an amount of EUR 114 million, approximately (see Note 10).

In addition to the movements described above, during 2020 investments have also been carried out by the Group in relation to "built-to-suit" agreements reached with several anchor tenants in Italy, Switzerland, Portugal and Ireland, and other additions related to the business expansion and maintenance of the Group's operations, for a total amount of approximately EUR 146 million.

Furthermore, during 2020 investments have also been carried out by the Group in relation to engineering services that have been agreed with different clients, including ad-hoc capex eventually required (such as adaptation, engineering and design services).

Movements in 2019

Changes in the scope of consolidation and business combinations (restated)

The movements in 2019 due to changes in the scope of consolidation and business combinations mainly correspond to the impact of the acquisition of:

- On Tower France (EUR 335,577 thousand, see Notes 2.h and 6).
- Swiss Infra (EUR 68,701 thousand, see Notes 2.h and 6).
- business unit containing approximately 2,200 sites in Italy (EUR 94,400 thousand, see Note 7).
- Cignal subgroup (EUR 49,023 thousand, see Notes 2.h and 6).
- On tower Netherlands subgroup (EUR 14,139 thousand, see Note 2.h.).

Signed acquisitions and commitments

France

At 31 December 2019, in accordance with the agreements reached with Bouygues during 2016, 2017 and 2019, Cellnex, through its subsidiaries Cellnex France and Towerlink France, committed to acquire and build up to 5,250 sites that will be gradually transferred to Cellnex until 2024 (see Note 6 of the 2019 consolidated financial statements). Of the proceeding 5,250 sites, a total of 3,504 sites have been transferred to Cellnex as at 31 December 2019.

During 2019, 701 sites were acquired in relation to the aforementioned agreements, for an amount of approximately EUR 135 million. In addition, the fixed assets in progress corresponding to those sites which were under construction at the end of 2019, amounted to EUR 138 million. Thus, the total investment in France in 2019, amounted to EUR 273 million, approximately.

Spain

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

Orange Spain is the main customer of this portfolio of telecom sites, with whom 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 undefined periods of 1 year on an all-or-nothing basis, and which presents an initial tenancy ratio of c.1.8x. Thus, at 31 December 2019, in accordance with the agreement reached in 2019, Orange Spain is the anchor tenant of a total portfolio of 1,875 sites.

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

Switzerland

At 31 December 2019, in accordance with the agreement reached with Sunrise during 2019, Cellnex, through its subsidiaries Swiss Towers, acquired 133 sites in Switzerland for an amount of CHF 39 million (EUR 34 million).

Italy

During 2019, the agreement with Wind Tre dated 27 February 2015 was extended, through an increase of the built-to-suit project up to 800 additional sites to be built (increasing the agreement to build sites from up to 400 to up to 1.200 sites, with a total investment of up to EUR 70 million).

The Group typically acquires telecommunications infrastructures from telecommunications carriers or other tower operators and subsequently integrates those sites into its existing network. The date of acquisition, and by extension the point at which the Group begins to recognise the results of an acquisition, may be dependent upon, among other things, the receipt of contractual consents, the commencement and extent of contractual arrangements and the timing of the transfer of title or rights to the assets, which may be accomplished in phases.

At 31 December 2020 and 2019 the Group had not entered into additional relevant framework agreements with other customers.

In addition, during 2020 and 2019 there were additions associated with the business expansion and maintenance of the Group's operations.

Property, plant and equipment abroad

At 31 December 2020 and 2019 the Group had the following investments in property, plant and equipment located abroad:

	Thousands of Euros	
	Net book value	
	31 December 2020	31 December 2019 restated
Italy	507,655	358,065
France	1,815,502	1,402,572
United Kingdom	198,107	11,443
Portugal	222,457	-
Switzerland	193,190	185,403
Austria	118,820	-
Others	276,777	135,911
Total	3,332,508	2,093,394

Fully depreciated assets

At 31 December 2020, fully depreciated property, plant and equipment amounted to EUR 630 million (EUR 594 million at 31 December 2019).

Change of control clauses

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

Purchase commitments at year-end

At 2020 year-end the Group held purchase agreements for property, plant and equipment assets amounting to EUR 5,992 million (EUR 2,582 million in 2019).

Impairment

At 2020 and 2019 year-end, the Directors of the Parent Company have not identified any indications of impairment related to the property, plant and equipment.

Despite this, and in view of the relevance of the recently acquired assets related to telecom infrastructures (those not related to business combinations), the Directors of the Parent Company have decided to disclose the hypotheses used to evaluate any loss due to impairment. This evaluation is based on the calculation of the fair value, which has been determined in accordance with the general criteria and assumptions described in Notes 3.c and 8 of the accompanying consolidated financial statements, of the corresponding cash generating unit prepared. The carrying amount of these assets stands at approximately EUR 2,968 million at 2020 year-end (EUR 1,742 million at 2019 year-end).

The impairment tests carried out demonstrate that the unit to which the assets are allocated is deemed capable of recovering the net carrying value recognised at 31 December 2020 and 2019. Consequently, there is no need to recognise any provision for impairment.

Sensitivity to changes in the key assumptions

With regards to the impairment tests carried out on the business of On Tower Telecom Infraestructuras, Cellnex France, Swiss Towers, On Tower France, Cellnex Italia and Swiss Infra, the recoverable amount obtained (determined based on the fair value as indicated previously) exceeds the carrying value of the assigned assets to such an extent that even if the hypothesis used were changed there would be no significant risk of impairment.. In accordance with the sensitivity analysis performed, any changes in the discount rates of +50 basis points; in terminal growth rate "g" of -50 basis points; and in activity of -500 basis points could be made without recognising any impairment in the assets recognised by the Group at 31 December 2020 and 2019. Thus, the recoverable amount obtained exceeds the carrying amount of the fixed assets, although the sensitivity analyses conducted on the projections evidence clearly a high tolerance (above 20%) to changes in the key assumptions used.

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

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

Insurance

The Group takes out all insurance policies considered necessary to cover possible risks which might affect its property, plant and equipment. At 31 December 2020 and 2019, the Group's Directors considered that the insurance coverage was sufficient to cover the risks relating to its activities.

Other disclosures

At 31 December 2020 and 2019, the Group did not have significant property, plant and equipment subject to restrictions or pledged as collateral on liabilities.

8. Intangible assets

The changes in this heading in the consolidated balance sheet during 2020 and 2019 were as follows:

				Thousands of Euros
	Goodwill	Intangible assets for telecom infrastructure services	Computer software and other intangible assets	Total
At 1 January 2020 restated				
Cost	1,291,003	4,684,036	248,841	6,223,880
Accumulated amortisation	-	(297,591)	(39,666)	(337,257)
Carrying amount	1,291,003	4,386,445	209,175	5,886,623
Carrying amount at beginning of year	1,291,003	4,386,445	209,175	5,886,623
Changes in the scope of consolidation (Note 6)	1,384,941	5,114,417	2,094	6,501,452
Additions	-	-	21,902	21,902
Disposals (net)	-	-	(346)	(346)
Transfers	-	-	-	-
Foreign exchange differences	(56)	(510)	(1,860)	(2,426)
Amortisation charge	-	(337,806)	(28,104)	(365,910)
Carrying amount at close	2,675,888	9,162,546	202,861	12,041,295
At 31 December 2020				
Cost	2,675,888	9,797,943	270,631	12,744,462
Accumulated amortisation	-	(635,397)	(67,770)	(703,167)
Carrying amount	2,675,888	9,162,546	202,861	12,041,295

				Thousands of Euros
	Goodwill	Intangible assets for telecom infrastructure services	Computer software and other intangible assets	Total
At 1 January 2019				
Cost	582,454	1,498,235	48,637	2,129,326
Accumulated amortisation	-	(198,618)	(26,376)	(224,994)
Carrying amount	582,454	1,299,617	22,261	1,904,332
Carrying amount at beginning of year	582,454	1,299,617	22,261	1,904,332
Changes in the scope of consolidation (Note 6)	710,146	3,161,056	3,091	3,874,293
Additions	-	-	190,284	190,284
Transfers	(6,209)	5,815	237	(157)
Foreign exchange differences	4,612	18,930	6,592	30,134
Amortisation charge	-	(98,973)	(13,290)	(112,263)
Carrying amount at close	1,291,003	4,386,445	209,175	5,886,623
At 31 December 2019 restated				
Cost	1,291,003	4,684,036	248,841	6,223,880
Accumulated amortisation	-	(297,591)	(39,666)	(337,257)
Carrying amount	1,291,003	4,386,445	209,175	5,886,623

Intangible assets for telecom infrastructure services

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

		Thousands of Euros
	31 December 2020	31 December 2019 restated
Concession intangible assets	71,527	75,634
Customer network services contracts	7,430,566	3,734,905
Network location	1,660,454	575,906
Total	9,162,547	4,386,445

Goodwill

Gross goodwill and the accumulated losses in value recognised at 31 December 2020 and 2019, respectively, are detailed as follows:

		Thousands of Euros
	31 December 2020	31 December 2019 restated
Gross goodwill	2,675,888	1,291,003
Accumulated valuation adjustments	-	-
Net goodwill	2,675,888	1,291,003

The detail of goodwill, classified by cash-generating unit, at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	31 December 2020	31 December 2019 restated
Cellnex Italia SpA	224,551	210,456
Tradia Telecom	42,014	42,014
Commscom	-	11,835
Towerlink Netherlands	35,307	35,307
Shere Masten	66,089	66,089
Shere Group UK [(1)]	28,038	29,405
Swiss Towers [(1)]	156,329	152,615
Infracapital Alticom subgroup	60,019	60,019
On Tower Netherlands BV	10,525	10,525
Swiss Infra Services [(1)]	154,371	153,670
Cignal Infrastruscture subgroup	40,066	40,066
On Tower France	471,528	471,528
On Tower UK subgroup [(1)]	620,243	-
Metrocall	14,923	-
On Tower Portugal	84,793	-
Omtel	28,455	-
On Tower IE	229,008	-
On Tower DK [(1)]	117,407	-
On Tower AT	275,054	-
Others	17,168	7,474
Goodwill	2,675,888	1,291,003

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

The main variations in the 2020 and 2019 financial year are due to changes in the scope of consolidation and business combinations, as detailed in Note 6, which mainly corresponds to the effect of the deferred tax on intangible assets acquired.

Movements

Changes in the scope of consolidation and business combinations

The movements in 2020 and 2019 due to changes in the scope of consolidation and business combinations in intangible assets for telecom infrastructure services mainly correspond to the impact of:

2020

- the Omtel Acquisition (EUR 1,006,075 thousand, see Notes 2.h and 6).
- the Arqiva Acquisition (EUR 2,059,624 thousand, see Notes 2.h and 6).
- the NOS Towering Acquisition (EUR 280,400 thousand, see Notes 2.h and 6).
- the Hutchison Austria Acquisition (EUR 883,962 thousand, see Notes 2.h and 6).
- the Hutchison Ireland Acquisition (EUR 481,109 thousand, see Notes 2.h and 6).
- the Hutchison Denmark Acquisition (EUR 326,847 thousand, see Notes 2.h and 6).

2019 restated

- the acquisition of On Tower France (EUR 1,701,000 thousand, see Notes 2.h and 6).
- the acquisition of Swiss Infra (EUR 892,867 thousand, see Notes 2.h and 6).
- the acquisition of business unit containing approximately 2,200 sites in Italy (EUR 388,100 thousand, see Notes 2.h and 6).
- the acquisition of Cignal subgroup (EUR 148,191 thousand, see Notes 2.h and 6).
- the acquisition of On tower Netherlands subgroup (EUR 26,952 thousand, see Note 2.h).

Signed acquisitions and commitments

During 2020, the Group had not entered into additional relevant framework agreements with customers, other than those included in the Business Combinations. During 2019, the main additions corresponded to the agreements described below:

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

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

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

Agreement with El Corte Inglés ("ECI") in Spain

In the last quarter of 2019, Cellnex Telecom (through its subsidiary Ontower Telecom Infraestructuras) and ECI signed a long-term strategic agreement according to which Cellnex acquired the rights to operate and market the connectivity infrastructure of approximately 400 buildings located mainly throughout Spain for a period of 50 years. The acquisition price amounted to approximately EUR 60 million, approximately. The aforementioned rights were totally transferred to Cellnex as of 31 December 2019.

Intangible assets abroad

At 31 December 2020 and 2019, the Group had the following net book value of intangible assets located in the following countries:

	Thousands of Euros	
	Net book value	
	31 December 2020	31 December 2019 restated
Italy	1,045,363	1,094,505
Netherlands	533,923	556,572
France	2,088,353	2,172,532
United Kingdom	2,851,975	247,760
Portugal	1,345,563	-
Switzerland	1,418,587	1,469,777
Ireland	889,161	185,813
Austria	1,159,017	-
Others	471,404	-
Total	11,803,346	5,726,959

Fully depreciated assets

At 31 December 2020, fully depreciated intangible assets amounted to EUR 33,923 thousand (EUR 31,694 thousand at 31 December 2019).

Purchase commitments at the end of the year

At 31 December 2020, the Group held purchase agreements for intangible assets, excluding those intangible assets that may arise as a result of business combinations (see Note 21.b), amounting to EUR 333 thousand (EUR 1,130 thousand at 31 December 2019).

Impairment

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

Prior to preparing revenue and expense projections, those projections made as part of the impairment tests for the prior year were reviewed to assess possible variances. In the review of the 2019 impairment tests with regard to the 2020 results, no significant variances were detected.

The fair value was calculated as follows:

- The period over which the related investment is expected to generate cash flows was determined.
- The respective revenue and expense projections were made using the following general criteria and assumptions:

    - For revenue, trends were forecast assuming a different increase for each cash-generating unit of the consumer price index (CPI) in each country (with the exception of 2% fix escalator in France) in which the assets are used or the business operates.

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

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

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

The cash inflow projections based on the revenue and expense projection made as set forth above were discounted at the rate resulting from adding, to the long-term cost of money, the risk premium assigned by the market to each country where the activity takes place and the risk premium assigned by the market to each business (over the long term in both cases).

Projections for the first years are generally based on the closing 2020 and on the most recent medium-term projection and, after approximately year ten, on the activity growth rate evident from the service contracts. Projections covers a period higher than five years of cash flows after closing, due to the duration of the existing service contracts with customers.

The most significant assumptions used in determining the fair value of the main cash-generating units in 2020 and 2019 with the most relevant intangible assets and goodwill were as follows:

2020

The discount rate considered for Tradia Telecom, Towerco, Cellnex Italia, Towerlink Netherlands, Shere Group UK, Shere Masten, Swiss Towers, Infracapital Alticom, On Tower France, Swiss Infra and Cignal was 5.9%, 6.2%, 6.2%, 4.9%, 5.5%, 4.9%, 4.5%, 4.9%, 5.0%, 4.5% and 5.3%, respectively.

The activity growth rate considered for all CGUs was 3.0% per annum, apart from Tradia Telecom which was 1.5% per annum.

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

All CGUs apart from TowerCo have been projected until 2040 in line with the duration of the service contracts in the Telecom Infrastructure Services business segment. As the TowerCo business is based on a concession agreement with Autoestrade Per l'Itallia S.p.A., this CGU has been projected until the end of the concession in 2038.

2019

The discount rate considered for Tradia Telecom, Towerco, Cellnex Italia, Commscon, Towerlink Netherlands, Shere Group UK, Shere Masten, Swiss Towers and Infracapital Alticom was 6.6%, 7.5%, 7.5%, 7.5%, 5.4%, 6.0%, 5.4%, 5.2% and 5.4% respectively.

The activity growth rate for Tradia Telecom was 1.5% per annum, for Swiss Towers, Towerco, Cellnex Italia, Towerlink Netherlands, Shere Group UK, Shere Masten and Infracapital Alticom was 3.0% per annum. The Commscon's growth rate was determined at 11.9% per annum due to the highly dynamic market and growth opportunities.

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

All CGUs apart from TowerCo and Commscon have been projected until 2040 in line with the duration of the service contracts in the Telecom Infrastructure Services business segment. As the TowerCo business is based on a concession agreement with Autoestrade Per l'Itallia S.p.A., this CGU has been projected until the end of the concession in 2038. Commscon's business has different market dynamics, as a result, this CGU has been projected until 2028.

The impairment tests carried out demonstrate that the unit to which the recognised goodwill or intangible assets in telecom infrastructures are allocated is deemed capable of recovering the net value recognised at 31 December 2020 and 2019. Consequently, there is no need to recognise any provision for impairment.

Sensitivity to changes in the key assumptions

With regards to the impairment tests performed both on the goodwill the recoverable amount obtained (determined based on the fair value as indicated previously) exceeds the carrying value of the goodwill and assigned assets to such an extent that even if the hypothesis used were changed significantly there would be no significant risk of impairment. In accordance with the sensitivity analysis performed, any changes in the discount rates of +50 basis points; in terminal growth rate "g" of -50 basis points; and in activity of -500 basis points could be made without recognising any impairment to goodwill recognised by the Group at 31 December 2020 and 2019. Thus, the recoverable amount obtained exceeds the carrying amount of the assets, although the sensitivity analyses conducted on the projections evidence clearly a high tolerance (above 20%) to changes in the key assumptions used.

Other disclosures

At 31 December 2020 and 2019, the Group did not have significant intangible assets subject to restrictions or pledged as collateral on liabilities.

9. Investments in associates

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

	Thousands of Euros	
	2020	2019
At 1 January	2,832	2,803
Profit for the year	52	82
Changes in perimeter	172	302
Others	375	(355)
At 31 December	3,431	2,832

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

	Thousands of Euros	
	Value of the shareholding	
	31 December 2020	31 December 2019
Torre Collserola, S.A.	1,957	1,958
Consorcio de Telecomunicaciones Avanzadas, S.A. (COTA)	792	659
Nearby Sensors, S.L.	314	162
Nearby Computing, S.L.	368	53
Total	3,431	2,832

In addition to the impairment tests referred to above, the Group carried out impairment tests to determine the recoverability of the investments in associates. To carry out these tests, the Group considered future cash flow projections in a manner similar to that indicated in Note 7. No indication was found of a need to recognise any provision for impairment in the consolidated income statement for the 2020 financial year.

10. Current and non-current financial investments

The breakdown of this heading in the accompanying consolidated balance sheet at 31 December 2020 and 2019 is as follows:

	Thousands of Euros					
	31 December 2020			31 December 2019 restated		
	Non-current	Current	Total	Non-current	Current	Total
Advances to customers	28,042	2,067	30,109	26,909	2,015	28,924
Other advance payments	-	-	-	114,000	-	114,000
Current and non-current financial investments	28,042	2,067	30,109	140,909	2,015	142,924

Advances to customers

The changes in "advances to customers" during 2020 and 2019 were as follows:

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

	Thousands of Euros		
			2019
	Non-current	Current	Total
At 1 January	25,314	1,378	26,692
Additions	4,438	-	4,438
Charge to the consolidated income statement	-	(2,290)	(2,290)
Transfer	(2,290)	2,290	-
Others	(553)	637	84
At 31 December	26,909	2,015	28,924

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

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

Additions

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

Charge to the consolidated income statement

During 2020 and 2019, in line with the terms of the services agreements entered into with the operators, the corresponding amount of the total paid for the purchase of telecommunications infrastructure, treated as prepayment for the subsequent service agreements, was taken to the accompanying consolidated income statement. At 31 December 2020 and 2019 this amount was recorded as a reduction to revenues amounting to EUR 2,909 thousand and EUR 2,290 thousand, respectively.

Transfers

The transfers from the 2020 and 2019 financial years are due to the classification under "Current financial investments" of the part that is expected to be charged during the next financial year to the consolidated income statement.

Other advance payments

The changes in “other advance payments” during 2020 and 2019 were as follows:

	Thousands of Euros
	2020
	Non-current
At 1 January restated	114,000
Transfer	(114,000)
At 31 December	-

	Thousands of Euros
	2019
	Non-current
At 1 January	-
Additions restated	114,000
At 31 December restated	114,000

This caption included payments made to Iliad Italy, S.p.A. in the context of the Iliad Italy Acquisition (see Note 6) which related to those sites in the business unit not yet transferred as at 2019 year-end. The transfer took place in some tranches during 2020 (see Note 7).

11. Derivative financial instruments

The detail of the fair value of the derivative financial instruments at 31 December 2020 and 2019 is as follows:

	Thousands of Euros			
	31 December 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps:				
Cash flow hedges	-	9,908	-	3,593
Interest rate and/or cross currency swaps:				
Hedges of a net investment in a foreign operation	6,116	-	-	-
Derivative financial instruments	6,116	9,908	-	3,593
Interest rate and/or cross currency swaps:				
Cash flow hedges	-	9,743	-	-
Hedges of a net investment in a foreign operation	6,116	-	-	-
Non-current	6,116	9,743	-	3,593
Current	-	165	-	-

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

The detail of the derivative financial instruments at 31 December 2020 and 2019, by type of swap, showing their notional or contractual values, expiry dates and fair values, is as follows:

	Thousands of Euros							
	31 December 2020							
	Notional amount	2021	2022	2023	2024	2025	Subsequent years	Net fair value
Interest rate swaps:								
Cash flow hedges	131,097	(1,447)	(1,684)	(1,847)	(1,972)	(1,921)	(1,341)	(9,908)
Interest rate and/or cross currency swaps:								
Hedges of a net investment in a foreign operation	450,000	(5,930)	(4,549)	(4,517)	(5,077)	(4,762)	31,436	6,116
Total	581,097	(7,377)	(6,233)	(6,365)	(7,050)	(6,682)	30,095	(3,792)

	Thousands of Euros							
	31 December 2019							
	Notional amount	2020	2021	2022	2023	2024	Subsequent years	Net fair value
Interest rate swaps:								
Cash flow hedges	80,000	(838)	(779)	(687)	(574)	(456)	(549)	(3,593)
Total	80,000	(838)	(779)	(687)	(574)	(456)	(549)	(3,593)

Interest rate swaps

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

Additionally, during 2020, Nexloop arranged a floating-to-fix IRS for an increasing nominal value up to EUR 448 million. This transaction is 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).

