Annex 1. Risks

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

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

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

Strategic risks

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

The Group's business includes the provision of services through its three different segments: (i) Telecom Infrastructure Services, (ii) Broadcasting Infrastructure and (iii) Other Network Services. Any factor adversely affecting the demand for such services, some of which are not under the control of the Group (such as for instance, those which are a consequence of the Russian invasion of Ukraine), could potentially have a material adverse impact on its business, prospects, results of operations, financial condition and cash flows.

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

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

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

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

- increased sharing initiatives among MNOs (both related to passive and active network sharing), roaming or resale arrangements by MNOs;
- mergers or consolidations among the Group's customers such as MNOs;
- reduced potential organic growth due to higher number of competitors in each market as many MNOs have already contractualized the roll-out plans with their own towercos such as Vantage, DFMG or Totem (please see "ii. Risk of increasing competition").
- the ability and willingness of MNOs to maintain or increase capital expenditures on network infrastructure;
- the financial condition of the Group's customers, including the availability or cost of capital;
- governmental licensing of spectrum or restrictions on or revocations of spectrum licenses;
- changes in electromagnetic emissions' regulations;
- changes in demand for TV and radio services and consumption habits (channels, etc.) by end consumers, including the level of multimedia content consumption;
- significant increases in the attrition rate of customers regarding the number of PoPs or customer ratio, (among others, due to the increased number of towercos (please see Risk ii) some clients can withdraw their equipments from our towers), or decreases in overall demand for broadcast space and services, caused by, among others, the adoption of new digital patterns by customers and the obsolescence of the products and services rendered by the Group's companies;
- a decrease in consumer demand for wireless telecom and broadcasting services due to economic, political and market/ regulatory conditions, disruptions of financial and credit markets or other factors, including inflation, zoning, environmental, health or other existing government regulations or changes in the application and enforcement thereof, as well as taxes/customs duties levied on the Group's services;
- the evolution of the advertising business' revenue in the media sector, and especially, TV, internet and radio;
- changes in connectivity to the internet;

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

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

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

II) Risk of increasing competition

The Group may experience at any time increased competition in certain areas of activity from established and new competitors, for example as a result of other infrastructure providers entering the European market. Telxius completed in 2021 an agreement with American Tower for the sale of its telecommunication towers division in Europe. Therefore, American Tower is significantly increasing its presence in the European market and becoming a key player and strong competitor of the Group. In addition several infrastructure funds have recently acquired portfolios of towers from Vodafone and DFMG, thus reducing the addressable market of the Group both to grow organically and inorganically. The industry is competitive and customers have access to alternatives in telecom infrastructure services and other network services, whereas for broadcasting TV the alternatives are more limited. Where the Group acts as a provider of services, competitive pricing from competitors could affect the rates and services income. In addition, competition in infrastructure services could also increase the cost of acquisition of assets and limit the Group's ability to grow its business. Moreover, the Group may not be able to renew existing services agreements or enter into new services agreements. The higher prices for assets, combined with the competitive pricing pressure on services agreements, could make more difficult for the Group to achieve targeted returns on investments.

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

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

III) The Group's status as a "Significant Market Power" ("SMP") operator in the digital terrestrial television ("DTT") market in Spain imposes certain detrimental obligations on it compared to its competitors

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

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

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

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

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

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

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

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

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

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

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

The Group cannot guarantee that its customers or DTT broadcasters will have sufficient access to spectrum in the long-term to maintain and develop its current services.

Following the EU regulation in this matter, the Spanish government passed Royal Decree 391/2019 approving the new National Technical Plan for DTT and the regulation of certain aspects of the liberalization of the "second Digital Dividend". This Royal Decree states that the sub-700 megahertz ("MHz") will continue to be used for DTT broadcasting until, at least, 2030. Nonetheless, since the allocation of spectrum is decided by the Spanish government, the Group is highly dependent on political decisions for the future of its DTT broadcasting business, which decisions are outside of its control.

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

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

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

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

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

The Group cannot guarantee that contracts with its major customers will not be terminated (including contractual agreements to transfer or build assets under the Group's acquisition agreements, purchase commitments and build-to-suit programs), or that these customers will renew their contracts with the Group on the same terms or at all, including due to disagreements regarding certain terms or matters or otherwise. Any of the above could potentially have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. Further, the Group is exposed to constant renegotiation and renewal processes of its contracts with its customers, (especially those related to the Other Network Services segment and Broadcasting Infrastructure segment), which may result in the current contractual arrangements being adversely amended, which could in turn affect the total value of its contracts. The Group completed during last years a general cycle of renewal of contracts in the Broadcasting Infrastructures segment that has led to a downward revision of prices paid by the Group's customers and reducing the indexation to inflation, excepting the RTVE contract that has been renewed in 2023 for a 5 years period. Contracts in the Other Network Services and the Broadcasting Infrastructure segments have generally shorter terms than contracts in the Telecom Infrastructures Services segment, and accordingly they need to be renewed more frequently. In addition, certain contracts for services may be cancelled under certain circumstances by the customer at short notice without penalty. The termination of the contracts ("churn") with major customers may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.

In addition, the maturities of the lease contracts, sub-lease contracts and other types of contracts with third parties to operate and manage land and rooftops where the Group's telecommunications infrastructures are located, are generally shorter than the contracts that the Group has entered into with its customers for the provision of services in such infrastructures. As a result, there is a mismatch in the maturities of both contractual relationships which could prevent the Group from successfully providing agreed upon services