Cross currency interest rate swaps

During 2020, the following transactions were performed:

i) Cellnex Telecom, S.A. arranged a CCS for EUR 450 million and an equivalent sterling value of GBP 382 million which has been designated together with the bond issue of EUR 450 million described in Note 15 as a natural hedge of the net investment made in United Kingdom Group's subsidiaries.
ii) Cellnex Telecom, S.A. arranged three CCS for a total amount of USD 328 million and an equivalent total euro value of EUR 300 million to hedge three deposits amounting to a total of USD 328 million. As at 31 December 2020, these three CCS were cancelled.

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

Finally, the amount recognised as a financial asset/liability with a balancing entry in the consolidated income statement for the period corresponding to the ineffective portion of the cash flow hedges and hedges of a net investment in a foreign operation amounted to EUR 3.788 thousands.

12. Trade and other receivables

The breakdown of this heading in the accompanying consolidated balance sheet at 31 December 2020 and 2019 is as follows:

	Thousands of Euros					
	31 December 2020			31 December 2019 restated		
	Non-current	Current	Total	Non-current	Current	Total
Trade receivables (gross)	-	354,702	354,702	-	267,573	267,573
Allowances for doubtful debts (impairments)	-	(19,424)	(19,424)	-	(13,609)	(13,609)
Trade receivables	-	335,278	335,278	-	253,964	253,964
Current tax assets	-	136,508	136,508	-	89,156	89,156
Receivables with other related parties (Note 24.d)	-	207	207	-	324	324
Other receivables	35,671	30,077	65,748	18,427	21,635	40,062
Trade and other receivables	35,671	502,070	537,741	18,427	365,079	383,506

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

Trade receivables

"Trade receivables" includes outstanding amounts from customers. At 31 December 2020 and 2019, the account had no significant past-due balances that were not provided for.

The balance of public-sector debtors as at 31 December 2020 and 2019, amounted to EUR 17,421 thousand and EUR 16,867 thousand, respectively.

At 2020 year-end there is no balance drawn down under non-recourse factoring agreements (EUR 9.9 million as at 2019 year-end). In this regard, the Group derecognises the receivables sold on a non-recourse basis as it considers that it has substantially transferred the risks and rewards inherent to their ownership to banks. As at 31 December 2020 the limit under the non-recourse factoring agreements stood at EUR 238 million (EUR 210 million as at 2019 year-end).

Allowances for doubtful debts (write-downs)

The changes in the allowance for doubtful debts during 2020 and 2019 were as follows:

	Thousands of Euros	
	2020	2019
At 1 January	13,609	14,283
Disposals	(466)	(1,027)
Net changes	5,339	353
Changes in scope of consolidation	942	-
At 31 December	19,424	13,609

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

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

Current tax assets

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

	Thousands of Euros	
	31 December 2020	31 December 2019
Corporate income tax	22,236	7,228
VAT receivable	111,878	80,217
Other taxes	2,394	1,711
Current tax assets	136,508	89,156

At 31 December 2020, this line mainly included VAT receivable derived from the acquisition of mobile telecom infrastructures in France (see Note 7) for an amount of EUR 62 million, as well as the VAT receivable amounting to EUR 34 million corresponding to the payment in advance in consideration for the cancellation of certain outstanding lease payments. At 31 December 2019, this line mainly included VAT receivable derived from the acquisition of mobile telecom infrastructures in Spain and France (see Note 7), that amounted to EUR 39 million and EUR 21 million respectively, as well as, the VAT receivable amounting to EUR 12 million derived from the acquisition of rights to operate and market 950 buildings located mainly throughout Spain (see Note 8).

Other receivables

At 31 December 2020 and 2019 "Other receivables" comprises:

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

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

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

13. Cash and cash equivalents

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

	Thousands of Euros	
	31 December 2020	31 December 2019
Cash on hand and at banks	1,478,027	2,271,555
Deposits at credit institutions	3,174,000	80,000
Total	4,652,027	2,351,555

14. Net equity

a) Share capital and treasury shares

Share capital

At 31 December 2019, the share capital of Cellnex Telecom, S.A. amounted to EUR 96,332 thousand, represented by 385,326,529 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

At 31 December 2020, in accordance with the capital increase detailed below, the share capital of Cellnex Telecom increased by EUR 25,345 thousand to EUR 121,677 thousand, represented by 486,708,669 cumulative and indivisible ordinary registered shares of EUR 0.25 par value each, fully subscribed and paid.

Changes in 2020

July 2020 Capital Increase

On 21 July 2020, the Parent Company's Board of Directors, in accordance with the authorization granted by the Annual General Shareholders' Meeting of Cellnex, held on 21 July 2020, approved a capital increase (hereinafter, the "Capital Increase") through cash contributions and recognising the preferential subscription right of the Cellnex's shareholders, as detailed below:

- The Capital Increase was carried out through the issuance and sale of 101,382,140 ordinary registered shares (hereinafter, "New Shares") at a subscription price (nominal plus share premium) of EUR 39.45 per each new share. Thus, the Capital Increase amounted to approximately EUR 4,000 million, which has been fully subscribed.

- Preferential subscription rights were assigned to all Cellnex shareholders who acquired shares up to 24 July 2020 and whose transactions were registered in Iberclear up to 28 July 2020 (both inclusive). Each share in circulation at that time granted the right to receive a preferential subscription right (19 rights were required to subscribe 5 new shares). The pre-emptive subscription period ended on 6 August 2020.

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

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

On 14 August 2020, the public deed for the Capital Increase, was duly registered.

On 19 August 2020, the 101,382,140 New Shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Changes in 2019

October 2019 Capital Increase

On 7 October 2019, the Parent Company's Board of Directors, in accordance with the authorization granted by the Annual General Shareholders' Meeting of Cellnex, held on 9 May 2019, approved a capital increase (hereinafter, the "Capital Increase") through cash contributions and recognising the preferential subscription right of the Cellnex's shareholders, as detailed below:

- The Capital Increase was carried out through the issuance and sale of 86,653,476 ordinary registered shares (hereinafter, "New Shares") at a subscription price (nominal plus share premium) of EUR 28.85 per each new share. Thus, the Capital Increase amounted to approximately EUR 2,500 million, which has been fully subscribed.

- Preferential subscription rights were assigned to all Cellnex shareholders who acquired shares up to 10 October 2019 and whose transactions were registered in Iberclear up to 14 October 2019 (both inclusive). Each share in circulation at that time granted the right to receive a preferential subscription right (31 rights were required to subscribe 9 new shares). The pre-emptive subscription period ended on 25 October 2019.

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

The funds from the capital increase will be used to support the acquisition of the Arqivas's Telecoms division (as detailed below), as well as Cellnex's active projects pipeline.

On 5 November 2019, the public deed for the Capital Increase, granted on 4 November 2019, was duly registered.

On 7 November 2019, the 86,653,476 New Shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

March 2019 Capital Increase

On 27 February 2019, the Parent Company's Board of Directors, in accordance with the authorization granted by the Annual General Shareholders' Meeting of Cellnex, held on 31 May 2018, approved a capital increase (hereinafter, the "Capital Increase") through monetary contributions and recognising the preferential subscription right of the Cellnex's shareholders, as detailed below:

- The Capital Increase was carried out through the issuance and sale of 66,989,813 ordinary registered shares (hereinafter, "New Shares") at a subscription price (nominal plus share premium) of EUR 17.89 per each new share. Thus, the Capital Increase amounted to EUR 1,198 million, which has been fully subscribed.

- Preferential subscription rights were assigned to all Cellnex shareholders who acquired shares up to 1 March 2019 and whose transactions were registered in Iberclear as at 5 March 2019. Each share in circulation at that time granted the right to receive a preferential subscription right (38 rights were required to subscribe 11 new shares). The pre-emptive subscription period ended on 16 March 2019.

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

On 25 March 2019, the public deed for the Capital Increase, granted on 22 March 2019, was duly registered.

On 26 March 2019, the 66,989,813 New Shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Significant shareholders

In accordance with the notifications concerning the number of shares held made to the National Securities Market Commission, the shareholders who hold significant shareholdings in the share capital of the Parent Company, both directly and indirectly, greater than 3% of the share capital at 31 December 2020 and 2019, are as follows:

Company	% ownership 31 December 2020	31 December 2019
ConnecT, S.p.A. (1)	-	29.90%
Edizione, S.r.l. (2)	13.03%	-
GIC Private Limited (3)	7.03%	-
Abu Dhabi Investment Authority (4)	6.97%	-
Criteria Caixa, S.A.U.	4.77%	5.00%
Wellington Management Group LLP (5)	4.28%	4.28%
Blackrock, Inc. (6)	3.80%	4.98%
GQG Partners, LLC.	3.22%	-
Canada Pension Plan Investment Board	3.16%	3.16%
FMR, LLC. (7)	3.05%	-
Norges Bank	3.03%	-
Capital Research and Management Company (8)	3.02%	-
	55.36%	47.32%

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

(1) Full spin-off and dissolution of ConnecT S.p.A. ("Connect") and incorporation of ConnecT Due S.r.l.
(2) Edizione S.r.l. ("Edizione") controls Sintonia S.p.A. ("Sintonia") which in turn controls ConnecT Due S.r.l.
(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) Azure Vista C 2020, S.r.l. ("Azure") is a wholly owned subsidiary of Infinity Investments S.A. ("Infinity") which is, in turn, a wholly owned subsidiary of Silver Holdings S.A., which is a wholly owned subsidiary of Abu Dhabi Investment Authority.
(5) Wellington Management Company LLP is a direct controlled undertaking of Wellington Investment Advisors Holdings LLP, which, in turn, is a direct controlled undertaking of Wellington Group Holdings LLP, which in turn, is a direct controlled undertaking of Wellington Management Group LLP.
(6) Corresponds to managed collective institutions with a percentage lower than 5%. In addition, there is a total holding of 0.398% through financial instruments connected to shares in the Parent Company.
(7) At the end of 2020, FMR, LLC. controlled 3.05% of the rights to vote across several investment funds and other accounts. None of the above mentioned funds and/or accounts had a shareholding higher than 3%.
(8) Capital Research and Management Company controlled 3.005% of the total rights to vote and the remaining collective institutions had a shareholding lower than 3%.

Additionally to the significant shareholdings detailed above, Atlantia, S.p.A. holds a shareholding through financial instruments amounting to 4.73% (5.98% at 2019 year-end).

At 31 December 2020, Edizione is positioned as a reference shareholder in Cellnex Telecom, S.A., holding a 13.03% stake in its share capital. At 31 December 2019, ConnecT,S.p.A. was positioned as a reference shareholder in Cellnex Telecom, S.A., holding a 29.9% stake in its share capital.

Changes in 2020

Shareholders' agreement entered into between Sintonia, Infinity and Raffles

On 22 May 2020, Edizione announced that Sintonia, Infinity and Raffles Infra Holdings Limited ("Raffles") had entered into a framework agreement (the "Shareholders' Agreement") in relation to the full non-proportional spin-off of ConnecT resulting in the allocation of the shares of Cellnex formerly held by ConnecT to ConnecT Due, Azure and Prisma Holdings, S.r.L. ("Prisma"). As provided in the Shareholders' Agreement, the term "Raffles" includes any affiliates of Raffles holding the shares of Cellnex assigned through the spin-off of ConnecT. Following the execution of the Shareholders' Agreement, Prisma sold its 6.730% stake in the share capital of Cellnex to Lisson, who is the current holder of the stake as of the date of these consolidated financial statements. Each of Raffles, Prisma and Lisson are 100% owned by GIC Infra Holdings Private Limited.

The Shareholders Agreement regulates, among other matters, certain obligations in relation to the initial appointment of their respective proprietary directors in Cellnex following completion of ConnecT spin-off in order to allow a proportional representation in the Board of Directors.

On 10 June 2020, Edizione published certain clauses of the Shareholders' Agreement which qualify as a disclosable shareholder agreement (pacto parasocial) under Spanish law. In accordance with the information made public by Edizione, the Shareholders' Agreement foresees, among other matters:

- Once Raffles informs Infinity and Sintonia of its request to have a person nominated by it appointed as a proprietary director of Cellnex, the obligation of Infinity and Sintonia to formally request, and do their best efforts to cause, any proprietary director of Cellnex nominated by them to, subject to their fiduciary duties as members of the Board of Directors, support the appointment of the person nominated by Raffles as a new director of Cellnex.

- Sintonia's obligation to have ConnecT Due to attend, either by being present or by proxy, the shareholders' meeting of Cellnex where the person nominated by Raffles will be appointed or (if appointed by the Board of Directors as director by co-optation) re-elected as a director of Cellnex and cast its votes for the appointment or re-election, as appropriate, of the person nominated by Raffles as a director of Cellnex, subject to certain conditions.

- Infinity's obligation, at the request of Raffles and provided that a proprietary director of Raffles has been appointed in accordance with the above, upon the appointment as a proprietary director of Cellnex of the person nominated by Raffles, to formally request, and do its best efforts to cause, its proprietary director to resign from his current position as member of Cellnex's Nominations and Remuneration Committee on 9 May 2022 and each of Sintonia, ConnecT Due, Infinity and Azure to formally request, and do its best efforts to cause, any proprietary director of Cellnex nominated by them to, subject to their fiduciary duties, support the appointment of the proprietary director nominated by Raffles as a new member of Cellnex's Nominations and Remuneration Committee.

The above obligations will cease to be effective and applicable as soon as the provisions regarding the appointment of the person nominated by Raffles as new proprietary director of Cellnex (or, as the case may be, his/her ratification and re-election) by the shareholders' meeting of Cellnex has been complied with or on the date on which the 2021 ordinary general shareholders' meeting of Cellnex is held, whatever occurs first. By way of exception, the provisions described on the last bullet will survive until 30 June 2022.

Shareholders' agreement entered into between Edizione, Atlantia, Sintonia and ConnecT Due

On 17 July 2020, Edizione announced the amendment of the Co-investment Agreement entered into on 24 July 2018 in relation to Cellnex between Edizione, Atlantia, Sintonia and ConnecT (the "Co-investment Agreement"). The amendments made to the Co-investment Agreement are: (i) the replacement of Connect by Connect Due as a consequence of the spin-off of the former; (ii) the extension of the term for exercising the co-investment option (extended for a further 12 months and, therefore, until 12 July 2021) on a stake of 5.98% in Cellnex; (iii) the option of exercising the ROFO and the Right to Match provided in the original Co-investment Agreement for no more than 10% of Cellnex's issued capital until 12 July 2025, rather than the entire stake in Cellnex indirectly held by Edizione; and (iv) the grant to Atlantia of a right of first refusal on all or part of the (unexercised) options attributed to Connect Due resulting from any future rights issues approved by Cellnex until 12 July 2025 (the "ROFR").

According to the public announcement, the combined result of Atlantia's exercise of its ROFO and Right to Match, on the one hand, and of the co-investment option, on the other, may not lead to Atlantia acquiring a stake in Cellnex in excess of 10% of its issued share capital.

Changes in 2019

On 11 July 2019, Edizione sold a 5% stake of ConnecT (which holds 29.9% of Cellnex) to Abu Dhabi Investment Authority ("ADIA") and Singapore's sovereign wealth fund ("GIC").

As a result of the above, at 31 December 2019, Edizione remained ConnecT's largest shareholder with a 55% stake, while ADIA and GIC each hold 22.5% stake in ConnecT.

Pre-emptive subscription rights in offers for subscription of securities of the same class

On 9 May 2019, the ordinary general shareholder's meeting of Cellnex, pursuant to article 297.1.(b) of the Law of Corporations, resolved to delegate in favour of the Parent Company's Board of Directors the faculty to increase the share capital, whether through one or more issuances, up to an amount equivalent to 50% of the Parent Company's share capital on 9 May 2019 (the date of such resolution), until May 2024 (i.e. the authorization has a term of 5 years). This authorization includes the power to exclude the pre-emptive subscription rights of shareholders, in accordance with the provisions of article 506 of the Spanish Companies Act; however, under these circumstances the Board of Directors has the authority to issue up to 10% of the Parent Company's share capital (this limit being included within the maximum limit of 50% referred above).

Furthermore, the ordinary general shareholder's meeting of Cellnex resolved to delegate in favour of the Parent Company's Board of Directors (also with a term of 5 years, i.e., until May 2024) the faculty to issue debentures, bonds and other similar fixed-income securities, convertible (including contingently) into shares of the Parent Company, preference shares (if legally permissible) and warrants (options to subscribe to new shares of the Parent Company) up to a limit of 10% of the Parent Company's share capital on 9 May 2019 (this limit being also included within the maximum limit of 50% referred above).

Treasury shares

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

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

During 2020, Cellnex carried out discretional purchases of treasury shares for an amount of EUR 6,509 thousand (EUR 0 thousand in 2019). In addition, at 31 December 2020 and 2019, 125,623 and 63,912 treasury shares have been transferred to employees in relation to employee remuneration payable in shares, respectively. At 31 December 2020, the Parent Company has registered a profit of EUR 3,236 thousand (a profit of EUR 316 thousand at the end of 2019), net of fees and commissions, as a result of these operations and this has been taken as a reserve movement in the consolidated balance sheet. The number of treasury shares as at 31 December 2020 and 2019 amounts to 200,320 and 199,943 shares, respectively and represents 0.041% of the share capital of Cellnex Telecom, S.A. (0.052% as at 31 December 2019).

The use of the treasury shares held at 31 December 2020 will depend on the agreements reached by the Corporate Governance bodies.

The movement in the portfolio of treasury shares during 2020 and 2019 has been as follows:

2020

	Number (Thousands of Shares)	Average Price	Purchases/Sales (Thousands of Euros)
At 1 January	200	21.117	4,222
Purchases	126	51.658	6,509
Sales/Others	(126)	21.120	(2,653)
At 31 December	200	40.326	8,078

2019

	Number (Thousands of Shares)	Average Price	Purchases/Sales (Thousands of Euros)
At 1 January	264	21.117	5,572
Purchases	-	-	-
Sales/Others	(64)	21.117	(1,350)
At 31 December	200	21.117	4,222

b) Share premium

As at 31 December 2020 the share premium of Cellnex Telecom increased by EUR 3,884 million to EUR 7,770 million (EUR 3,886 million at the end of 2019) mainly due to the capital increase described in Note 14.a. During 2019 the share premium of Cellnex Telecom increased by EUR 3,572 million to EUR 3,886 million (EUR 315 million at the end of 2018) mainly due to the two capital increases described in Note 14.a.

During 2020, a cash pay out to shareholders of EUR 29,281 thousand (26,620 thousand at 31 December 2019) was declared from the share premium account (See Note 14.d).

c) Reserves

The breakdown of this account is as follows:

	Thousands of Euros	
	31 December 2020	31 December 2019 restated
Legal reserve	19,000	11,584
Reserves from retained earnings	263,646	131,719
Reserves of consolidated companies	12,807	49,618
Hedge reserves	(19,553)	(2,965)
Foreign exchange differences	(8,098)	1,903
Reserves	267,802	191,859

I) Legal reserve

In accordance with the consolidated text of the Spanish Limited Liability Companies Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve may not be distributed to shareholders unless the Parent Company is liquidated.

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Apart from the purpose mentioned above, the legal reserve may be used to offset losses unless it exceeds 20% of the capital and no other sufficient reserves are available for such purpose.

At 31 December 2020 and 2019, because of the capital increases carried out during 2020 and 2019, the legal reserve had not reached the legally established minimum.

II) Reserves from retained earnings and other reserves

This line mainly includes the convertible bond reserve, which amounts to EUR 230,692 thousand and EUR 129,947 thousand as of 31 December 2020 and 2019, respectively.

During 2020 the convertible bond reserve increased by EUR 100,745 thousand to EUR 230,692 thousand due to the issuance of a new convertible bond in November 2020. During 2019 the convertible bond reserve increased by EUR 67,467 thousand to EUR 129,947 thousand due to two issuances of convertible bonds in November 2020 in January and July of 2019 (see Note 15).

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

III) 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.

IV) Foreign exchange differences

The detail of this line item at 31 December 2020 and 2019 is as follows:

		Thousands of Euros
	31 December 2020	31 December 2019 restated
Cellnex Switzerland subgroup (CHF)	10,847	(1,980)
Cellnex UK subgroup (GBP)	(19,662)	3,883
Cellnex Denmark (DKK)	718	-
Total	(8,097)	1,903

d) Interim dividend and proposed dividends

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

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

On 31 May 2018, the Annual Shareholders' Meeting approved the distribution of a dividend charged to the share premium reserve to a maximum of EUR 63 million, payable in one or more instalments during the years 2018, 2019 and 2020. 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.

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, the shareholder remuneration corresponding to the fiscal year 2020 will be equivalent to that of 2019 (EUR 26.6 million) increased by 10% (to EUR 29.3 million); the shareholder remuneration corresponding to the fiscal year 2021 will be equivalent to that of 2020, increased by 10% (to EUR 32. 2 million); and (iii) the shareholder remuneration corresponding to the fiscal year 2022 will be equivalent to that of 2021, increased by 10% (to EUR 35.4 million).

During 2020, in compliance with the Parent Company´s dividend policy, the Board of Directors, pursuant to the authority granted by resolution of the Annual Shareholders' Meeting of 31 May 2018, approved the distribution of a cash pay-out charged to the share premium reserve of EUR 11,818 thousand, which represented EUR 0.03067 for each existing and outstanding share with the right to receive such cash pay-out. In addition, on 3 November 2020, 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 17,463 thousand, which represented EUR 0.03588 for each existing and outstanding share with the right to receive such cash pay-out.

Thus, the total cash pay-out to shareholders distributed for the 2019 financial year was EUR 0.06909 gross per share, which represents EUR 26,622 thousand (EUR 24,211 thousand corresponding to the distribution for the 2018 financial year).

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

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

Thus, the Directors of Cellnex Telecom, S.A. will submit for approval of the Annual General Meeting (AGM) the following proposal for the distribution of the results of the year ended 31 December 2020:

	Thousands of Euros
Basis of distribution (Profit and Loss)	(69,195)
Distribution:	
Reserves from retained earnings	(69,195)
Total	(69,195)

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	
	2020	2019 restated
Profit/(loss) attributable to the Parent Company	(133,100)	(9,177)
Weighted average number of shares outstanding (Note 14.a)	385,191,395	296,092,308
Basic EPS attributable to the Parent Company (euros per share)	(0.35)	(0.03)
Diluted EPS attributable to the Parent Company (euros per share) (*)	(0.35)	(0.03)

(*) Note that, as of 31 December 2020, the effect of the conversion of convertible bonds (Note 15) would not dilute the earnings per share attributable to the Parent Company. Additionally, the share-based remuneration (Note 19 b) ii)) has no significant impact on the diluted earnings per share attributable to the Parent Company.

f) Non-controlling interests

The balance of this heading in the Group's equity includes the interest of non-controlling shareholders in the fully consolidated companies. Additionally, the balance of "Profit attributable to non-controlling interests" in the consolidated statement of comprehensive income represents the share of non-controlling shareholders in the profit for the year.

The detail of the non-controlling interests at 31 December 2020 and 2019 is as follows:

				Thousands of Euros	
	Country	%(*) owned by Cellnex as of 31/12/2020	%(*) owned by Cellnex as of 31/12/2019	31 December 2020	31 December 2019 restated
Cellnex Switzerland	Switzerland	72%	72%	206,894	206,227
Swiss Towers	Switzerland	72%	72%	(10,806)	(8,692)
Swiss Infra	Switzerland	65%	65%	80,291	88,450
Grid Tracer	Switzerland	40%	-	63	-
Adesal Telecom	Spain	60%	60%	2,350	2,117
On Tower France (1)	France	70%	70%	592,552	601,542
Nexloop	France	51%	-	14,609	-
Metrocall	Spain	60%	-	28,551	-
Total				914,504	889,644

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

(1) In relation to the agreement between Cellnex and Illiad, S.A. to purchase the 70% of On Tower France (see Note 6), the shareholder agreement sets out the conditions for Iliad, S.A.'s right to sell its 30% (and not less than 30%) non-controlling interest in Iliad7 (currently On Tower France) to Cellnex France Groupe, at a price to be calculated pursuant to said agreement. The price of this acquisition is uncertain and will undoubtedly be inflationary given the favourable performance of such assets. According to the shareholders agreement terms, as of 31 December 2020 and 2019, Cellnex France Groupe has the right, but not the obligation to purchase this non-controlling interest, and therefore, no liability has been recorded in the accompanying consolidated balance sheet as of 31 December 2020. This situation will be revaluated in subsequent reporting periods.

The changes in this heading were as follows:

		Thousands of Euros
	2020	2019 restated
At 1 January	889,644	137,476
Profit/(loss) for the year	(17,636)	(9,515)
Changes in the scope of consolidation	43,223	753,508
Exchange differences	(727)	6,651
Others	-	1,524
At 31 December	914,504	889,644

As regards the main non-controlling interest, the summarised financial information in relation to the assets, liabilities, operating results and cashflow relating to the corresponding company/subgroup incorporated in the consolidation process is as follows:

31 December 2020

					Thousands of Euros
	Cellnex Switzerland	Swiss Towers	Swiss Infra	On Tower France	Nexloop [1]
Non-current assets	722,944	1,031,216	213,352	713,802	130,154
Current assets	5,631	28,524	57,724	116,345	35,580
Total assets	728,575	1,059,740	271,076	830,147	165,734
Non-current liabilities	1,373	682,577	161,623	229,657	118,365
Current liabilities	3,474	56,155	37,319	174,386	21,037
Total liabilities	4,847	738,732	198,942	404,043	139,402
Net assets	723,729	321,008	72,134	426,104	26,333
Income	3,572	69,674	75,038	173,158	3,829
Expenses	(4,151)	(7,537)	(8,404)	(13,385)	(1,072)
Gross operating profit	(579)	62,137	66,634	159,773	2,757
Profit attributable to the shareholders	(550)	4,705	27,783	40,516	(685)
Operating activities	1,021	44,299	65,076	121,220	(21,317)
Investment activities	(26)	(68,231)	(21,722)	(42,094)	(86,680)
Financing activities	599	23,610	(11,787)	-	92,508
Cash flows	1,594	(322)	31,567	79,126	(15,489)

[1] Company which was incorporated in May 2020 (see Note 2.h); hence, only seven months of the aggregates of its income and cash flows have been included in the consolidated statement of profit or loss and the consolidated statement of cash flows for the year, respectively.

31 December 2019

	Thousands of Euros			
	Cellnex Switzerland	Swiss Towers	Swiss Infra (1)	On Tower France (2)
Non-current assets	739,897	1,039,330	199,338	642,480
Current assets	3,714	26,774	24,420	8,058
Total assets	743,611	1,066,104	223,758	650,538
Non-current liabilities	337	622,751	146,656	189,487
Current liabilities	919	105,890	31,587	75,758
Total liabilities	1,256	728,641	178,243	265,245
Net assets	742,355	337,463	45,515	385,293
Income	67	65,150	20,755	-
Expenses	(1,327)	(11,107)	(1,761)	-
Gross operating profit	(1,260)	54,043	18,994	-
Profit attributable to the shareholders	8,175	5,871	3,383	-
Operating activities	(4,135)	50,420	8,835	(192)
Investment activities	(297,901)	(811,151)	(26)	-
Financing activities	279,355	745,538	-	-
Cash flows	(22,681)	(15,193)	8,809	(192)

(1) Company over which control was obtained in August 2019 (see Note 2.h); hence, only five months of the aggregates of its income and cash flows have been included in the consolidated statement of profit or loss and the consolidated statement of cash flows for the year, respectively.

(2) Company over which control was obtained at the end of December 2019 (see Note 2.h); hence, only the period since the acquisition date of the aggregates of its income and cash flows have been included in the consolidated statement of profit or loss and the consolidated statement of cash flows for the year, respectively.

g) Profit/(loss) for the year

The contribution of each company in the scope of consolidation to consolidated profit/(loss) is as follows

	Thousands of Euros	
	2020	2019 restated
Cellnex Telecom, S.A.	(137,932)	(114,734)
Cellnex Telecom España, S.L.U.	(3,834)	(1,984)
Retevisión-I, S.A.U.	83,179	86,286
Tradia Telecom, S.A.U.	21,384	24,024
On Tower Telecom Infraestructuras, S.A.U.	1,548	16,767
Towerco, S.p.A.	1,739	2,819
Cellnex Italia, S.p.A.	18,369	(1,261)
Cellnex Italia, S.r.L.	-	(695)
Commscon Italia, S.r.L.	-	1,172
Cellnex Netherlands, Group	551	17,483
Cellnex France, S.A.S.	(14,940)	(17,510)
Cellnex UK subgroup (formerly Shere Group subgroup)	(17,900)	(5,632)
Cellnex Switzerland AG	(343)	(1,780)
Swiss Towers AG	(6,070)	(4,719)
Cellnex France Groupe, S.A.S.	1,668	(4,279)
Xarxa Oberta de Comunicació i Tecnología de Catalunya, S.A.	2,266	2,274
Swiss Infra Services AG	(11,012)	(5,788)
Cignal subgroup	578	(2,825)
On Tower Netherlands subgroup	1,902	1,103
On Tower France	(21,186)	-
OMTEL, Estruturas de Comunicaçoes	(417)	-
On Tower Portugal	(3,942)	-
CLNX Portugal	(24,732)	-
Nexloop France, S.A.S.	(349)	-
On Tower UK subgroup	(13,237)	-
Finland subgroup	(779)	-
Cellnex Finance Company, S.A.	(3,712)	-
Metrocall, S.A.	(202)	-
Spanish companies accounted using equity method	52	82
Others	(5,749)	20
Net profit attributable to the Parent Company	(133,100)	(9,177)

15. Borrowings

The breakdown of borrowings at 31 December 2020 and 2019 is as follows:

						Thousands of Euros
	31 December 2020			31 December 2019		
	Non-current	Current	Total	Non-current	Current	Total
Bond issues and other loans	7,478,501	56,456	7,534,957	3,460,798	40,326	3,501,124
Loans and credit facilities	1,835,135	19,353	1,854,488	1,630,027	6,423	1,636,450
Other financial liabilities	2,194	1,132	3,326	2,871	1,677	4,548
Borrowings	9,315,830	76,941	9,392,771	5,093,696	48,426	5,142,122

During the year ended at 31 December 2020, 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 4,251,871 thousand to EUR 9,389,445 thousand.

The increase in "Bond issues and other loans" is mainly due to the six issuances of straight bonds that have been carried out during 2020, together with the issuance of a new convertible bond in November 2020, as detailed in section "Bond issues and other loans" below.

The increase in "Loans and credit facilities" corresponds mainly to the GBP 600,000 thousand 5-year term loan facility entered into by Cellnex UK and guaranteed by Cellnex, which was fully drawn to partially finance the Arqiva Acquisition, and to the EUR 620,000 thousand financing entered into by Nexloop and a pool of banks on 29 May 2020, of which EUR 73,359 thousand had been drawn down as at 31 December 2020. This increase was partially offset with the repayment of loans and credit facilities with the proceeds from the bonds issuances.

In addition, during the year ended 31 December 2020, the Group amended a credit facility for a total of EUR 100,000 thousand to extend its maturity, increased by net EUR 40,000 thousand the limits from other credit facilities in aggregate, and cancelled a bridge loan for GBP 1,400,000 thousand and term loans for EUR 50,000 thousand and CHF 450,000 thousand, respectively.

Moreover, on 13 November 2020, the Group signed a EUR 10 billion financing agreement consisting of i) a EUR 7,500,000 thousand bridge loan facility with a maturity of up to 3 years; ii) a EUR 1,250,000 thousand term loan facility with a 3-year bullet maturity; and iii) another EUR 1,250,000 thousand term loan facility with a 5-year bullet maturity (the "M&A Financing"). The purpose of such facility is to partially finance the CK Hutchison Holdings Pending Transactions (see Note 21.b), as well as other M&A opportunities. As of 31 December 2020, no drawdowns had been made.

Finally, on 9 December 2020, all Cellnex's loans and credit facilities were transferred to Cellnex Finance with exactly the same conditions, and incorporating the guarantee by Cellnex. The bonds issued under the EMTN Programme and the Convertible Bonds were not transferred and continue to be held by Cellnex. Furthermore, any facilities held at a subsidiary level were similarly not transferred and will continue to be held by the corresponding subsidiaries.

As of 31 December 2020 and 2019, the average interest rate of all available borrowings would have been 1.1% and 1.5% respectively, in the event they had been entirely drawn down. The average weighted interest rate as of 31 December 2020 of all available borrowings drawn down was 1.6% (1.7% at the end of 2019).

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

31 December 2020

							Thousands of Euros
	01/01/2020	Cash flows	Changes in the scope of consolidation (1)	Exchange rate	Transfers to liabilities held for sale	Other (2)	31/12/2020
Bond issues	3,501,124	3,982,682	-	(3,349)	-	54,500	7,534,957
Loans and credit facilities and other financial liabilities	1,640,998	(44,069)	243,259	(3,943)	-	21,569	1,857,814
Borrowings	5,142,122	3,938,613	243,259	(7,292)	-	76,069	9,392,771

(1) It corresponds to the repayment, during 2020, by Cellnex of the financial debt initially incorporated in the net assets acquired on the acquisition date, in relation to the Omtel Acquisition (see Note 6).

(2) It mainly includes arrangement expenses accrued and change in interest accrued not paid.

31 December 2019

							Thousands of Euros
	01/01/2019	Cash flows	Changes in the scope of consolidation	Exchange rate	Transfers to liabilities held for sale	Other (1)	31/12/2019
Bond issues	2,510,176	963,197	-	-	-	27,751	3,501,124
Loans and credit facilities and other financial liabilities	618,685	978,008	-	37,541	-	10,357	1,640,998
Borrowings	3,128,861	1,941,205	-	37,541	-	38,108	5,142,122

(1) It mainly includes arrangement expenses accrued and change in interest accrued not paid.

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 8,426 thousand (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 Parent Company level. The aim of this policy is to secure financing at a lower cost and longer maturities while diversifying its funding sources. In addition, this encourages access to capital markets and allows greater flexibility in financing contracts to promote the Group’s growth strategy.

As of 31 December 2020 and 2019, the breakdown, by maturity, type of debt and by currency of the Group’s borrowings (excluding debt with companies accounted for using the equity method of consolidation) is as follows:

Borrowings by maturity

The maturities of the Group's borrowings based on the repayment schedule as of 31 December 2020 and 2019 are shown in the table below:

31 December 2020

								Thousands of Euros
		Current	Non-current					
	Limit	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Bond issues and other loans (*)	7,729,340	69,534	602,358	2,394	752,431	593,189	5,603,452	**7,623,358**
Arrangement expenses	-	(13,078)	(12,856)	(12,392)	(11,134)	(10,242)	(28,699)	**(88,401)**
Loans and credit facilities (*)	12,920,485	24,481	169,347	2,500	171,913	669,885	847,656	**1,885,782**
Arrangement expenses	-	(5,128)	(6,351)	(6,078)	(5,004)	(4,274)	(4,459)	**(31,294)**
Other financial liabilities	-	1,132	643	483	472	323	273	**3,326**
Total	20,649,825	76,941	753,141	(13,093)	908,678	1,248,881	6,418,223	9,392,771

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

31 December 2019

								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 (*)	3,600,500	47,039	-	600,000	-	750,000	2,142,687	**3,539,726**
Arrangement expenses	-	(6,713)	(6,962)	(6,629)	(6,051)	(4,677)	(7,570)	**(38,602)**
Loans and credit facilities (*)	5,877,303	9,715	32,500	223,374	116,169	1,076,758	192,125	**1,650,641**
Arrangement expenses	-	(3,292)	(3,335)	(2,943)	(2,836)	(1,564)	(221)	**(14,191)**
Other financial liabilities	-	1,677	694	707	509	531	430	**4,548**
Total	9,477,803	48,426	22,897	814,509	107,791	1,821,048	2,327,451	5,142,122

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

Borrowings by type of debt

						Thousands of Euros
	Notional as of 31 December 2020 (*)			Notional as of 31 December 2019 (*)		
	Limit	Drawn	Undrawn	Limit	Drawn	Undrawn
Bond issues and other loans	7,729,340	7,729,340	-	3,600,500	3,600,500	-
Loans and credit facilities	14,783,431	1,864,215	12,919,216	5,877,303	1,643,971	4,233,332
Total	22,512,771	9,593,555	12,919,216	9,477,803	5,244,471	4,233,332

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

As of 31 December 2020, the total limit of loans and credit facilities available was EUR 14,783,431 thousand (EUR 5,877,303 thousand as of 31 December 2019), of which EUR 3,324,205 thousand in credit facilities and EUR 11,459,225 thousand in loans (EUR 2,290,227 thousand in credit facilities and EUR 3,587,076 thousand in loans as of 31 December 2019).

Furthermore, of the EUR 14,783,431 thousand of loans and credit facilities available (EUR 5,877,303 thousand as of 31 December 2019), EUR 3,811,306 thousand (EUR 5,472,678 thousand as of 31 December 2019) can be drawn down either in Euros (EUR) or in other currencies, such as Pound Sterling (GBP), Swiss franc (CHF) and U.S. dollar (USD).

As of 31 December 2020 the total amount drawn down of the loans and credit facilities was EUR 1,864,215 thousand (EUR 1,643,971 thousand drawn down as of 31 December 2019).

Borrowings by currency

	Thousands of Euros	
	31 December 2020 (*)	31 December 2019 (*)
Euro	7,698,417	3,780,528
GBP	840,443	331,631
CHF	973,606	1,082,756
Borrowings	9,512,466	5,194,915

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

As described in Note 4.a, the foreign exchange risk on the net investment of operations of the Group companies denominated in non-Euro currencies is managed by means of borrowings denominated in the corresponding foreign currency.

In this regard, during 2020, Cellnex Telecom, S.A. arranged a Cross Currency Swap ("CCS") with strong financial counterparties for EUR 450 million and an equivalent sterling value of GBP 382 million which has been designated together with the bond issue of EUR 450 million executed in January 2020 as a natural hedge of the net investment made in United Kingdom Group's subsidiaries. As of 31 December 2019, the Group maintained debts in GBP, which acted as a natural hedge of net investments. These borrowings amounted to GBP 282,152 thousand with a Euro value of EUR 331,631 thousand and were held by means of various credit facilities denominated in GBP. These non-derivative financial instruments were assigned as net investment hedges against the net assets of the Cellnex UK Group. The maturities of these borrowings were between 2022 and 2023.

In addition, as of 31 December 2020, the Group maintained bonds and borrowings in CHF, which act as a natural hedge of the net investment in Cellnex Switzerland. On 29 January 2020, Cellnex successfully completed the pricing of a CHF-denominated bond for an amount of CHF 185 million, maturing in February 2027. Moreover, on 17 July 2020, Cellnex successfully completed the pricing of another CHF-denominated bond for an amount of CHF 100 million, maturing in July 2025.The borrowings amounted to CHF 183,000 thousand with a Euro value of EUR 169,413 thousand (CHF 639,525 thousand with a Euro value of EUR 589,207 thousand as of 31 December 2019) and are held by means of various facilities denominated in CHF. These non-derivate financial instruments are assigned as net investment hedges against the net assets of Swiss subsidiaries. The maturity of these borrowings are in 2024.

Furthermore, the Group also maintained through its subsidiary Swiss Towers additional borrowings in CHF amounting to CHF 535,669 thousand with a Euro value of EUR 502,928 thousand (CHF 535,698 thousand with a Euro value of EUR 493,549 thousand as of 31 December 2019).

Bond issues and other loans

The detail of the bonds and other financing instruments at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	31 December 2020	31 December 2019
Bond issues	7,534,953	3,501,090
Promissory notes and commercial paper	4	34
Bond issues and other loans	7,534,957	3,501,124

I) EMTN Programme

In May 2015, the Group established a Euro Medium Term Note Programme (the "EMTN Programme") through the Parent Company. This EMTN Programme is registered on the Irish Stock Exchange plc, trading as Euronext Dublin, is renewed annually and its latest renewal date was May 2020. As of 31 December 2020, the EMTN Programme allowed for the issue of bonds up to an aggregate amount of EUR 10,000 million.

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

31 December 2020

Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Initial Notional (Thousands of Euros)	Notional as of 31 December 2020 (Thousands of Euros)
27/07/2015	7 years	27/07/2022	BBB-/BB+	XS1265778933	3.13%	600,000	600,000
10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.38%	750,000	750,000
16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.88%	65,000	65,000
18/01/2017	8 years	18/04/2025	BBB-/BB+	XS1551726810	2.88%	335,000	335,000
07/04/2017	9 years	07/04/2026	BBB-/NA	XS1592492125	Eur 6M+2.27%[(1)]	80,000	80,000
03/08/2017	10 years	03/08/2027	BBB-/NA	XS1657934714	Eur 6M+2.20%	60,000	60,000
31/07/2019	10 years	31/07/2029	BBB-/NA	XS2034980479	1.90%	60,500	60,500
20/01/2020	7 years	20/04/2027	BBB-/BB+	XS2102934697	1.0%	450,000	450,000
29/01/2020	7 years	18/02/2027	BBB-/NA	CH0506071148	0.775%	171,265	171,265
26/06/2020	5 years	18/04/2025	BBB-/BB+	XS2193654386	2.88%	165,000	165,000
26/06/2020	9 years	26/06/2029	BBB-/BB+	XS2193658619	1.88%	750,000	750,000
17/07/2020	5 years	17/07/2025	BBB-/BB+	CH0555837753	1.1%	92,575	92,575
23/10/2020	10 years	14/10/2030	BBB-/BB+	XS2247549731	1.75%	1,000,000	1,000,000
Total						4,579,340	4,579,340

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

Bond issuances during 2020

On 9 January 2020, the Group completed the pricing of an Euro-denominated bond issuance (with ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors for an amount of EUR 450,000 thousand, maturing in April 2027 and with a coupon of 1.0%. Simultaneously, the Group entered into several cross-currency swap agreements with reputable financial counterparties by which Cellnex lent the EUR 450,000 thousand received and borrowed the equivalent amount in GBP at an agreed exchange rate, enabling Cellnex to obtain approximately GBP 382,455 thousand at a cost of 2.2%. In addition, on 29 January 2020, the Group completed the pricing of a CHF-denominated bond issuance (with a rating of BBB- by Fitch Ratings) for an amount of CHF 185,000 thousand, maturing in February 2027 and with a coupon of 0.775%. On 16 June 2020, the Group completed the pricing of a dual-tranche Euro-denominated bond issuance (with ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors, including a tap of the bond maturing in April 2025 for an amount of EUR 165,000 thousand, and with an equivalent coupon of 1.4%; and a new bond for an amount of EUR 750,000 thousand, maturing in June 2029 and with a coupon of 1.875%. In addition, on 22 June 2020, the Group completed the pricing of a CHF-denominated bond issuance (with a rating of BBB- by Fitch Ratings) for an amount of CHF 100,000 thousand, maturing in July 2025 and with a coupon of 1.1%. On 14 October 2020, the Group completed the pricing of a Euro-denominated bond issuance (with ratings of BBB- by Fitch Ratings and BB+ by Standard&Poor's) for an amount of EUR 1,000,000 thousand, maturing in October 2030 and with a coupon of 1.75%.

The bond issuances in Swiss francs are listed on the Swiss Stock Exchange (SIX) and the euro issuances are listed on the Irish Stock Exchange (ISE)

In December 2020, Cellnex Finance established a Guaranteed Euro Medium Term Note Programme, guaranteed by Cellnex, registered on the Irish Stock Exchange plc, trading as Euronext Dublin, and allowing for the issue of bonds up to an aggregate amount of EUR 10,000 million. From 2021 onwards, it is envisaged that Cellnex Finance will be the main debt financing entity of the Group.

31 December 2019

Issue	Initial duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Initial Notional (Thousands of Euros)	Notional as of 31 December 2019 (Thousands of Euros)
27/07/2015	7 years	27/07/2022	BBB-/BB+	XS1265778933	3.13%	600,000	600,000
10/08/2016	8 years	16/01/2024	BBB-/BB+	XS1468525057	2.38%	750,000	750,000
16/12/2016	16 years	20/12/2032	BBB-/NA	XS1538787497	3.88%	65,000	65,000
18/01/2017	8 years	18/04/2025	BBB-/BB+	XS1551726810	2.88%	335,000	335,000
07/04/2017	9 years	07/04/2026	BBB-/NA	XS1592492125	Eur 6M+2.27%[1]	80,000	80,000
03/08/2017	10 years	03/08/2027	BBB-/NA	XS1657934714	Eur 6M+2.20%	60,000	60,000
31/07/2019	10 years	31/07/2029	BBB-/NA	XS2034980479	1.90%	60,500	60,500
Total						1,950,500	1,950,500

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

The bond issues have certain associated costs, customary in this type of transactions such as arrangement expenses and advisors' fees, which amounted to EUR 59,175 thousand as of 31 December 2020 (EUR 16,321 thousand as of 31 December 2019), 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 88,401 thousand and EUR 38,602 thousand was deducted from bond issues in the consolidated balance sheet as of 31 December 2020 and 2019, respectively. The arrangement expenses and advisors' fees accrued in the consolidated income statement for the year ended 31 December 2020 in relation to the bond issues amounted to EUR 9,376 thousand (EUR 5,619 thousand as of 31 December 2019).

II) Convertible Bonds

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

31 December 2020

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

The 2020 Convertible Bond

In November 2020, Cellnex issued new senior unsecured convertible bonds (the “2020 Convertible Bond”) and together with the Original Convertible Bonds and the 2019 Convertible Bond, the “Convertible Bonds”). The underlying number of Shares of the 2020 Convertible Bond is equivalent to c.3.2% of the Company’s share capital as of the issue date. Bondholders may request Cellnex to repurchase the 2020 Convertible Bond (i) in the event of a change of control of the Company; or (ii) in the event that a tender offer is made with respect to the Shares which leads to a change of control of Cellnex.

The 2020 Convertible Bond has a coupon of 0.75% per annum of the notional amount payable annually in arrears. Cellnex may opt to redeem all (but not part) of the 2020 Convertible Bonds on or after 11 December 2028, if the market value of the underlying Shares per EUR 100,000 of principal amount of the Convertible Bonds exceeds 150% of the accreted principal amount of the 2020 Convertible Bonds during a specific period of time or, at any time, if more than 85% of the aggregate principal amount of the 2020 Convertible Bonds has been converted and/or redeemed and/or purchased and cancelled. The 2020 Convertible Bonds will reach maturity in November 2031, and are rated BBB- by Fitch. Any 2020 Convertible Bonds which have not been previously converted, redeemed or repurchased and cancelled by then, will be redeemed in full at a redemption price equal to 107.37% of their principal amount, implying a yield to maturity of 1.375% per annum.

The initial conversion price of the 2020 Convertible Bond was EUR 97.07, which represented a premium of 70% over the placement price per existing Share, determined pursuant to a simultaneous placement of existing Shares on behalf of certain subscribers of the 2020 Convertible Bond, who wished to sell these existing Shares to purchasers in order to hedge their market risk with respect to the 2020 Convertible Bonds, and was subject to customary adjustments. As a result of the agreed redemption price, the effective conversion price is EUR 104.2241.

These convertible bonds have been treated as a compound instrument and have been split into its two components: a debt component amounting EUR 1,398 million euros, 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”.

31 December 2019

Issue	Initial Duration	Maturity	Fitch / S&P rating	ISIN	Coupon rate	Balance as at 31 December 2019 (Thousands of Euros)
16/01/2018	8 years	16/01/2026	BBB-/NA	XS1750026186	1.50%	550,940
21/01/2019	7 years	16/01/2026	BBB-/NA	XS1750026186	1.50%	181,079
25/06/2019	9 years	25/07/2028	BBB-/NA	XS2021212332	0.50%	810,168
Total						1,542,187

Convertible bond issuances during 2019

In January 2019, Cellnex resolved to carry out an additional tap issuance of senior unsecured convertible bonds, under the same terms and conditions applicable to the 2018 Convertible Bond, which consolidated and currently forms a single series with it (the "Additional Convertible Bond" and, together with the 2018 Convertible Bond, the "Original Convertible Bonds"). The underlying number of Shares of the Original Convertible Bonds is equivalent to c.5.2% of the Company's share capital adjusted to take into account the share capital increases executed on 25 March 2019, 5 November 2019 and 17 August 2020.

The Original Convertible Bonds carry a coupon of 1.5% of the notional amount payable annually in arrears (resulting in an implied yield to maturity of approximately 1.45%). Cellnex may opt to redeem all (but not part) of the Original Convertible Bonds on or after 18 July 2022, if the market value of the underlying Shares per EUR 100,000 of principal amount exceeds EUR 130,000 during a specified period of time, or, at any time, if more than 85% of the aggregate principal amount of the Original Convertible Bonds has been converted and/or redeemed and/or purchased and cancelled. The Original Convertible Bonds will reach maturity in January 2026, and are rated BBB- by Fitch. Any Original Convertible Bonds which have not been previously converted, redeemed or repurchased and cancelled by then, will be redeemed in full at a redemption price equal to 100% of their principal amount, implying a yield to maturity of 1.5% per annum. Bondholders may request Cellnex to repurchase the Original Convertible Bonds (i) in the event of a change of control of the Company; or (ii) in the event that a tender offer is made with respect to the Shares which leads to a change of control of Cellnex.

Furthermore, in July 2019, Cellnex issued additional senior unsecured convertible bonds (the "2019 Convertible Bond"). The underlying number of Shares of the 2019 Convertible Bond is equivalent to c.3.5% of the Company's share capital adjusted to take into account the share capital increase executed on 5 November 2019 and 17 August 2020. Bondholders may request Cellnex to repurchase the 2019 Convertible Bond (i) in the event of a change of control of the Company; (ii) in the event that a tender offer is made with respect to the Shares which leads to a change of control of Cellnex; or (iii) on 5 January 2027.

The 2019 Convertible Bond has a coupon of 0.5% of the notional amount payable annually in arrears. Cellnex may opt to redeem all (but not part) of the 2019 Convertible Bonds on or after 26 July 2026, if the market value of the underlying Shares per EUR 100,000 of principal amount of the Convertible Bonds exceeds 150% of the accreted principal amount of the 2019 Convertible Bonds during a specific period of time or, at any time, if more than 85% of the aggregate principal amount of the Original Convertible Bonds have been converted and/or redeemed and/or purchased and cancelled. The 2019 Convertible Bonds will reach maturity in July 2028, and are rated BBB- by Fitch. Any 2019 Convertible Bonds which have not been previously converted, redeemed or repurchased and cancelled by then, will be redeemed in full at a redemption price equal to 108.57% of their principal amount, implying a yield to maturity of 1.40% per annum.

These convertible bonds have been treated as a compound instruments and have been split into its two components: a debt component amounting EUR 982 million euros, corresponding to the present value of the coupons of discounted at the interest rate of a bond, with same nominal amount and maturity, without the convertibility option; and an equity component, for the remaining amount, due to the bondholder option to convert into shares, included in the heading "Reserves from retained earnings and other reserves".

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

Clauses regarding changes of control

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

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

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

Bonds obligations and restrictions

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

III) 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 has a limit of EUR 500 million or its equivalent in GBP, USD and CHF. As of 31 December 2020 and 2019, there were no amounts drawn down in euros under the ECP Programme nor in GBP or CHF.

Bonds obligations and restrictions

As at 31 December 2020 and 2019, the Parent Company and Cellnex Finance had no restrictions regarding the use of capital resources nor had it guarantees and the bonds rank *pari passu* with the rest of the unsecured and unsubordinated borrowings.

Loans and credit facilities

As of 31 December 2020, the total limit of loans and credit facilities available was EUR 14,783,431 thousand (EUR 5,877,303 thousand as of 31 December 2019), of which EUR 3,324,205 thousand in credit facilities and EUR 11,459,225 thousand in loans (EUR 2,290,227 thousand and EUR 3,587,076 thousand respectively as of 31 December 2019).

On 29 May 2020 Nexloop signed the Nexloop Senior Facility, a EUR 620,000 thousand financing with a pool of banks, consisting of a EUR 600,000 thousand term loan facility with a 8-year bullet maturity, to partially finance the deployment of the fibre 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 (See Note 7) (the "Nexloop Senior Facility"). Nexloop also entered into several floating-to-fixed IRS (see Note 11). As of 31 December 2020, the total amount drawn down in relation to these facilities was EUR 73,359 thousand.

In addition, during the year ended 31 December 2020, the Group amended a credit facility for a total of EUR 100,000 thousand to extend its maturity, increased by net EUR 40,000 thousand the limits from other credit facilities, and cancelled a bridge loan for GBP 1,400,000 thousand and term loans for EUR 50,000 thousand and CHF 450,000 thousand, respectively.

On 5 November 2019, the Group signed a GBP 2 billion financing consisting of a GBP 1,400,000 thousand term loan facility in favor of Cellnex with a maturity of up to 3 years and a GBP 600,000 thousand term loan facility entered into by Cellnex UK and guaranteed by Cellnex, with a 5-year bullet maturity, to partially finance the Arqiva Acquisition (the "GBP Facilities") (see Note 6). As of 31 December

2020, the GBP 600,000 thousand term loan facility was completely drawn and the GBP 1,400,000 thousand term loan facility was cancelled.

In addition, on 13 November 2020, the Group signed a EUR 10 billion financing agreement consisting of i) a EUR 7,500,000 thousand bridge loan facility with a maturity of up to 3 years; ii) a EUR 1,250,000 thousand term loan facility with a 3-year bullet maturity; and iii) another EUR 1,250,000 thousand term loan facility with a 5-year bullet maturity. The purpose of such facility is to partially finance the CK Hutchison acquisitions and finance other M&A opportunities. As of 31 December 2020, no drawdowns had been made.

Clauses regarding changes of control

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

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

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

Security interests and other covenants and undertakings

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

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

Other financial liabilities

"Other financial liabilities" relates mainly to certain grants awarded (arranged as repayable advances) to other Group companies (Retevisión-I, S.A.U. and Tradia Telecom, S.A.U.) under the Ministry for Industry, Tourism and Trade's PROFIT programme. According to the technical-financial terms of the grant resolutions, the repayable advances bear no interest.

Corporate rating

At 31 December 2020, 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 15 April 2020 and a long-term "BB+" with stable outlook according to the international credit rating agency Standard & Poor's Financial Services LLC as confirmed by a report issued on 17 November 2020.

16. Leases

The Group leases many assets, including sites, offices, satellites, vehicles and concessions. Information about leases for which the Group is a lessee is presented below:

Amounts recognised in the consolidated balance sheet

As of 31 December 2020 and 2019, the amounts recognized in the consolidated balance sheet related to lease agreements are:

Right of use

	Thousands of euros	
		Net book value
	31 December 2020	31 December 2019 restated
Right of use		
Sites	2,044,816	1,214,858
Offices	10,904	16,180
Satellites	72,998	3,396
Vehicles	1,802	1,971
Concessions	3,040	3,308
Total	2,133,560	1,239,713

The additions of rights of use during 2020 amounted to EUR 1,192,425 thousand (EUR 323,721 thousand in 2019), of which EUR 323,826 thousand (EUR 174,322 thousand in 2019) related to reassessments of existing lease contracts at the year end, and EUR 596,399 thousand corresponded to changes in the scope of consolidation during 2020 (see Notes 2.h and 6).

Lease liabilities

	Thousands of euros	
	31 December 2020	31 December 2019 restated
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	401,098	284,039
One to five years	1,478,048	739,669
More than five years	956,349	734,011
Total undiscounted lease liabilities at 31 December	2,835,496	1,757,719
Lease liabilities included in the statement of financial position		
Current	284,060	206,853
Non-Current	1,478,759	933,335
Total	1,762,819	1,140,188

Amounts recognised in the consolidated income statement

As of 31 December 2020 and 2019, the amounts recognized in the consolidated income statement related to lease agreements are:

	Thousands of euros	
	2020	2019 restated
Depreciation and amortisation		
Depreciation Right of Use:		
Sites	(288,780)	(163,823)
Offices	(3,671)	(3,345)
Satellites	(12,153)	(8,145)
Vehicles	(1,354)	(1,591)
Concessions	(268)	(212)
Total	(306,226)	(177,116)
Financial costs		
Interest expense on lease liabilities	(142,523)	(69,762)
Other operating expenses		
Expense related to contracts with low value asset	(3,008)	(4,507)
Expense related to variable lease payments	(7,410)	(6,595)
Total	(10,418)	(11,102)

During 2020 and 2019, 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 year ended on 31 December 2020 amounts to EUR 629,601 thousand (EUR 244,559 thousand in 2019), of which EUR 264,118 thousand (EUR 52,521 thousand in 2019) relates to cash advances to landlords, EUR 142,523 thousand (EUR 70,408 thousand in 2019) relates to interest payments on lease liabilities and EUR 222,960 thousand (EUR 121,630 thousand in 2019) relates to payments of lease instalments in the ordinary course of business.

Lease agreements. Cellnex Group as lessee

i) Real estate leases

All of the amounts recognized in the balance sheet correspond to lease agreements in which Cellnex Group acts as lessee. Cellnex Group manages and operates almost all of the sites where it locates its telecommunications infrastructure using lease agreements. In addition to these sites, the Group has lease agreements related mainly to offices, car parks, vehicles and satellites.

Payments associated with short-term lease agreements are recognized on a straight line basis as an expense in the consolidated profit and loss account. A short-term lease is an agreement with a lease term equal to or less than 12 months.

Likewise, payments associated with low-value lease agreements are recognized on a straight-line basis as an expense in the consolidated income statement. A low-value contract is considered one whose underlying asset has a new value of less than EUR 5 thousand.

Extension options

Regarding the lease term considered for each contract, in relation to the leases of land and buildings in which the Group locates its infrastructures, the term considered for the leases depends mainly on whether the lease contract contains or not unilateral termination clauses and / or renewal (or similar legal rights deriving from the legislation of the countries in which it operates) that grant the Group the right to terminate early or to extend the contracts, as well as the term of the contracts with customers associated with the leases and whether these contracts allow the early termination of the lease or not. The most common types of contracts and the main criteria for determining their term are detailed in Note 2.b of the 2018 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.

In the majority of areas in which the Group operates, the lease term reflected in measuring the lease liability includes unilateral options to extend the contract, since the customer contracts have the same or a longer term and do not allow the early termination of the lease. In those cases where the customer contract does allow early termination and the Group is required to assess whether it is reasonably certain to exercise an extension or termination option, the effect of revising lease terms to reflect the exercise of extension options or not exercising termination options would be to increase recognised lease liabilities by a maximum of EUR 132 million as at 31 December 2020 (EUR 150 million as at 31 December 2019). It should be noted that Group management consider it highly improbable that these maximum terms would be reached.

Discount rates

The Group has generally applied the interest rate implicit in the lease contracts. In relation to the transition process, contracts prior to 2012 have been valued using an estimated incremental borrowing rate, since the Directors have considered that the determination of the implicit rate in these contracts involved considerably greater difficulty due, among other reasons, to their age. The portfolios of contracts acquired from 2012 onwards have been valued using implicit rates.

The interest rate implicit in the lease is defined by IFRS 16 as the rate of interest that causes the present value of (a) the lease payments and (b) the unguaranteed residual value to equal the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor. The interest rate implicit in the lease has been obtained with the assistance of external valuation experts, through a methodology designed for this purpose, in line with the above definition and based on the following components: fair value of the leased asset at lease commencement and end date and annual rent payments. The initial direct costs of the lessor are deemed immaterial considering the nature of the assets leased. The fair value of the leased asset has been measured using a market approach, according to which the leased asset (land or/and buildings) is valued based on observable market prices of similar assets to which adjustments related to surface area, location, size and other relevant factors are made.

The incremental borrowing rate (IBR) is defined by IFRS 16 as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR has been obtained through a methodology designed for this purpose, in line with the definition above and based on the following components: local reference rate, credit spread adjustment and lease specific adjustment. The credit spread adjustment is based on the Group's creditworthiness and the debt issuance costs. No lease specific adjustment has been applied, as the nature of the leases is essentially the same.

ii) Other leases

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

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

iii) Sale-and-leaseback

During 2020 and 2019, no significant sale-and-leaseback transactions have been performed.

17. Trade and other payables

The detail of this heading at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	31 December 2020	31 December 2019 restated
Trade payables	306,745	219,626
Current tax liabilities	101,023	43,737
Other payables to related parties (Note 24.d)	1,107	702
Other payables	274,235	117,571
Trade and other payables	683,110	381,636

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

At 31 December 2020 and 2019, “Trade payables” included mainly the amounts payable for trade purchases made by the Group and their related costs.

“Current tax liabilities” includes all balances payable by the Group to the tax authorities, as detailed in Note 18.c.

Lastly, “Other payables” is formed mainly of deferred revenues and payables to non-current asset suppliers. At 31 December 2019, this item additionally included, in the context of the Swiss Infra Acquisition (see Note 6) and according with the relevant contractual clauses, the amount to be paid by Swiss Towers to the seller one year after the completion of the transaction (august 2020), which amounted to EUR 59 million, linked to the BTS program, and which has been paid to the seller by Cellnex during 2020.

Information on deferral of payment to suppliers

The information required by the additional third decree of Law 15/2010 of 5 July (modified by the second final decree of Law 31/2014) prepared in accordance with the resolution issued by the Spanish Accounting and Auditing Institute (AAI) of 29 January 2016 in relation to the information to be disclosed in the annual consolidated report with regard to the average supplier payment period for commercial transactions, is set up below:

	Thousands of Euros	
	2020	2019
Total payments in the year	380,650	253,408
Total payments outstanding	30,634	9,460
Average payment period to suppliers (days)	24 days	39 days
Ratio of transactions paid (days)	25 days	39 days
Ratio of transactions outstanding (days)	5 days	34 days

In accordance with the AAI resolution, only the delivery of goods and services from the date Law 31/2014 of 3 December came into force have been taken into account, and only with regard to the Group companies situated in Spain and fully consolidated.

For the sole purpose of the disclosure of information required by this resolution, the term ‘suppliers’ relates to the trade payables for debts with suppliers of goods or services included in the heading ‘Trade and other payables’ in the short term liabilities of the consolidated balance sheet. Moreover, only amounts relating to those Spanish entities included in the consolidated entity are considered for these purposes.

Average payment period to suppliers is understood to mean the period lapsed from the delivery of goods or services by the supplier to the actual payment of the transaction.

18. Income tax and tax situation

a) Tax information

The sole shareholder of Cellnex Telecom, S.A. up until 7 May 2015, Abertis Infraestructuras, S.A., completed the flotation (IPO) of the aforementioned company on that date. Thus, Cellnex Telecom, S.A. became the parent company of a new consolidated tax group for the purposes of Corporation tax in Spain in the 2015 financial year.

Cellnex files consolidated tax returns as the Parent Company of the tax group, the subsidiaries of which are composed of investees at least 75%-owned by it and with tax residence in Spain. The Group companies resident in Italy file consolidated Italian corporation tax returns from 2016 onwards. In addition, the Group companies resident in the Netherlands file consolidated Dutch tax returns. The UK companies file Group Relief claims and surrenders as appropriate. Cellnex France Group files consolidated tax returns as the Parent Company of the tax group, the subsidiaries of which are composed of investees at least 95%-owned. The Irish companies file Group Relief claims and surrenders as appropriate. The Group companies resident in Portugal file consolidated Portuguese corporation tax returns except for companies acquired during 2020. The remaining companies included in the consolidation scope file individual corporation tax returns.

Tax inspections and litigations

At 31 December 2020, in general, the Group companies' returns for all applicable taxes which are not statute-barred at that date are open to inspection in each of the jurisdictions in which they are based.

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

On 3 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).

On 12 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 inspection.

Also, on 9 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 on 22 December 2020 final assessments were communicated. In January 2021 Cellnex has appealed the final assessments before the Economic-Administrative Court and requested for the adjournment of the assessments by granting a bank guarantee to the Spanish Tax Authorities.

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

On 28 January 2020 the Irish Tax Authorities notified the initiation of a tax audit in relation to corporate income tax and VAT for 2016, 2017 and 2018. The first visit at the Cellnex Ireland's offices should have been on 3 March 2020. However, due to the Covid-19 situation it was postponed *sine die.*

Cellnex considers that no material impacts shall derive from this tax audit.

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

b) Corporation tax expense

The standard corporation tax rate in the main countries in which Cellnex conducts its operations is as follows:

	2020	2019
Spain	25%	25%
Italy [1]	28.82%	28.82%
Netherlands [2]	25%	25%
United Kingdom	19%	19%
Finland	20%	n/a
Portugal [6]	21%	n/a
France [3]	28%/31%	28%/31%
Switzerland [4]	20.40%	20.40%
Ireland [5]	12.5%/25%	12.5%/25%
Austria	22%	n/a
Denmark	25%	n/a

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

(2) On 15 December 2020, the Senate approved the 2021 Tax Plan package, approving a progressive decrease of the Dutch lower CIT rate from 19% to 16,5% by 2020 and 15% by 2021. The Dutch standard CIT rate of 25% remains unchanged. .. The lower CIT rate for 2020 is 16,5% (2019: 19%) for taxable income up to EUR 200 thousand (EUR 245 thousand for 2021 and EUR 395 thousand for 2022) and the standard rate of 25% (2019: 25%) applies to taxable income exceeding the referred thresholds.

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

(4) The standard income tax rate was 18.4% in Switzerland, which is made up of federal, cantonal and communal (municipal) taxes. Lower rates are available for privileged companies.

(5) The standard trading profit tax rate is 12.5% and the standard passive profit rate is 25%.

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

The reconciliation of the theoretical tax and the tax expense recorded in the consolidated income statement for the year is as follows:

	Thousands of Euros	
	2020	2019 restated
Consolidated profit/(loss) before tax	(199,461)	(54,392)
Theoretical tax [1]	34,448	11,485
Impact on tax expense from (permanent differences):		
Non-deductible expenses	(6,509)	(8,864)
Other deductions	11,273	3,229
Income from transfer of know-how	2,087	1,904
Income tax (expense)/credit for the year	41,299	7,754
Tax loss carryforwards	8,635	6,727
Changes in tax rates	(8,241)	19,153
Other tax effects	7,031	2,066
Other tax effects	7,425	27,946
Income tax (expense)/credit	48,724	35,700

[1] The theoretical tax charge is a blended rate calculated by applying the individual corporation tax rate in each country to the profit before tax of each individual Group company.

"Non-deductible expenses" in 2020 and 2019 include items that, in accordance with the tax legislation of the respective consolidated companies, are not taxable or deductible.

"Income from transfer of know-how" for the 2020 and 2019 financial years includes the reduction of income from certain intangible assets (Patent Box) in accordance with the provisions of Law 27/2014, of 27 November, regarding Corporation Tax.

"Changes in tax rate" in 2020 included the impact of updating the tax rate in certain subsidiaries, which has resulted in a negative impact of EUR 8 million (positive impact of EUR 19 million in 2019), in the accompanying consolidated income statement.

The main components of the income tax expense for the year (for fully consolidated companies) are:

	Thousands of Euros	
	2020	2019 restated
Current tax	(31,828)	(14,555)
Deferred tax	77,458	51,076
Tax from prior years / other	3,094	(821)
Income tax expense	48,724	35,700

"Deferred tax" in 2020 and 2019 mainly relates to the impact of the deferred tax liabilities associated with the business combinations detailed below (Note 18.d).

Tax withholdings and payments on account totalled EUR 29,816 thousand (EUR 21,903 thousand in 2019).

c) Current tax liabilities

The breakdown of “Current tax liabilities” is as follows:

	Thousands of Euros	
	31 December 2020	31 December 2019
VAT payable	45,276	25,123
Corporate income tax	44,195	9,235
Social security payable	3,455	2,023
Personal income tax withholdings	3,406	3,618
Other taxes	4,691	3,738
Current tax liabilities	101,023	43,737

d) Deferred taxes

The balance of the recognised deferred assets and liabilities, as well as their movement during the financial year, was as follows:

	Thousands of Euros			
	2020		2019 restated	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
At 1 January	133,723	(881,764)	55,322	(333,306)
Debits/(credits) in income statement	64,804	58,077	34,339	25,973
Debits/(credits) due to incorporation into scope and business combinations	274,105	(969,648)	40,701	(591,967)
Debits/(credits) to equity	(8,655)	-	2,617	-
Transfers	2,818	(1,601)	-	-
Changes in tax rates	-	8,241	-	19,162
Others	(2,264)	(4,135)	744	(1,626)
At 31 December	464,531	(1,790,830)	133,723	(881,764)

Deferred tax assets

The breakdown of the deferred tax assets is as follows:

	Thousands of Euros	
	31 December 2020	31 December 2019 restated
Deferred tax assets:		
Business combinations [1]	52,191	40,700
Provision for third-party liabilities	10,219	9,534
Limit on depreciation and amortisation of fixed assets	3,686	4,684
Employee benefit obligations	7,636	6,550
Other provisions	69,405	4,732
Timing differences in revenue and expense recognition	7,050	1,625
Asset revaluation	208,185	4,864
IFRS 16	11,788	18,542
Tax credits recognised:		
Tax loss carry forwards	68,319	24,996
Limit on depreciation and amortisation of fixed assets	1,134	1,134
Asset revaluation	1,908	553
Limit on deductibility of financial expenses	23,010	15,809
Total	464,531	133,723

[1] Tax effect associated with recognising, at fair value, the net assets and liabilities acquired in various business combinations and/or changes in the scope of consolidation (Note 6).

Provision for third-party liabilities

The Group has yet to fully utilise the tax credit recognised in 2019 for the collective redundancy procedure, which at year-end 2019 was only partially paid.

Limit on depreciation and amortisation of fixed assets

Act 16/2012, limiting the deductibility of the depreciation and amortisation expenses, was approved on 27 December 2012. In general, only 70% of the amortisation and depreciation for accounting purposes on property, plant and equipment, intangible assets and investment property for tax periods beginning in 2013 and 2014, which would have been tax deductible, will be deducted from the tax base. The amortisation and depreciation for accounting purposes that was not tax deductible is deducted on a straight-line basis over a 10-year period or over the useful life of the asset from the first tax period that begins in 2015.

This heading also includes the limit on the amortisation of the asset revaluation given that it is amortised for tax purposes, from the first tax period beginning on or after 1 January 2015, over the tax periods in the remaining useful lives of the revalued asset, under the same terms and conditions related to renewals and extensions.

Asset revaluation

On 27 December 2012, Act 16/2012 was approved, which allowed the carrying amount of the assets to be recalculated in order to adjust such values for the effect of inflation and bring them closer to their actual value for Spanish companies. The Group adjusted the carrying amount of its assets in companies on an individual basis, initially assumed the tax cost of all assets and generated a future income tax savings which translated into deferred tax assets. This revaluation has not been included in these consolidated financial statements and only the future tax saving is reflected.

Deferred tax assets include unused tax credits and the temporary differences recognised at year-end.

The deferred tax assets indicated above were recognised in the consolidated balance sheet because the Parent Company's Directors considered that, based on their best estimate of the Group's future earnings, it is probable that these assets will be recovered.

Tax losses carry forwards

As at 31 December 2020 and 2019 the Group had tax losses from UK companies available for carry forward against future profits, as detailed below:

- Non-trade loan relationship deficit of EUR 10.9 million (EUR 10.5 million at 2019 year-end) which related to GBP 9.8 million (GBP 9.8 million at 2019 year-end), which is available to offset future non-trade income and capital gains of the company that incurred the loss, and

- Trading losses of EUR 6.9 million (EUR 13.3 million at 2019 year-end) which related to GBP 6.2 million (GBP 11.3 million at 2019 year-end) which is available to offset against future trading profits generated by the same company that incurred the loss.

In addition, tax losses from Spanish, French, Dutch, Irish, Portuguese and Finish companies available for carry forward against future profits, amounted to EUR 184.1 million, EUR 75.5 million, EUR 0.8 million, EUR 13.0 million, EUR 4.6 million and EUR 18 million. As at 31 December 2019, tax losses from Spanish, French, Dutch and Irish companies available for carry forward against future profits, amounted to EUR 45.3 million, EUR 45.3 million, EUR 0.7 million and EUR 10.2 million.

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 31 December 2020 amounting to EUR 46 million and EUR 22,3 million, respectively (EUR 11.3 million and EUR 13,6 million, respectively at 2019 year-end) as they will be recovered in less than 10 years according to the business plan prepared by the Management. The aforementioned tax losses do not have an expiration date.

Limit on deductibility of financial expenses

Act 4/2004, limiting the deductibility of the net financial expenses, for the periods beginning on 1 January 2012. This act established that the net financial expenses will be deductible from the tax base with the limit of the 30% of the operating profit of the year. The net financial expenses that have not been deducted, may be deducted in the tax periods ending in the immediate and subsequent 18 years, together with those of the corresponding tax period and with the limit established above. As of 1 January 2015, the temporary deduction limit has been eliminated.

Deferred tax liabilities

The breakdown of the deferred tax liabilities is as follows:

	Thousands of Euros	
	31 December 2020	31 December 2019 restated
Deferred tax liabilities:		
Business combinations [1]	(1,785,692)	(876,197)
Accelerated depreciation and amortisation	(5,342)	(5,255)
Amortization goodwill in Spanish companies and others	204	(312)
Total	(1,790,830)	(881,764)

[1] Tax effect associated with recognising, at fair value, the net assets and liabilities acquired in various business combinations and/or changes in the scope of consolidation (Note 6).

Business combinations

The detail of the deferred tax liabilities recorded at 31 December 2020 and 2019 relating to the tax effect associated with recognising, at fair value, the net assets and liabilities acquired in the main business combinations and/or changes in the scope of consolidation, is as follows:

Acquisitions	Incorporation	31 December 2020	31 December 2019 restated
Towerco	2014	20,262	21,446
Cellnex Italia	2015	106,508	111,712
Commscon	2016	-	2,837
Cellnex Netherlands subgroup	2016	60,480	63,858
Shere Group subgroup	2016	16,442	16,824
Swiss Towers	2017	55,577	55,682
Infracapital Alticom subgroup	2017	11,280	11,968
Xarxa Oberta de Catalunya	2019	5,177	5,670
Zenon Digital Radio	2019	594	627
On Tower Netherlands	2019	5,111	5,387
Cignal subgroup	2019	11,235	11,837
Swiss Infra Services	2019	149,911	155,949
On Tower France	2019	391,780	412,400
Edzcom	2020	3,540	-
On Tower UK	2020	382,181	-
Omtel	2020	128,472	-
On Tower Portugal	2020	77,531	-
Metrocall	2020	14,737	-
Networks Co Austria	2020	220,854	-
Networks Co Ireland	2020	52,114	-
Networks Co Denmark	2020	71,906	-
Total		1,785,692	876,197

Accelerated depreciation and amortisation

On 3 December 2010, Act 13/2010 was approved, which allowed for the accelerated depreciation of new items of property, plant and equipment and investment property used in business activities, and made available to the taxpayer in tax periods beginning in 2011, 2012, 2013, 2014 and 2015. This measure gave rise to a temporary difference between depreciation for accounting and for tax purposes.

Expected schedule for reversal of the deferred tax assets and liabilities

In most cases, the use of the Group's deferred tax assets and liabilities is conditional upon the future performance of the business activities carried out by its various subsidiaries, the tax regulations of the different countries in which they operate, and the strategic decisions to which they may be subject.

Under the assumption used, it is estimated that the deferred tax assets and liabilities recognised in the consolidated balance sheet at 31 December 2020 and 2019 will be used as follows:

	Thousands of Euros		
	31 December 2020		
	Less than one year	More than one year	Total
Deferred tax assets	72,982	391,549	464,531
Deferred tax liabilities	86,010	1,704,820	1,790,830

	Thousands of Euros		
	31 December 2019 restated		
	Less than one year	More than one year	Total
Deferred tax assets	17,620	116,103	133,723
Deferred tax liabilities	(52,618)	(829,146)	(881,764)

The deferred tax assets indicated above were recognised in the attached consolidated balance sheet as the Parent's Directors consider that, based on their best estimated of the tax group's future earnings it is probable that these assets will be recovered.

19. Employee benefit obligations and provisions and other liabilities

a) Current and non-current employee benefit obligations

The detail of "Employee benefit obligations" at 31 December 2020 and 2019 is as follows:

	Thousands of Euros					
	31 December 2020			31 December 2019		
	Non-current	Current	Total	Non-current	Current	Total
Defined benefit obligations	6,114	49	6,163	4,421	150	4,571
Employee benefit obligations	11,080	26,811	37,891	13,551	22,825	36,376
Employee benefit obligations	17,194	26,860	44,054	17,972	22,975	40,947

I) Current and non-current defined benefit obligations

The pension commitments and obligations are covered using insurance policies/separate entities, with the amounts not included in the balance sheet. Nevertheless, this heading includes the hedges (relevant obligations and assets) for which there is a continued legal obligation or implied obligation to meet the agreed benefits.

Together with the above obligations, the liability side of the accompanying balance sheet includes EUR 6,114 thousand (EUR 4,421 thousand in 2019) under "Non-current provisions" and EUR 49 thousand (EUR 150 thousand in 2019) under "Current provisions", relating to the measurement of the main employee commitments arising from certain non-current obligations related to employees' length of service with the Group. The amounts recognised in 2020 and 2019 for these obligations as a decrease in staff costs were EUR 1,726 thousand and EUR 842 thousand and, as a finance cost, were EUR 10 thousand and EUR 15 thousand, respectively.

In relation to the Group's defined benefit obligations with employees, the reconciliation of the opening and ending balances of the actuarial value of these obligations is as follows:

	Thousands of Euros	
	2020	2019
At 1 January	4,571	3,396
Current service cost	876	473
Interest cost	10	16
Actuarial losses/(gains)	850	369
Benefits paid	(144)	(172)
Changes in the consolidation scope	-	489
At 31 December	6,163	4,571

The reconciliation of opening and ending balances of the actuarial fair value of the assets tied to these obligations is as follows:

	Thousands of Euros	
	2020	2019
At 1 January	1,237	62
Sponsor contributions	1,736	858
Benefits paid	(144)	(172)
Changes in the consolidation scope	-	489
At 31 December	2,829	1,237

The actuarial assumptions (demographic and financial) used constitute the best estimates on the variables that will determine the ultimate cost of providing post-employment benefits.

The main actuarial assumptions used at the reporting date are as follows:

	2020	2019
Annual discount rate	0.10%-0.25%	0.25%-0.30%
Salary increase rate	2.00%	0.75%-2.00%

II) Current and non-current employee benefit obligations

Long Term Incentive Plan ("LTIP")

Rolling Long-term Incentive Plan (2017-2019)

On 27 April 2017 the Board of Directors approved the 2017-2019 LTIP, and decided to make the LTIP a rolling plan going forward to further incentivise the retention of the beneficiaries, which included the CEO, the Senior Management and some of the Group's key employees (up to a maximum of 50 employees).

The 2017-2019 LTIP was divided into two phases: (i) 2017-2018, and (ii) 2018-2019. Its objectives were as follows:

Phase I 2017-2018 accrued from 1 January 2017 until 31 December 2018 and was payable once the Group's financial statements corresponding to the 2018 financial year were approved.

The amount to be received by the beneficiaries of this Phase I (2017-2018) was determined by the degree of fulfilment of three objectives, each with the following weight:

4. 50%; the attainment of certain RLFCF per share figures according to the market consensus and at a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more;
5. 30%; the share price appreciation calculated between the initial starting price of the period and the average price in the last quarter of 2018, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers; and
6. 20%; the attainment of certain Adjusted EBITDA figure according to the market consensus and the constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more;

With regards to this Phase I (2017-2018) the weighted average degree of fulfilment of the three objectives was 125%. For the first objective, which was related to the RLFCF per share, the percentage of attainment was 125%, for the second objective, which was related the share price appreciation, the percentage of attainment was 125%, and for the third objective, which was related to the Adjusted EBITDA, the percentage of attainment was 125%.

In accordance with the attainment above, the cost of Phase I (2017-2018) of the LTIP (2017-2019) for Cellnex was EUR 5 million, which was paid during 2019.

Phase II (2018-2019) accrued from 1 January 2018 until 31 December 2019 and has been payable once the Group's financial statements corresponding to the 2019 financial year have been approved.

The amount to be received by the beneficiaries of this Phase II (2018-2019) was determined by the degree of fulfilment of two objectives, each with a weight of 50%:

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 125% if the target is beaten by 5% or more; and
- 50%; the share price appreciation calculated between the initial starting price of the period and the average price in the last quarter of 2019, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

As at 31 December 2019, the cost of the Phase II (2018-2019) was EUR 9.9 million, which has been paid during the second half of 2020.

For the LTIP (2017 – 2019) all Senior Management and certain employees must receive a minimum of 30% of their LTIP remuneration in Cellnex shares and for the CEO and Deputy CEO the minimum amount is 40% of their LTIP remuneration. For the rest of the beneficiaries, this minimum percentages varies depending on the position of the employee. The share based compensation of this LTIP has been grossed up to partially offset the tax impact on the beneficiaries.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group recognised a provision of EUR 6.1 million and EUR 3.1 million in the short-term employee benefit obligations and reserves; respectively, of the accompanying consolidated balance sheet as at 31 December 2019. The impact on the accompanying consolidated income statement for the 2019 year-end amounted to EUR 6.3 million.

Rolling Long-term Incentive Plan (2018-2020)

On 27 September 2018 Cellnex's Board of Directors approved the LTIP (2018-2020). The beneficiaries of this Plan are the CEO, the Deputy CEO, the Senior Management and key employees (approximately 55 employees). This plan had similar characteristics to the LTIP 2017-2019. This plan accrued from 1 January 2018 until 31 December 2020 and will be payable once the Group's financial statements corresponding to the 2020 financial year have been approved.

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

- 50%; the attainment of a certain RLFCF per share figure according to the market consensus and a constant scope of consolidation. The scale of attainment is: 50% if the figure is 5% below the target, 100% if figure matches the target, and 150% if the target is beaten by 5% or more; and
- 50%; the share price increase calculated using the initial starting price of the period and the average price in the last quarter of 2020, weighted by the volume ("vwap"). The scale of attainment is from 75% to 125% depending on the share price performance compared to IBEX 35 and certain European and American peers.

As at 31 December 2020, the cost of the LTIP (2018-2020) was EUR 7.3 million, which will be paid once the Group's financial statements corresponding to the 2020 financial year are approved.

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

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 3.7 million and EUR 3.6 million in the short-term employee benefit obligations and reserves, respectively, of the accompanying consolidated balance sheet as at 31 December 2020 (EUR 2.3 million and EUR 2.3 million in the long-term employee benefit obligations and reserves, respectively, as at 31 December 2019). Thus, the impact on the accompanying consolidated income statement for the 2020 year-end amounted to EUR 2.8 million (EUR 2.4 million at 2019 year-end).

Rolling Long-term Incentive Plan (2019-2021)

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

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

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

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

As at 31 December 2020, the estimated cost of the 2019-2021 LTIP is approximately EUR 8.8 million. The cost of the 2019-2021 LTIP assuming full achievement of the Group's objectives is estimated at approximately EUR 11.0 million.

Based on the best possible estimation of the related liability and taking into consideration all the available information, the Group has recognised a provision of EUR 6.4 million in reserves of the accompanying consolidated balance sheet as at 31 December 2020 (EUR 2.9 million in reserves as at 31 December 2019). Thus, the impact on the accompanying consolidated income statement for the 2020 year-end amounted to EUR 3.5 million (EUR 2.9 million at 2019 year-end).

Rolling Long-term Incentive Plan (2020-2022)

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

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

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

For the 2020–2022 LTIP, the CEO must receive a minimum amount of 30% of his LTIP remuneration in Shares and the outstanding 70% may be paid in options. The rest of the Senior Management must receive a minimum amount of 40% of their LTIP remuneration in Shares and the outstanding 60% may be paid in options. Other beneficiaries must receive 70% of their LTIP remuneration in Shares and the outstanding 30% may be paid in options. The rest of the beneficiaries must receive 100% of their LTIP remuneration in Shares.

As of 31 December 2020, the estimated cost of the 2020-2022 LTIP amounts to approximately EUR 10.2 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 3.4 million in reserves of the accompanying consolidated balance sheet as at 31 December 2020. The impact on the accompanying consolidated income statement for the 2020 year-end amounted to EUR 3.4 million.

Reorganisation Plan (2018 – 2019)

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

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

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

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

At 31 December 2018, a provision was recognised for this collective redundancy procedure, with an estimated cost of EUR 55 million. At 31 December 2020, the impact on the accompanying consolidated income statement for the period amounted to EUR 3.4 million (EUR 5 million in 2019). During 2020, following execution of part of this agreement, 18 employees were made redundant for a cost of

EUR 3.4 million (65 employees were made redundant during 2019 for a cost of EUR 19 million). The aforementioned impact in 2020 corresponds to the Incentive Plan, which was contemplated in the initial agreement of 2018, for this 2020 period. As of 31 December 2020, the Reorganisation Plan has already been finalized.

The balance payable at 31 December 2020 associated with this collective redundancy procedure carried out by the Group represents expected payments related to this process, amounting to EUR 9.9 million and EUR 0.3 million recorded in the long and short term, respectively, of the accompanying consolidated balance sheet (EUR 10 million and EUR 0.2 million recorded in the long and short term, respectively, at 31 December 2019).

b) Provisions and other liabilities

The detail of "Provisions and other liabilities" at 31 December 2020 and 2019 is as follows:

I) Deferred payment on the Omtel Acquisition

In the context of the Omtel Acquisition (see Notes 2.h and 6), this amount includes the remaining balance of the total acquisition price, amounting to EUR 570 million, which will be paid, on the earlier of 31 December 2027 or upon the occurrence of certain events of default. The amount of the aforementioned deferred payment is updated to its present value, at an annual market discount rate of 2.65%, at each period end. Therefore, as of 31 December 2020, the present value the deferred payment amounted to EUR 475,836 thousand. Thus, the impact on "financial costs" of the accompanying consolidated income statement for 2020 amounted to EUR 13,452 thousand.

II) Asset Retirement Obligation

Includes the contractual obligation to dismantle and decommission the mobile telecom infrastructures. (See Note 3.o.). As at 31 December 2020, the provision for asset retirement obligation, amounted to EUR 218,470 thousand (EUR 152,803 thousand at 2019 year-end).

III) Provisions for other responsibilities

In accordance with IFRS 3, Cellnex recognises contingent liabilities assumed in business combinations at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. At 31 December 2020, the provisions for other responsibilities amounted to EUR 622,608 thousand (EUR 196,834 thousand at 2019 year-end). The increase compared to the previous year, derives entirely from the increase in the consolidation perimeter of the Cellnex Group during 2020 (see Note 6).

IV) Deferred income and other liabilities

This item mainly includes deferred income in certain subsidiaries in which, at the closing date, there was invoicing collected in advance, in accordance with the corresponding contractual conditions with customers. It also included amounts claimed from Group companies in ongoing litigation at the year end. The amounts were estimated based on the amounts claimed or stipulated in court rulings issued at the end of each year shown and appealed against by the aforementioned companies.

At 31 December 2020, this caption amounted to EUR 103,892 thousand (EUR 19,634 thousand at 2019 year-end). The increase compared to the previous year, derives mainly from the increase in the consolidation perimeter of the Cellnex Group during 2020 (see Note 6).

V) National Competition Committee Sanctions

Includes the possible sanctions levied by the National Competition Committee (Note 19.c), which have been recorded in the consolidated balance sheet as of 31 December 2020 and 2019 for an amount of EUR 32,473 thousand, as the cash flow outflow has been estimated as probable.

c) Contingent liabilities

At 31 December 2020, the Group has guarantees with third parties amounting to EUR 84,050 thousand (EUR 78,329 thousand at the end of 2019). These relate mainly to guarantees provided by financial institutions before public authorities in connection with grants and technical guarantees, and before third parties in connection with rental guarantees.

Also, on 19 May 2009, the Board of the National Commission on Markets and Competition (CNMC in Spanish) imposed a fine of EUR 22.7 million on Cellnex Telecom, S.A. (formerly Abertis Telecom, S.A.U.) for abusing its dominant position in the Spanish market for transmitting and broadcasting TV signals, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The Group filed an appeal for judicial review with the National Appellate Court against the CNMC fine, which was dismissed in the judgement passed on 16 February 2012. This judgement was appealed to the Supreme Court on 12 June 2012. On 23 April 2015 the appeal was resolved, upholding the appeal and annulling the decision of the CNC with regard to the amount of the fine, ordering the current CNMC to recalculate that amount in accordance with the provisions of law 16/89. The CNMC has issued its decision recalculating the aforementioned amount, reducing it to EUR 18.7 million and this decision was appealed against in the National High Court on 29 September 2016. Based on the opinion of its legal advisers, the provision recorded in this regard at 31 December 2020, amounted to EUR 18.7 million in "non-current provisions and other liabilities" of the consolidated balance sheet (EUR 18.7 million at the end of 2019).

On 8 February 2012, the Board of the National Commission on Markets and Competition (CNMC in Spanish) imposed a fine of EUR 13.7 million on Cellnex Telecom, S.A. (formerly Abertis Telecom, S.A.U.) for having abused its dominant position, pursuant to article 2 of the Competition Act and article 102 of the Treaty on the Functioning of the European Union. The company allegedly abused its dominant position in wholesale service markets with access to infrastructure and broadcast centres of Cellnex Telecom, S.A. for broadcasting DTT signals in Spain, and retail service markets for transmitting and distributing DTT signals in Spain by narrowing margins. On 21 March 2012, the Group filed an appeal for judicial review against the decision of the CNMC with the National Appellate Court, also requesting a delay of payments with regard to the fine until the court passes a ruling on this matter. This delay was granted on 18 June 2012. On 20 February 2015 the National Appellate Court partially upheld the appeal, ordering the CNMC to recalculate the fine as it considered that the criteria used at the time by the CNMC were not appropriate. Notwithstanding the foregoing, on 26 May 2015, an appeal was filed with the Supreme Court against the judgement of the National Appellate Court on the grounds that it is not only about the recalculation of the amount but also that the Group did not break any competition rules. On 23 March 2018, the Supreme Court issued a judgment dismissing the appeal, and was awaiting the return of the file to the CNMC for the recalculation of the sanction. Cellnex Telecom, S.A., filed a nullity incident, which was dismissed on 19 July 2018. On 10 October 2018, Cellnex Telecom, S.A., filed an appeal with the Constitutional Court against the ruling. On 13 February 2019 the Constitutional Court dismissed Cellnex Telecom, S.A.'s appeal. Following the corresponding calculation procedure, the CNMC has ruled that the amount of the fine should not be amended. Cellnex Telecom, S.A., has filed an appeal against such decision. The original guarantee was provided on 4 February 2020. With regard to these proceedings, at 31 December 2020, the provision recognised based on the opinion of their legal advisers, amounted to EUR 13.7 million in "non-current provisions and other liabilities" of the consolidated balance sheet (EUR 13.7 million at the end of 2019).

Moreover, and because of the spin-off of Abertis Telecom S.A.U. (now Abertis Telecom Satélites, S.A.U.) on 17 December 2013, Cellnex Telecom, S.A. assumed all rights and obligations that may arise from the aforementioned legal proceedings, as they relate to the spin-off business (terrestrial telecommunications). An agreement has therefore been entered into between Cellnex Telecom, S.A. and Abertis Telecom Satélites, S.A.U. stipulating that if the aforementioned amounts have to be paid, Cellnex Telecom, S.A. will be responsible for paying these fines. At 31 December 2020, Cellnex Telecom, S.A. has provided three guarantees amounting to EUR 32.5 million (EUR 46.3 million at the end of 2019) to cover the disputed rulings with the CNMC explained above.

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

20. Revenue and expenses

a) Operating income

The detail of operating income by item for the 2020 and 2019 financial years is as follows:

	Thousands of Euros	
	2020	2019
Services	1,565,921	1,003,813
Other operating income	42,510	30,822
Advances to customers	(3,659)	(3,790)
Operating income	1,604,772	1,030,845

“Other operating income” includes mainly income from re-charging costs related to activities for renting tower infrastructures for site rentals to third parties (pass-through).

“Advances to customers” includes the amortization of amounts paid for sites to be dismantled and their corresponding dismantling costs, which are treated as advances to customers in relation to the subsequent services agreement entered into with the customer (mobile telecommunications operators). These amounts are deferred over the life of the service contract with the operator as they are expected to generate future economic benefits in existing infrastructures.

Contracted revenue

The contracted revenue “Backlog” represents management’s estimate of the amount of contracted revenues that the Group expect will result in future revenue from certain existing contracts. This amount is based on a number of assumptions and estimates, including assumptions related to the performance of a number of the existing contracts at a particular date. It also incorporates fixed escalators but do not include adjustments for inflation. One of the main assumptions relates to the contract renewals, and in accordance with the accompanying consolidated financial statements, contracts for services have renewable terms including, in some cases, “all or nothing” clauses and in some instances may be cancelled under certain circumstances by the customer at short notice without penalty.

The total amount, by line of business, of the Group's revenue expected from the service agreements (Telecom Infrastructure Services, Broadcasting Infrastructure and Other Network Services) entered into by the Group and that were in force at 31 December 2020 and 2019 are as follows:

Contracted revenue	Thousands of Euros			
	2020			
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total (*)
Spain	168,337	192,735	70,223	431,295
Italy	-	332,216	-	332,216
Netherlands	-	65,576	-	65,576
France	-	276,953	-	276,953
United Kingdom	-	197,432	-	197,432
Switzerland	-	129,944	-	129,944
Ireland	-	53,113	-	53,113
Portugal	-	93,456	-	93,456
Austria	-	72,638	-	72,638
Denmark	-	26,829	-	26,829
Less than one year	168,337	1,440,892	70,223	1,679,452
Spain	379,400	644,609	128,507	1,152,515
Italy	-	1,212,970	-	1,212,970
Netherlands	-	199,310	-	199,310
France	-	1,162,789	-	1,162,789
United Kingdom	-	629,200	-	629,200
Switzerland	-	503,256	-	503,256
Ireland	-	202,542	-	202,542
Portugal	-	373,705	-	373,705
Austria	-	290,550	-	290,550
Denmark	-	107,318	-	107,318
Between one and five years	379,400	5,326,249	128,507	5,834,156
Spain	30,164	1,747,384	44,019	1,821,567
Italy	-	5,164,618	-	5,164,618
Netherlands	-	106,073	-	106,073
France	-	10,921,224	-	10,921,224
United Kingdom	-	568,833	-	568,833
Switzerland	-	4,209,534	-	4,209,534
Ireland	-	1,134,930	-	1,134,930
Portugal	-	2,188,030	-	2,188,030
Austria	-	1,815,938	-	1,815,938
Denmark	-	659,365	-	659,365
More than five years	30,164	28,515,929	44,019	28,590,112
Domestic	577,901	2,584,728	242,749	3,405,378
International	-	32,698,341	-	32,698,341
Total	577,901	35,283,069	242,749	36,103,719

(*) At 31 December 2020, the amount of contracted revenue does not include the impact of the infrastructures committed that have not yet been transferred to Cellnex at that date (see Note 7). If this effect were to be considered the contracted revenue of the Group as of 31 December, 2020 would increase to EUR 86 billion approximately, on a run rate basis.

Contracted revenue	Thousands of Euros			
	2019			
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total (*)
Spain	149,008	191,094	57,499	397,600
Italy	-	309,731	-	309,731
Netherlands	-	62,681	-	62,681
France	-	109,389	-	109,389
United Kingdom	-	15,585	-	15,585
Switzerland	-	129,578	-	129,578
Ireland	-	10,334	-	10,334
Less than one year	149,008	828,392	57,499	1,034,899
Spain	72,832	652,897	91,512	817,241
Italy	-	1,136,876	-	1,136,876
Netherlands	-	201,168	-	201,168
France	-	459,696	-	459,696
United Kingdom	-	43,118	-	43,118
Switzerland	-	488,681	-	488,681
Ireland	-	33,194	-	33,194
Between one and five years	72,832	3,015,629	91,512	3,179,973
Spain	12,405	1,816,168	13,488	1,842,061
Italy	-	5,038,013	-	5,038,013
Netherlands	-	136,746	-	136,746
France	-	3,456,300	-	3,456,300
United Kingdom	-	61,616	-	61,616
Switzerland	-	4,371,081	-	4,371,081
Ireland	-	282,334	-	282,334
More than five years	12,405	15,162,260	13,488	15,188,152
Domestic	234,244	2,660,159	162,499	3,056,902
International	-	16,346,122	-	16,346,122
Total	234,244	19,006,281	162,499	19,403,024

(*) At 31 December 2019, the amount of contracted revenue does not include the impact of the infrastructures committed that have not yet been transferred to Cellnex at that date (see Note 7). If this effect were to be considered the contracted revenue of the Group as of 31 December, 2019 would increase to EUR 44 billion approximately, on a run rate basis.

b) Staff costs

The detail of staff costs by item is as follows:

	Thousands of Euros	
	2020	2019
Wages and salaries	(122,163)	(106,114)
Social Security contributions	(25,790)	(22,351)
Retirement fund and other contingencies and commitments	(8,735)	(9,255)
Other employee benefit costs	(9,173)	(6,451)
Staff costs	(165,861)	(144,171)

At 31 December 2020 the impact on the accompanying consolidated income statement, in relation to the Reorganisation Plan “2018 – 2019” (see Note 19.a), amounted to EUR 3.4 million (EUR 5 million in 2019).

The average number of employees at the Cellnex Group, its subsidiaries and associates in 2020 and 2019, broken down by job category and gender, is as follows:

			2020			2019
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	-	1	1	-	1
Senior Management	7	1	8	7	-	7
Middle management	230	76	306	121	34	155
Other employees	1,149	491	1,641	1,016	341	1,357
Average number of employees	1,387	568	1,955	1,145	375	1,520

The number of employees at the Cellnex Group at the end of the 2020 and 2019 financial years, broken down by job category and gender, was as follows:

			2020			2019
	Male	Female	Total	Male	Female	Total
Chief Executive Officer	1	-	1	1	-	1
Senior Management	7	1	8	7	-	7
Middle management	240	75	315	138	36	174
Other employees	1,166	518	1,684	1,056	372	1,428
Number of employees at year-end	1,414	594	2,008	1,202	408	1,610

At 31 December 2020, the Board of Directors of the Parent Company is formed of 11 members, 7 of which are male, and 4 are female. At 31 December 2019, the Board of Directors of the Parent Company was formed of 12 members, 8 of which were male, and 4 were female.

c) Other operating expenses

The detail of other operating expenses by item for the 2020 and 2019 financial years is as follows:

	Thousands of Euros	
	2020	2019
Repairs and maintenance	(50,783)	(35,596)
Leases	(11,118)	(11,102)
Utilities	(102,359)	(84,798)
Other operating costs	(137,539)	(111,891)
Other operating expenses	(301,799)	(243,387)

I) Leases

The detail of lease expense by class for the 2020 and 2019 financial years is as follows:

	Thousands of Euros	
	2020	2019
Leases of low-value assets	(3,708)	(4,507)
Variable lease payments	(7,410)	(6,595)
Lease expense	(11,118)	(11,102)

At 31 December 2020 and 2019, the Group did not recognize gains or losses arising from sale and leaseback transactions by a significant amount.

d) Non-recurring and non-cash expenses

As of 31 December 2020 and 2019, the items "Staff costs" and "Other operating expenses" above, contains (i) certain expenses that are non-recurring, or (ii) certain expenses that do not represent a cash flow, as detailed below:

i) Covid donations, which relate to a financial contribution by Cellnex to different institutions in the context of the Coronavirus Pandemic (non-recurring item), amounted to EUR 5,620 thousand.
ii) Redundancy provision, which mainly includes the impact in 2020 and 2019 year-end derived from the reorganisation plan detailed in Note 19.a of the accompanying consolidated financial statements (non-recurring item), amounted to EUR 4,912 thousand (EUR 5,552 thousand at 2019 year-end).
iii) LTIP remuneration payable in shares, which corresponds to the LTIP remuneration accrued at the year-end, which is payable in Cellnex shares (See Note 19.a of the accompanying consolidated financial statements, non-cash item), amounted to EUR 8,455 thousand (EUR 5,962 thousand at 2019 year-end), and extra compensation and benefits costs, which corresponds to extra non-conventional bonus for the employees (non-recurring item), amounted to EUR 316 thousand (EUR 5,117 thousand at 2019 year-end).
iv) Service contract cancellation cost, which related to the cancellation expense concerning the change of the administration and treasury services provider, amounted to EUR 1,545 thousand at 2019 year-end. This change took place in order to implement a new industrial model at Group level, to guarantee the optimization and standardization of policies, processes and procedures in all the countries (non-recurring item).
v) Costs and taxes related to acquisitions, which mainly includes expenses incurred during acquisition processes (non-recurring item), amounted to EUR 26,409 thousand (EUR 20,285 thousand at 2019 year-end).

e) Depreciation and amortisation charge

The detail of "Depreciation and amortisation" in the consolidated income statement for the 2020 and 2019 financial years is as follows:

	Thousands of Euros	
	2020	2019 restated
Property, plant and equipment (Note 7)	(301,928)	(212,462)
Right-of-use assets (Note 16)	(306,226)	(177,116)
Intangible assets (Note 8)	(365,910)	(112,263)
Total	(974,064)	(501,841)

f) Net interest expense

The detail of net interest expense by item for the 2020 and 2019 financial years is as follows:

	Thousands of Euros	
	2020	2019
Finance income and interest from third parties	1,181	605
Changes in fair value of financial instruments	3,788	-
Exchange gains/(losses)	-	648
Total interest income	4,969	1,253

	Thousands of Euros	
	2020	2019 restated
Interest expense on lease liabilities (Note 16)	(142,523)	(69,762)
Finance costs and interest arising from third parties	(20,817)	(14,263)
Bond interest expense	(89,246)	(66,079)
Arrangement expenses and Convertible Bond Accretion	(69,366)	(27,429)
Exchange gains/(losses)	(6,302)	-
Interest cost relating to provisions	(19,745)	(8,759)
Derivative financial instruments	(903)	(770)
Other finance costs	(13,869)	(10,130)
Total interest expense	(362,771)	(197,192)

21. Contingencies, commitments and obligations

a) Contingencies

As at 31 December 2020, the contingent liabilities of the Cellnex group are those detailed in Note 19.c of these consolidated financial statements.

b) Commitments and obligations

CK Hutchison Holdings Transactions

In the second half of 2020, Cellnex announced it had reached agreement with Hutchison for the acquisition of Hutchison's European tower business and assets in Austria, Denmark, Ireland, Italy, the United Kingdom and Sweden by way of six separate transactions (i.e. one transaction per country) (the "CK Hutchison Holdings Transactions").

Pursuant to the CK Hutchison Holdings Transactions, the Group agreed to acquire shares representing 100% of the share capital of six companies (Networks Co Austria, On Tower Denmark, Networks Co Ireland, Networks Co Italy, Networks Co UK and Networks Co Sweden) which operate a portfolio of approximately 22,122 telecommunications sites in aggregate of which approximately 4,500 are located in Austria, approximately 1,300 in Denmark, approximately 1,120 in Ireland, approximately 8,900 in Italy, approximately 4,000 in the United Kingdom and approximately 2,300 in Sweden.

The CK Hutchison Holdings Transactions in respect of Austria, Denmark and Ireland were completed at the end of December 2020 following satisfaction or waiver of all applicable conditions precedent (the "CK Hutchison Holdings 2020 Completed Transactions") and, consequently, as of the end of December 2020, the Group fully owns Networks Co Austria, On Tower Denmark and Networks Co Ireland. In addition, the CK Hutchison Holdings Transactions in respect of Sweden was completed on 26 January 2021 following satisfaction or waiver of all applicable conditions precedent (the "CK Hutchison Holdings Swedish Transaction"). Completion of the CK Hutchison Holdings Transactions in respect of Italy and the United Kingdom remains subject to certain remaining conditions precedent, including in connection with customary anti-trust and foreign investment clearances and, in the case of the United Kingdom, Group shareholder approval (the "CK Hutchison Holdings Pending Transactions").

In accordance with IFRS 3, given that the CK Hutchison Holdings Swedish Transaction and the CK Hutchison Holdings Pending Transactions had not been completed as of 31 December 2020, the relevant target businesses were not accounted for in the accompanying consolidated financial statements for the year ended 31 December 2020.

The CK Hutchison Holdings Transactions contemplate a total consideration (subject to certain adjustments) of approximately EUR 10 billion, of which a total of approximately EUR 8.6 billion is expected to be paid in cash. As of the date of the accompanying consolidated financial statements, the Group has paid an aggregate cash consideration to Hutchison of approximately EUR 2.2 billion corresponding to the CK Hutchison Holdings 2020 Completed Transactions, all of which were financed by the Group's available cash. Cellnex expects to finance the cash consideration for the CK Hutchison Holdings Swedish Transaction and the CK Hutchison Holdings Pending Transactions with available cash and other liquidity instruments.

The consideration in respect of the United Kingdom for the CK Hutchison Holdings Transactions is expected to be settled upon closing partly in cash and partly by the issue to Hutchison of new shares. Under the terms of the transaction in respect of the United Kingdom, CK Hutchison is expected to receive EUR 1.4 billion in newly issued shares. Issuance of the shares is subject to the approval by Cellnex's General Shareholders' Meeting. If not approved, the consideration may be settled fully in cash. In relation with the consideration in respect of the United Kingdom for the CK Hutchison Holdings Transactions that is expected to be partially settled through the issuance to Hutchison of new shares in Cellnex, if as a result of a takeover bid prior to closing of such transaction, a third party (alone or in concert with another shareholder) acquires the majority of the votes in Cellnex, Cellnex shall procure that Hutchison receives at closing such equivalent consideration as Hutchison would have received had it been a shareholder of Cellnex at the time of the takeover bid.

In connection with the CK Hutchison Holdings Transactions, Cellnex anticipates the further deployment of up to approximately 7,727 new sites by 2027, 2022, 2025, 2026, 2024 and 2026, respectively, which are expected to be rolled out in Austria, Denmark, Ireland, Italy, the United Kingdom and Sweden. The estimated investment for these additional new sites and further initiatives amounts to up to EUR 1.4 billion, which the Group expects to finance with cash flows generated by the portfolio.

The CK Hutchison Holdings Transactions, together with the up to approximately 7,727 additional new sites to be deployed and further initiatives, are expected to contribute up to an estimated annual Adjusted EBITDA of approximately EUR 970 million once such sites are deployed. This expected annual Adjusted EBITDA is based on management's estimates, and is therefore subject to known and unknown risks, uncertainties, assumptions and other factors that could cause the projects' actual annual Adjusted EBITDA to materially differ from that expressed in, or suggested by, this forward-looking metric. "Adjusted EBITDA" is an APMs (as defined in section "Economic performance" of the accompanying Consolidated Management Report).

Although the CK Hutchison Holdings Transactions comprise six separate transactions (i.e. one transaction per country), Cellnex and Hutchison entered into one sale and purchase agreement in relation to the acquisition of the companies in continental Europe and a separate sale and purchase agreement in relation to the acquisition in the United Kingdom.

Continental Europe Agreements

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

For each of the countries contemplated under the CK Hutchison Continental Europe SPA, closing of the relevant transaction was subject to the satisfaction or waiver of applicable conditions precedent, including in relation to administrative authorizations, anti-trust authorizations and shareholder approvals, as required. As of the date of the accompanying consolidated financial statements the only conditions precedent pending to be satisfied or waived are those applicable to the acquisition of the share capital of Networks Co Italy, which are expected to be satisfied in the second half of 2021.

Pursuant to the CK Hutchison Continental Europe SPA, a company within the Hutchison group and each of Networks Co Austria, On Tower Denmark, Networks Co Ireland, Networks Co Italy and Networks Co Sweden agreed or will agree, as appropriate, to enter into a master services agreement whereby the relevant Group company will provide co-location services to a company within the Hutchison group at the sites managed by the Group (the "CK Hutchison Continental Europe MSAs"). The CK Hutchison Continental Europe MSAs in respect of Austria, Denmark and Ireland were entered into on 21 December 2020 upon completion of each of the relevant CK Hutchison Holdings 2020 Completed Transactions and the CK Hutchison Continental Europe MSA in respect of Sweden was entered into on 25 January 2021. The price to be paid by the relevant company within the Hutchison group in exchange for the above services in accordance with the CK Hutchison Continental Europe MSAs is subject to certain annual increases in connection with the local CPI. 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 (except for the CK Hutchison Continental Europe MSA in respect of Austria, where the agreement provides for an indefinite term subject to termination rights as agreed). Additionally, the CK Hutchison Continental Europe MSAs set forth the terms on which the Group will build up to approximately 5,127 sites in aggregate by 2027, 2025, 2026, 2024 and 2026, as appropriate, representing, together with further initiatives, an estimated total consideration of up to approximately EUR 850 million (which the Group expects to finance with cash generated by the portfolio).

Additionally, a company within the Hutchison group and each of Networks Co Austria, On Tower Denmark, Networks Co Ireland, Networks Co Italy and Networks Co Sweden, agreed to enter into a separate transitional services agreement pursuant to which Hutchison, or a company within its group, will provide certain transitional services to each of these companies upon completion of each respective transaction. It was also agreed that a reverse transitional services agreement would be entered into between a company within the Hutchison group and On Tower Denmark pursuant to which On Tower Denmark will provide certain transitional services to Hutchison, or a company within its group of companies, upon completion of the transaction in Denmark. The transitional services agreements in respect of Austria, Denmark and Ireland, and the reverse transitional services agreement in respect of Denmark, were entered into upon completion of each of the relevant CK Hutchison Holdings 2020 Completed Transactions in respect of each of such countries. The transitional services agreements in respect of Sweden was entered into on 25 January 2021.

United Kingdom Agreements

Pursuant to a sale and purchase agreement, Hutchison agreed to sell to Cellnex UK Limited ("Cellnex UK") 100% of the share capital of CK Hutchison Networks (UK) Limited ("Networks Co UK") and debt rights under certain capital contributions made by Hutchison to the acquired company (the "CK Hutchison UK SPA"). It was agreed in the CK Hutchison UK SPA that, at completion of the acquisition contemplated thereby, a Hutchison group company and a Cellnex group company would enter into certain agreements (among other an enhanced economic Benefit agreement (the "CK Hutchison EEBA") pursuant to which Hutchinson irrevocably assigns Cellnex UK rights and obligations in relation to the sites (passive infrastructures) currently managed by a joint operation between Hutchison and a third party (joint operation which currently manages both parties active and passive infrastructures). Ultimately, following the termination of this joint operation, which is expected to occur in 2031, the legal title to a minimum of 3,000 of these sites will be transferred to a member of the Group.

The consideration payable upon closing by the Group under the CK Hutchison UK SPA and the CK Hutchison EEBA is expected to amount to approximately EUR 3.7 billion, of which approximately EUR 2.3 billion is expected to be paid to Hutchison in cash. The remaining consideration is expected to be satisfied by the issuance of EUR 1.4 billion in new shares, provided the shares trade at a price of between EUR 42.2 and EUR 60.7 at the relevant time, representing a shareholding of not less than approximately 22 million shares and not more than approximately 32 million shares and subject to adjustments in case certain events occur prior to completion of the acquisition contemplated thereby, such as, among others, issues of shares in Cellnex by way of conferring subscription or purchase rights. This will result in Hutchison holding an interest of between approximately 4.4% and approximately 6.2% in Cellnex, considering the share capital of Cellnex as of 31 December 2020. The shares given in consideration will be subject to a 12 month lock-up on customary terms. Issuance of the shares is subject to the approval by Cellnex's General Shareholders' Meeting by no later than 31 July 2021. If not approved before such date, the consideration may be fully settled in cash.

The completion of the CK Hutchison Holdings Pending Transactions in respect of the United Kingdom is subject to the satisfaction or waiver of applicable conditions precedent, including in relation to anti-trust and national security clearances and shareholder approvals, as required. As of the date hereof, certain conditions precedent are pending to be satisfied or waived, and are expected to be satisfied during 2021.

Pursuant to the CK Hutchison UK SPA, it was also agreed that a Hutchison group company and a Group company would enter into a master services agreement whereby the Group will provide co-location services to Hutchison at the sites controlled by the Group (the "CK Hutchison UK MSA"). The price to be paid by Hutchison in exchange for the above services in accordance with the CK Hutchison UK MSA will be annually adjusted to the CPI. The initial term of the CK Hutchison UK MSA is 15 years, with possible extensions for a further 15-year period and subsequent 5-year periods, on an "all-or-nothing" basis. Additionally, the CK Hutchison UK MSA sets forth the terms under which the Group will build up to approximately 2,600 sites by 2022, for an estimated total consideration of up to approximately EUR 550 million (which the Group expects to finance with cash generated by the portfolio), including further initiatives.

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

Iliad Poland Acquisition

On 22 October 2020, Cellnex Poland sp. z.o.o. ("Cellnex Poland") reached an agreement with Iliad Purple SAS, a wholly-owned subsidiary of Iliad S.A. (jointly, "Iliad") to acquire 60% of the share capital of a new Polish telecommunications tower company ("Play Tower"), which was expected to own the tower portfolio in Poland of P4 sp. z.o.o. ("P4"), a wholly owned subsidiary of Play Communications, S.A.' ("Play"), with an initial portfolio of approximately 6,911 sites (including both telecommunications rooftops and towers), for an estimated total consideration (Enterprise Value) of approximately zl 6,140 million (EUR 828 million, assuming a zl/EUR 4.449 exchange rate) (the "Iliad Poland Acquisition").

In addition, Cellnex Poland will benefit from a call option and Play will benefit from a right to sell to Cellnex Poland with regards to the outstanding 40% interest in Play Tower owned by Play, pursuant to a shareholders' agreement to be entered into between Play and Cellnex Poland in connection with Play Tower.

The transaction was signed in the context of the takeover bid launched by Iliad over Play on 21 September 2020 and completed on 25 November 2020. Following completion of the takeover bid, P4 shall spin-off its telecommunications infrastructure into Play Tower. The closing of the transaction is expected to take place in the first quarter of 2021, following receipt of customary regulatory authorizations and the completion of the spin-off of the telecommunications infrastructure.

In accordance with IFRS 3, given that the Iliad Poland Acquisition was not completed as of 31 December 2020 it is not accounted for in the 2020 Consolidated Financial Statements.

Additionally, pursuant to the Iliad Poland SPA (as defined below), it was agreed that P4 and Play Tower will enter into a master services agreement for the provisions of hosting and power supply services, together with other ancillary services, to P4 (the "Iliad Poland MSA") for an initial term of 20 years. The agreed form version of the Iliad Poland MSA also envisages the construction by Iliad Purple and acquisition by Play Tower of additional new sites (see below).

Based on information provided by Iliad in connection with the Iliad Poland Acquisition, the Iliad Poland Acquisition, together with up to approximately 5,000 additional sites to be deployed in Poland, are expected to contribute up to an estimated approximately EUR 220 million of annual Adjusted EBITDA, once all the sites in Poland are deployed. This expected annual Adjusted EBITDA is based on management's estimates, and is therefore subject to known and unknown risks, uncertainties, assumptions and other factors that could cause the projects' actual annual Adjusted EBITDA to materially differ from that expressed in, or suggested by, this forward-looking metric. "Adjusted EBITDA" is an APMs (as defined in section "Economic performance" of the accompanying Consolidated Management Report).

Iliad Poland agreements

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

Iliad Poland SPA

On 22 October 2020 a sale and purchase agreement was entered into whereby Iliad Purple (subsequently replaced by Play) agreed to sell 60% of the share capital of Play Tower to Cellnex Poland (the "Iliad Poland SPA"), for an estimated consideration (Enterprise Value) of approximately zl 6,140 million (EUR 828 million, assuming a zl/EUR 4.449 exchange rate). The Iliad Poland SPA contains certain representations and warranties made by Iliad Purple (currently assumed by Play) and certain indemnification obligations in case of a breach of such representations and warranties.

Following the execution of the takeover bid launched by Iliad over Play, on 26 November 2020 Iliad Purple assigned its rights and obligations under the Iliad Poland SPA to Play.

Iliad Poland SHA

It has been agreed that on the date of completion of the Iliad Poland Acquisition (the "Completion Date"), Cellnex Poland and Play will enter into a shareholders' agreement which will set forth, among other matters, certain rights and obligations of both parties as shareholders of Play Tower, the procedures for the conduct of the affairs and the management of Play Tower and the regime applicable to the transfers of shares of Play Tower, including certain tag-along rights and rights of first offer (the "Iliad Poland SHA").

Additionally, pursuant to the terms of the Iliad Poland SHA, the parties thereto shall not transfer the stake they respectively hold in Play Tower for a five-year period following the Completion Date except for certain permitted transfers (such as transfers resulting from the exercise of the rights described below).

Also, the Iliad Poland SHA will set forth the conditions for Play's right to sell (i) a 10% (and not less than 10%) interest in Play Tower to Cellnex Poland during a 30-business day period following the first anniversary of the Completion Date; and (ii) all (and not less than all) of its interest in Play Tower to Cellnex Poland during a period starting on the 62nd business day from the first anniversary of the Completion Date and ending on the fourth anniversary of the Completion Date (excluded); in both cases at a price to be calculated pursuant to said agreement. Play has the right, but not the obligation, to sell this interest but Cellnex Poland must acquire this interest should Play exercise this right.

Likewise, the Iliad Poland SHA will provide Cellnex Poland with a call option over (i) a 10% (and not less than 10%) interest held by Play in Play Tower during a 30-day period after the lapse of the 30-day period during which Play could exercise its first put option right as described in the paragraph above; and (ii) all of (and not less than all) Play's interest in Play Tower during a three-year period from the fourth anniversary of the Completion Date; in both cases at a price to be calculated pursuant to said agreement. Cellnex Poland has the right, but not the obligation, to purchase this interest but Play must sell this interest should Cellnex Poland exercise this right.

Iliad Poland MSA

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

Additionally, pursuant to the Iliad Poland MSA, P4 will build and sell to Play Tower a minimum of 1,500 new sites on or before 31 December 2030. The total consideration for the said 1,500 new sites is of approximately zl 1,735 million (EUR 390 million, assuming a zl/EUR 4.449 exchange rate), which the Group expects to finance with cash flows generated by the portfolio.

The exact figure of new sites that the parties have committed to construct and purchase may vary depending on the final number of recent sites constructed by P4 and transferred to Play Tower at Completion Date. In any event, it is contemplated that, in addition to new sites that the parties have already undertaken to build and purchase, an additional number of approximately 3,500 new sites will be built by P4 and acquired by Play Tower by the end of 2030. Such additional new sites would be acquired by Play Tower on the same terms and conditions as applicable in respect of the aforementioned 1,500 committed sites.

Other purchase commitments

As at 31 December 2020, the purchase commitments for tangible and intangible assets are those detailed in Notes 7 and 8 of the accompanying consolidated financial statements.

22. Environmental information

It is Group policy to pay maximum attention to environmental protection and conservation, and each investee adopts the necessary measures to minimise the environmental impact of the infrastructure and the telecommunications networks that it manages and ensure the maximum degree of integration into the surrounding area.

The Group has an environmental policy applicable to all its companies and a comprehensive environmental management system that ensures compliance with local environmental legislation and continuously improves the environmental management processes for its activities and facilities.

At year-end 2020 and 2019, the Group did not recognise any provision for potential environmental risks as it estimated that there were no significant contingencies related to 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.

The Group incurred environmental expenses on civil engineering projects, equipment and environmental permit projects. The acquisition cost of these activities at year-end 2020 amounted to EUR 7,447 thousand (EUR 6,789 thousand in 2019), with accumulated depreciation and amortisation of EUR 3,312 thousand (EUR 3,015 thousand in 2019).

Expenses incurred to protect and improve the environment recognised directly in the income statement amounted to EUR 507 thousand (EUR 425 thousand in 2019) and related mainly to expenses arising from consultancy services and external waste management.

Potential contingencies, indemnities and other environmental risks which the Group could incur are sufficiently covered by its third-party liability insurance policies.

23. Segment reporting

The Group's business segment information included in this note is presented in accordance with the disclosure requirements set forth in IFRS 8, Operating Segments. This information is structured, firstly following a geographic distribution and secondly, by business segment.

Cellnex has recently expanded its business in Europe and its strategic objectives include the continuation of this growth initiative through the acquisition of assets and businesses, along with other growth opportunities both in the countries in which it is currently present and others. In this regard, as the Group continues to acquire sites in existing markets and is continuing to expand into new ones, the Group Management manages the results obtained by geographical location.

In addition, the business segments described below were established based on the organisational structure of the Cellnex Group prevailing as at 31 December 2020 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: is the Group's main segment by turnover. It provides a wide range of integrated network infrastructure services to enable access to the Group's wireless infrastructure by MNOs and other wireless telecommunications and broadband network operators, allowing such operators to offer their own telecommunications services to their customers.

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

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

- Other Network Services: the Group provides the infrastructure required to develop a connected society by providing the following network services: data transport, security and control, Smart communication networks including IoT, Smart Services and managed services and consulting. As a telecom infrastructure operator, Cellnex 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 genuine Smart territories. This constitutes a specialized business that generates relatively stable cash flows with potential for growth.

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

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

Methodology and bases for Segment Reporting

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

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

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

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

The assets and liabilities of each segment at 31 December 2020 and 2019 are as follows:

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

	Spain	Italy	France	Switzerland	Other countries	Total
						Thousands of Euros
						31 December 2019 restated
Property, plant and equipment	806,145	358,065	1,402,572	185,403	147,354	2,899,539
Intangible assets	159,664	1,094,505	2,172,532	1,469,777	990,145	5,886,623
Right-of-use assets	228,900	312,222	474,844	216,553	7,194	1,239,713
Other non-current assets	102,550	139,262	45,446	4,092	4,541	295,891
Total non-current assets	1,297,259	1,904,054	4,095,394	1,875,825	1,149,234	10,321,766
Total current assets	2,448,280	122,111	71,720	46,695	32,076	2,720,882
TOTAL ASSETS	3,745,539	2,026,165	4,167,114	1,922,520	1,181,310	13,042,648
Borrowings and bond issues	4,606,383	-	-	487,313	-	5,093,696
Lease liabilities	182,362	161,376	385,772	196,907	6,918	933,335
Other non-current liabilities	51,124	217,756	538,909	323,209	174,075	1,305,073
Total non-current liabilities	4,839,869	379,132	924,681	1,007,429	180,993	7,332,104
Borrowings and bond issues	46,948	-	-	1,478	-	48,426
Lease liabilities	46,639	51,320	82,384	25,885	625	206,853
Other current liabilities	170,654	87,861	65,288	94,775	(13,942)	404,636
Total current liabilities	264,241	139,181	147,672	122,138	(13,317)	659,915
TOTAL LIABILITIES	5,104,110	518,313	1,072,353	1,129,567	167,676	7,992,019

Segmental reporting is set out below:

								Thousands of Euros
								2020
	Spain	Italy	France	Switzerland	UK	Portugal	Other countries	Total (*)
Operating income	530,328	336,296	309,759	137,467	144,339	69,286	77,297	1,604,772
Operating expenses	(235,853)	(95,769)	(38,666)	(16,756)	(44,604)	(8,133)	(32,637)	(472,418)
Depreciation and amortization	(174,711)	(173,391)	(270,366)	(121,794)	(106,732)	(81,792)	(45,278)	(974,064)
Net Interest	(179,861)	(52,531)	(57,800)	(28,459)	(22,334)	(13,779)	(3,038)	(357,802)
Profit of companies accounted for using the equity method	52	-	-	-	-	-	-	52
Profit/(loss) before tax	(60,044)	14,605	(57,073)	(29,542)	(29,331)	(34,418)	(3,656)	(199,460)
Income tax	23,878	5,369	11,817	3,813	(1,805)	5,327	325	48,724
Attributable non-controlling interest	99	-	(9,415)	(8,320)	-	-	-	(17,636)
Net profit attributable to the Parent Company	(36,265)	19,974	(35,841)	(17,409)	(31,136)	(29,091)	(3,332)	(133,100)

(*) 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 year ended on 31 December 2020. Additionally, this income statement by country incorporates all of the non-recurring and non-cash items detailed in section 20.d of the consolidated financial statements.

						Thousands of Euros
						2019 restated
	Spain	Italy	France	Switzerland	Other countries	Total (1)
Operating income	504,710	266,907	104,675	84,994	69,559	1,030,845
Operating expenses	(237,683)	(87,322)	(24,205)	(14,382)	(23,947)	(387,539)
Depreciation and amortization	(136,825)	(146,330)	(87,561)	(78,891)	(52,234)	(501,841)
Net Interest	(122,520)	(26,960)	(23,930)	(17,222)	(5,306)	(195,938)
Profit of companies accounted for using the equity method	82	-	-	-	-	82
Profit/(loss) before tax	7,764	6,295	(31,021)	(25,501)	(11,927)	(54,392)
Income tax	5,133	(4,259)	9,070	3,698	22,058	35,700
Attributable non-controlling interest	1	-	-	(9,516)	-	(9,515)
Net profit attributable to the Parent Company	12,898	2,037	(21,951)	(12,287)	10,131	(9,177)

(1) 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 year ended on 31 December 2019. Additionally, this income statement by country incorporates all of the non-recurring and non-cash items detailed in section 19.d of the consolidated financial statements of 2019 financial year.

The Group has two customers that exceeds 10% of its total revenue. The total income from these customers for the year ended on 31 December 2020 amounted to EUR 466,500 thousand. During 2019 financial year, the Group had one customer that exceeded 10% of its revenue and the amount ascended to EUR 201,710 thousand.

The information by business segment is set out below:

	Thousands of Euros			
	2020			
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total
Services (Gross)	227,257	1,228,006	104,932	1,565,195
Other income	-	43,236	-	43,236
Advances to customers	-	(3,659)	-	(3,659)
Operating income	227,257	1,272,583	104,932	1,604,772

	Thousands of Euros			
	2019			
	Broadcasting infrastructure	Telecom Infrastructure Services	Other Network Services	Total
Services (Gross)	235,383	667,216	101,214	1,003,813
Other income	-	30,822	-	30,822
Advances to customers	-	(3,790)	-	(3,790)
Operating income	235,383	694,248	101,214	1,030,845

There have been no significant transactions between segments during 2020 and 2019.

24. Related parties

a) Directors and Senior Management

The remuneration earned by the Parent Company's directors as at 31 December 2020 and 2019 was as follows:

i. The members of the Board of Directors received EUR 1,630 thousand for exercising the duties in their capacity as directors of Cellnex Telecom, S.A. (EUR 1,464 thousand in 2019).

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

   a. received EUR 1,000 thousand, corresponding to fixed remuneration (EUR 1,000 thousand in 2019).
   b. accrued EUR 1,335 thousand corresponding to annual variable remuneration, estimated assuming 133.5% of accomplishment (EUR 2,195 thousand in 2019).
   c. accrued EUR 1,650 thousand for the achievement of the multi-annual objectives established in the "Long Term Incentive Plan" that consolidates in December 2020, estimated assuming 137.5% of accomplishment.
   Note: The accounting provisions for all the LTIPs in progress (2018-2020, 2019-2021 and 2020-2022), for the year ended on 31 December 2020 amounted to EUR 1,373 thousand (EUR 1,893 thousand in 2019). See Note 19.a.

iii. In addition, the Chief Executive Officer of Cellnex Telecom, S.A. received, as other benefits, contributions made to cover pensions and other remuneration in kind in the amount of EUR 250 thousand and EUR 28 thousand, respectively (EUR 250 thousand and EUR 28 thousand in 2019).

Cellnex Telecom defines Senior Management as executives that perform management duties and report directly to the Chief Executive Officer. Fixed and variable remuneration for the year ended on 31 December 2020 for members of Senior Management amounted to EUR 4,547 thousand (EUR 5,671 thousand in 2019) and accrued EUR 2,424 thousand for the achievement of the multi-annual objectives established in all the "Long Term Incentive Plan" that consolidates in December 2020, estimated assuming 100% of accomplishment. Note: The accounting provisions for all the LTIPs in progress (2018-2020, 2019-2021 and 2020-2022), for the year ended on 31 December 2020 amounted to EUR 3,084 thousand (EUR 4,676 thousand in 2019).

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 334 thousand and EUR 174 thousand, respectively (EUR 335 thousand and EUR 153 thousand in 2019).

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 538 thousand at 31 December 2020 (EUR 288 thousand in 2019).

b) Other disclosures on Directors

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

c) Associates companies

As of 31 December 2020 and 2019 the Group does not hold balances for significant amounts with associates companies.

For its part, during 2020 and 2019, no significant transactions have been undertaken with associates companies.

d) Other related parties

Other related parties, include shareholders (and their subsidiaries) of Cellnex Telecom, S.A. that exercise significant influence over it, those with a right to appoint a director and those with a stake above 3% (see Note 14.a).

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

During 2019, there was a change of control in Hispasat whereby Abertis (a related party of Cellnex) no longer exercises control over Hispasat. In this regard, as of 31 December 2020 and 2019, Hispasat 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 Hispasat until the date of the aforementioned control change in 2019 are detailed below.

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 has an agreement with Hispasat, S.A., whereby the latter provides shared capacity services for certain satellite transponders over the entire life of the transponders, which the parties amended in July 2020. During 2019 the services received by Cellnex in relation to this contract amounted to EUR 10 million. As a result of the change of control described above, these figures corresponds to the services provided by Hispasat until the date of the aforementioned control change in 2019.

Moreover, the Group, through its wholly-owned subsidiary TowerCo, entered into an agreement with Autoestrade pell'Italia SpA by virtue of which the Group can colocate certain assets to provide Telecom Infrastructure Services in Italian motorways that are under the concession of Atlantia until 2038. Pursuant to the terms of this agreement, the consideration for such location amounts to an annual fee of EUR 4 million. The consideration paid by TowerCo as of 31 December 2020 and 2019 amounted to EUR 3.9 million and EUR 4.4 million.

In addition to the aforementioned, during 2020 and 2019 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 31 December 2020 and 2019, the Group does not hold balances for significant amounts with related parties.

25. Other disclosures

The remuneration of the auditors for 2020 and 2019 is as follows:

								Thousands of Euros
				2020				2019
	Audit of financial statements	Verification services	Tax advisory services	Other services	Audit of financial statements	Verification services	Tax advisory services	Other services
Deloitte, S.L.	1,034	408	-	-	847	1,566	-	-
Rest of Deloitte	1,246	83	46	2,040	661	103	97	-
Total	2,280	491	46	2,040	1,508	1,669	97	-

26. Post balance sheet events

T-Mobile Infra Acquisition

On 21 January 2021, Cellnex and Cellnex Netherlands, B.V. ("Cellnex Netherlands") signed a framework agreement with Deutsche Telekom A.G. ("DTAG"), Deutsche Telecom Europe, B.V. ("DTEU") and Digital Infrastructure Vehicle 1 SCSp ("DIV"), which sets forth among others, the conditions to and the steps and arrangements to achieve the contribution in kind, through DIV, of 100% of the share capital of T-Mobile Infra, B.V. ("T-Mobile Infra") to Cellnex Netherlands, which owns approximately 3,150 sites with an initial tenancy ratio of c.1.2 per site, in exchange for a stake of 37.65% in the share capital of Cellnex Netherlands (the "T-Mobile Infra Acquisition"). Additionally, pursuant to the T-Mobile Infra MLA, T-Mobile Infra and T-Mobile Netherlands, B.V. ("T-Mobile") have agreed to the deployment of approximately up to 180 additional sites in the Netherlands, over a seven-year term. DIV is an investment fund, with a mandate to invest mainly into European digital infrastructure assets, which upon closing will have DTAG and Cellnex (through a carry vehicle) as limited partners, and Cellnex will have the right to co-invest with a stake of 51%, subject to certain conditions, in opportunities originated by DIV in relation to towers, rooftops, masts, small cells or build-to-suit programs. The T-Mobile Infra Acquisition strengthens the Group's industrial project in the Netherlands, and Cellnex will thus execute a second step cooperation with the Deutsche Telekom group following the precedent partnership in Switzerland.

The closing of the T-Mobile Infra Acquisition is expected to take place in the first half of 2021, following receipt of among others, customary regulatory authorizations. In accordance with IFRS 3, given that the T-Mobile Infra Acquisition was not completed as of 31

December 2020 it was not accounted for in the accompanying consolidated financial statements for the year ended 31 December 2020.

The T-Mobile Infra Acquisition, together with the up to approximately 180 additional new sites to be deployed in the Netherlands, are expected to contribute up to an estimated approximately EUR 63 million of annual Adjusted EBITDA once the sites are deployed. This expected annual Adjusted EBITDA is based on management's estimates, and is therefore subject to known and unknown risks, uncertainties, assumptions and other factors that could cause the projects' actual annual Adjusted EBITDA to materially differ from that expressed in, or suggested by, this forward-looking metric. "Adjusted EBITDA" is an APM (as defined in section "Economic performance" of the accompanying Consolidated Management Report).

CK Hutchison Holdings Swedish Transaction

On 26 January 2021, the CK Hutchison Holdings Swedish Transaction has been completed and, consequently, the Group has acquired Hutchison's European tower business and assets in Sweden, comprised of approximately 2,300 sites. Cellnex also anticipates the further deployment of up to 2,880 new sites in Sweden by 2026. See Note 21.b of the accompanying consolidated financial statements.

In accordance with IFRS 3, given that the CK Hutchison Holdings Swedish Transaction had not been completed as of 31 December 2020, it was not accounted for in the accompanying consolidated financial statements for the year ended 31 December 2020.

Hivory Acquisition

On 3 February 2021, Cellnex (through its subsidiary Cellnex France) entered into a put option agreement with Altice France, S.A.S. ("Altice") and Starlight HoldCo S.à r.l ("Starlight HoldCo"), which gives the right to Altice and Starlight HoldCo to require the Group to purchase, on an exclusivity basis, their respective direct and indirect ownerships in the share capital of Hivory, S.A.S. ("Hivory"), which in aggregate amounts to approximately 100% of Hivory's share capital, for an estimated consideration (Enterprise Value) of approximately EUR 5.2 billion to be paid by Cellnex (the "Hivory Acquisition"). Hivory owns and operates approximately 10,535 sites in France. Additionally, Hivory has agreed to the deployment of 2,500 sites in France by 2029, and other agreed initiatives, with an estimated investment of approximately EUR 0.9 billion.

Completion of the Hivory Acquisition is subject to certain conditions precedent, and closing is expected in the second half of 2021. In accordance with IFRS 3, given that the Hivory Acquisition was not completed as of 31 December 2020 it was not accounted for in the accompanying consolidated financial statements for the year ended 31 December 2020.

On 24 February 2021, the Group amended the EUR 7,500,000 thousand bridge loan of the M&A Financing (see Note 15) and cancelled an amount of EUR 1,600,000 thousand of such bridge loan. As of the date of the accompanying consolidated financial statements, no amounts have been drawn thereunder. Such financing will bear interest at a margin above EURIBOR, will be unsecured and unsubordinated.

New Bond Issuance in 2021

On 15 February 2021, Cellnex successfully completed a triple-tranche EUR-denominated bond issuance for an aggregate amount of EUR 2,500 million (with ratings of BBB-by Fitch Ratings and BB+ by Standard&Poor's) aimed at qualified investors. The transaction included a bond for EUR 500 million maturing in November 2026 at a coupon of 0.75%; a bond for EUR 750 million maturing in January 2029 at a coupon of 1.25%; and a 12-year bond for EUR 1,250 million maturing in February 2033 at a coupon of 2%. Cellnex took advantage of favorable market conditions to maintain its average cost of debt and increase its average debt maturity. The net proceeds from the issues will be used for general corporate purposes.

Iliad Poland Acquisition

On 23 February 2021, following the signing of the Iliad Poland Acquisition (in October 2020), Iliad, Play and Cellnex have further discussed the structuring of the Iliad Poland Acquisition and agreed on an alternative structure. Under this structure, on the Completion Date (i) Play will sell to Cellnex Poland and Iliad Purple, respectively, 60% and 40% of the share capital of Play Tower; and (ii) immediately following such share acquisition, P4 will sell the passive infrastructure business of P4 to Play Tower. The parties expect to finance the business unit transaction with a mix of equity and shareholder loans. The completion of the Iliad Poland Acquisition is expected to take place in the first quarter of 2021, following receipt of customary regulatory authorizations.

27. Explanation added for translation to English

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

Barcelona, 25 February 2021

APPENDIX I. Subsidiaries included in the scope of consolidation at 31.12.2020

Company	Registered office	Ownership interest: Cost (Thousands of Euros)	Ownership interest: %	Company holding the interest	Consolidation method	Activity	Auditor
Direct ownership:							
Cellnex Italia, S.p.A.	Vía Cesare Giulio Viola, 43 CAP 00148 Roma	952,310	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Netherlands, BV	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	511,355	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex UK Limited	Office 132 Spaces Liverpool Street Station, 35 New Broad Street London, EC2M 1NH	1,856,984	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex France Groupe, S.A.S.	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	2,324,391	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Telecom España, S.L.U.	Juan Esplandiú, 11-13 28007 Madrid	2,807,500	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Switzerland AG	Thurgauerstrasse, 136 8152 Opfikon	581,117	72,22%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Towerlink Portugal, ULDA	Avenida Álvares Cabral, nº61 – 4º piso, 1250-017 Lisboa, Portugal	4,000	100%	Cellnex Telecom, S.A.	Full consolidation	Fixed and mobile telecommunications services provider	-
Cignal Infrastructure Services	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	178,636	100%	Cellnex Telecom, S.A.	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
Ukkoverkot Oy	Itämerentori 2, 00180 Helsinki, Finland	25,517	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
CLNX Portugal, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, San Antonio 1050 121 Lisboa	1,037,384	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Finance Company, S.A.	c/Juan Esplandiú, 11-13, 28007 Madrid	1,000,060	100%	Cellnex Telecom, S.A.	Full consolidation	Group Finance Company	Deloitte
Cellnex Sweden AB	Box 162 85, 103 25 Stockholm	2	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Austria Gmbh	Schubertring 6, 1010 Vienna	953,035	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Ireland Limited	Suite 311 Q House, 76 Furze Road Sandyford Industrial Estate, Dublin 18, D18 YV50	499,000	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Poland sp z.o.o.	Plac Marsz. Józefa Pilsudskiego 1 00-078 Warsaw	3	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	-
Cellnex Denmark ApS	Sundkrogsgade 5, DK-2100 Copenhagen	350,005	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte

Company	Registered office	Ownership interest Cost (Thousands of Euros)	%	Company holding the interest	Consolidation method	Activity	Auditor
Indirect ownership interest:							
Retevision-I, S.A.U.	Juan Esplandiú, 11-13 28007 Madrid	182,504	100%	Cellnex Telecom España, S.LU.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Tradia Telecom, S.A.U.	Av, Del Parc Logístic, 12-20 08040 Barcelona	165,983	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Telecom Infraestructuras, S.A.U.	Juan Esplandiú, 11-13 28007 Madrid	459,010	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Gestora del Espectro, S.L. (1)	Juan Esplandiú, 11-13 28007 Madrid	3	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Metrocall, S.A.	c/Juan Esplandiú, 11-13, 28007 Madrid	42,597	60%	Cellnex Telecom España, S.L.U.	Full consolidation	Implementation, management and exploitation of the mobile network in Madrid's subway.	Deloitte
Adesal Telecom, S.L.	Ausias March 20, Valencia	2,959	60.08%	Tradia Telecom, S.A.U.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	Deloitte
Zenon Digital Radio, S.L. (1)	C/ Lincoln, 11, 1º3º 08006 Barcelona	2,421	100%	Tradia Telecom, S.A.U.	Full consolidation	Provision of telecommunications equipments	-
Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A.	Av, Del Parc Logístic, 12-20 08040 Barcelona	32,795	100%	Tradia Telecom, S.A.U.	Full consolidation	Construction and operation of optic fiber telecommunications infrastructure	Deloitte
Towerco, S.p.A.	Vía Cesare Giulio Viola, 43 CAP 00148 Roma	94,600	100%	Cellnex Italia S.p.A	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Tower Lease, S.r.L.	Vía Cesare Giulio Viola, 43 CAP 00148 Roma	1,323	100%	Cellnex Italia S.p.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
TowerLink Italia, S.r.L (1)	Vía Cesare Giulio Viola, 43 CAP 00148 Roma	20	100%	Cellnex Italia, S.p.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Areaventi, S.r.L.	Via Cesare Giulio Viola, 43 CAP 00148 Roma	1,434	100%	Cellnex Italia, S.p.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Towerlink Netherlands, B.V.	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	63,634	100%	Cellnex Netherlands, BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Shere Masten B.V.	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	278,085	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Breedlink BV	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	599	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Alticom BV	Papendorpseweg 75-79 3528 BJ Utrecht, the Netherlands	132,127	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Netherlands, B.V	Axelsestraat, 58, 4537 AL, Terneuzen, the Netherlands	42,876	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Springbok Mobility (1)	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	600	100%	Cellnex France Groupe, S.A.S.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	-
Cellnex France, S.A.S.	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	908,341	100%	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Towerlink France, SAS (1)	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	20	99,99%	Cellnex France, S.A.S	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Nexloop France, S.A.S	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	15,555	51%	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest Cost (Thousands of Euros)	%	Company holding the interest	Consolidation method	Activity	Auditor
On Tower France SAS	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt.	1,403,599	70%	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Compagnie Foncière ITM 1 (1)	58 avenue Emile Zola, Immeuble Ardeko, 92100 Boulogne-Billancourt	504	100%	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Cellnex UK Midco Ltd	Albion House High Street , Unit 6 Woking One (Woking) Surrey GU21 6BG	333,106	100%	Cellnex UK Limited	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Watersite Holding Limited	Albion House High Street , Unit 6 Woking One (Woking) Surrey GU21 6BG	29,764	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Radiosite Limited	Albion House High Street , Unit 6 Woking One (Woking) Surrey GU21 6BG	31,942	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
London Connectivity Partnership Ltd	Office 132 Spaces Liverpool Street Station 35 New Broad Street London EC2M 1NH	1	100%	Cellnex UK Midco Ltd	Full consolidation	Fixed and mobile telecommunications services provider	-
Cellnex Connectivity Solutions Limited	Albion House High Street , Unit 6 Woking One (Woking) Surrey GU21 6BG	146,550	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellnex UK Consulting Limited	Albion House High Street , Unit 6 Woking One (Woking) Surrey GU21 6BG	2,603	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
On Tower UK, Ltd	Crawley Court, Winchester. SO21 2QA	2,467,702	100%	Cellnex UK, Limited	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 1, Ltd	Crawley Court, Winchester. SO21 2QA	207,031	100%	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 2, Ltd	Crawley Court, Winchester. SO21 2QA	11,247	100%	On Tower UK 1, Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 3, Ltd	Crawley Court, Winchester. SO21 2QA	1	100%	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 4, Ltd	Crawley Court, Winchester. SO21 2QA	178	100%	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower UK 5, Ltd	Crawley Court, Winchester. SO21 2QA	1	100%	On Tower UK , Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Towers AG	Thurgauerstrasse, 136 8152 Opfikon	739,869	100%	Cellnex Switzerland AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Infra Services SA	Rue du Caudray, 4,1020 Renens, Vaud	830,684	90%	Swiss Towers AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Grid Tracer AG (1)	Thurgauerstrasse, 136 8152 Opfikon	51,411	55%	Swiss Towers AG	Full consolidation	Internet of Things	-

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
OMTEL, Estructuras de Comunicaçoes, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, Arroios 1050 121 Lisboa	587,733	100%	CLNX Portugal, S.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Portugal, S.A.	Av. Fontes Pereira de Melo, nº6, 7º direito, Distrito: Lisboa Concelho:Lisboa Fregesia, Arroios 1050 121 Lisboa	418,063	10%	CLNX Portugal, S.A.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellcom Ireland Limited (in settlement process)	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	11,575	100%	Cignal Infrastructure Limited	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
Shannonside Communications Limited	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	2,100	100%	Cignal Infrastructure Limited	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
On Tower Ireland Limited	28/29 Sir John Rogerson's Quay, Dublin 2, Dublin, Ireland (cambio de domicilio social en proceso) después será Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	612,196	100%	Cellnex Ireland Limited	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
Edzcom Oy	Itämerentori 2, 00180 Helsinki, Finland	4,500	100%	Ukkoverkot Oy	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
On Tower Austria Gmbh	Brünner Straβe 52, 1210 Vienna	934,507	100%	Cellnex AustriaGmbh	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
OnTower Denmark Aps	Scandiagade 8, 2450 København SV	437,777	100%	Cellnex Denmark, Aps	Full Consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte

[(1)] These companies have not submitted their financial statements for auditing as they are not required to do so.

This appendix forms an integral part of Note 2.h. to the 2020 consolidated financial statements with which it should be read.

APPENDIX I. Subsidiaries included in the scope of consolidation at 31.12.2019

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Direct ownership:							
Cellnex Italia, S.r.L.	Via Carlo Veneziani 58, 00148 Rome, Italy	952,310	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Netherlands, BV	Leeghwaterstraat 21, (2811 DT) Reeuwijk, the Netherlands	516,437	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex UK Limited	1-2 Broadgate Circle, London EC2M 2QS	281,489	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex France Groupe, S.A.S.	1 Avenue de la Cristallerie, 92310 Sèvres	2,324,391	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Telecom España, S.L.U.	Juan Esplandiú, 11-13 28007 Madrid	807,500	100%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Cellnex Switzerland AG	Thurgauerstrasse, 136 8152 Opfikon	579,191	72,22%	Cellnex Telecom, S.A.	Full consolidation	Holding Company	Deloitte
Towerlink Portugal, ULDA [(1)]	Avenida Álvares Cabral, nº61 – 4º piso, 1250-017 Lisboa, Portugal	4,000	100%	Cellnex Telecom, S.A.	Full consolidation	Fixed and mobile telecommunications services provider	-
Cignal Infrastructure Services	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	111,928	100%	Cellnex Telecom, S.A.	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte

Company	Registered office	Ownership interest Cost (Thousands of Euros)	%	Company holding the interest	Consolidation method	Activity	Auditor
Indirect ownership interest:							
Retevision-I, S.A.U.	Juan Esplandiú, 11-13 28007 Madrid	182,504	100%	Cellnex Telecom España, S.LU.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Tradia Telecom, S.A.U.	Av, Del Parc Logístic, 12-20 08040 Barcelona	165,983	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Telecom Infraestructuras, S.A.U.	Juan Esplandiú, 11-13 28007 Madrid	459,010	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Gestora del Espectro, S.L. (1)	Juan Esplandiú, 11-13 28007 Madrid	3	100%	Cellnex Telecom España, S.L.U.	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Adesal Telecom, S.L.	Ausias March 20, Valencia	2,959	60.08%	Tradia Telecom, S.A.U.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	Deloitte
Zenon Digital Radio, S.L. (1)	C/ Lincoln, 11, 1º3º 08006 Barcelona	2,421	100%	Tradia Telecom, S.A.U.	Full consolidation	Provision of telecommunications equipments	-
Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A.	Av, Del Parc Logístic, 12-20 08040 Barcelona	32,795	100%	Tradia Telecom, S.A.U.	Full consolidation	Construction and operation of optic fiber telecommunications infrastructure	Deloitte
Towerco, S.p.A.	Via Alberto Bergammini 50, Rome, Italy	94,600	100%	Cellnex Italia, S.r.L..	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Galata, S.p.A	Via Carlo Veneziani 56L, 00148 Rome, Italy	844,599	100%	Cellnex Italia, S.r.L.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
TowerLink Italia, S.r.L (1)	Via Carlo Veneziani 58, 00148 Rome, Italy	20	100%	Cellnex Italia, S.r.L..	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Commscon Italia, S.r.L.	Via Carducci 32, 20123 Milano	22,904	100%	Cellnex Italia, S.r.L	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Towerlink Netherlands, B.V.	Leeghwaterstraat 21, (2811 DT) Reeuwijk, the Netherlands	63,634	100%	Cellnex Netherlands, BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Shere Masten B.V.	Leeghwaterstraat 21, 2811 DT Reeuwijk, Netherlands	278,085	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Breedlink BV	Branderweg 7, 8042 PD, Zwolle	599	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Alticom BV	Branderweg 7, 8042 PD, Zwolle	132,127	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
On Tower Netherlands, B.V	Axelsestraat, 58, 4537 AL, Terneuzen, the Netherlands	39,525	100%	Cellnex Netherlands BV	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Springbok Mobility (1)	1, Avenue de la Cristallerie, 92310, Sèvres	600	100%	Cellnex France Groupe, S.A.S.	Full consolidation	Provision of related services for terrestrial telecommunications concessions and operators	-
Cellnex France, S.A.S.	1 Avenue de la Cristallerie, 92310 Sèvres	908,341	100%	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Towerlink France, SAS (1)	1, avenue de la Cristallerie (9th floor), Sèvres (92310).	20	99,99%	Cellnex France, S.A.S	Full consolidation	Terrestrial telecommunications infrastructure operator	-
Illiad 7	31, rue de la Baume – Paris (75008)	1,403,599	70%	Cellnex France Groupe, S.A.S.	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellnex UK Midco Ltd	2 River Court, Albert Dr, Woking GU21 5RP, United Kingdom	333,106	100%	Cellnex UK Limited	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Watersite Holding Limited	2 River Court, Albert Dr, Woking GU21 5RP, United Kingdom	29,764	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte

Company	Registered office	Ownership interest		Company holding the interest	Consolidation method	Activity	Auditor
		Cost (Thousands of Euros)	%				
Radiosite Limited	2 River Court, Albert Dr, Woking GU21 5RP, United Kingdom	31,942	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellnex Connectivity Solutions Limited	2 River Court, Albert Dr, Woking GU21 5RP, United Kingdom	146,550	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellnex UK Consulting Limited	2 River Court, Albert Dr, Woking GU21 5RP, United Kingdom	2,603	100%	Cellnex UK Midco Ltd	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Towers AG	Thurgauerstrasse, 136 8152 Opfikon	739,869	72,22%	Cellnex Switzerland AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Swiss Infra Services SA	Rue du Caudray, 4,1020 Renens, Vaud	830,684	64,99%	Swiss Towers AG	Full consolidation	Terrestrial telecommunications infrastructure operator	Deloitte
Cellcom Ireland Limited	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	11,575	100%	Cignal Infrastructure Limited	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte
National Radio Network Limited	Suite 311 Q House, 76 Furze Road, Sandyford Industrial Estate, Dublin 18, D18 YV50, Ireland	2,114	100%	Cignal Infrastructure Limited	Full consolidation	Provision of communication sites used by Mobile Network Operators	Deloitte

(1) These companies have not submitted their financial statements for auditing as they are not required to do so.

This appendix forms an integral part of Note 2.h. to the 2020 consolidated financial statements with which it should be read.

APPENDIX II. Associates included in the scope of consolidation at 31.12.2020

Company	Registered office	Ownership interest									
		Cost (Thousands of Euros)	%	Assets	Liabilities	Income	Profit/(loss)	Company holding the interest	Consolidation method	Activity	Auditor
INDIRECT SHAREHOLDINGS Through Retevisión and Tradia Telecom											
Torre de Collserola, S.A.	Ctra. de Vallvidrera al Tibidabo, s/n. Barcelona	2,022	41.75%	15,718	11,026	4,108	2	Retevision-I, S.A.U.	Equity method	Construction and operation of terrestrial telecommunications infrastructure	Deloitte
Consorcio de Telecomunicaciones avanzadas, S.A. (COTA)	C/ Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Polígono Industrial Oeste Alcantarilla (Murcia)	304	29.5%	2,764	512	1,963	452	Tradia Telecom, S.A.U.	Equity method	Provision of related services for terrestrial telecommunications concessions and operators	Other auditors
Nearby Sensors, S.L.	Calle Berruguete, 60-62 08035 Barcelona	236	13,18%	1,111	616	381	281	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	-
Nearby Computing, S.L.	Travessera de Gracia 18, 3º 3ª, 08021, Barcelona,	1,290	22,63%	1,823	740	403	(358)	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	-

This appendix forms an integral part of Note 2.h. to the consolidated financial statements for 2020 with which it should be read.

APPENDIX II. Associates included in the scope of consolidation at 31.12.2019

Company	Registered office	Ownership interest									
		Cost (Thousands of Euros)	%	Assets	Liabilities	Income	Profit/(loss)	Company holding the interest	Consolidation method	Activity	Auditor
INDIRECT SHAREHOLDINGS Through Retevisión and Tradia Telecom											
Torre de Collserola, S.A.	Ctra. de Vallvidrera al Tibidabo, s/n. Barcelona	2,022	41.75%	15,661	10,971	4,255	(4)	Retevision-I, S.A.U.	Equity method	Construction and operation of terrestrial telecommunications infrastructure	Deloitte
Consorcio de Telecomunicaciones avanzadas, S.A. (COTA)	C/ Uruguay, parcela 13R, nave 6, Parque Empresarial Magalia, Polígono Industrial Oeste Alcantarilla (Murcia)	304	29.5%	2,797	565	1,989	472	Tradia Telecom, S.A.U.	Equity method	Provision of related services for terrestrial telecommunications concessions and operators	Other auditors
Nearby Sensors, S.L.	Calle Berruguete, 60-62 08035 Barcelona	1,000	30%	1,268	270	396	(171)	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	-
Nearby Computing, S.L.	Calle Berruguete 60-62, 08035, Barcelona	171	24,3%	410	191	95	(19)	Tradia Telecom, S.A.U.	Equity method	Software and IT development app; development of network telecommunication systems	-

This appendix forms an integral part of Note 2.h. to the consolidated financial statements for 2019 with which it should be read.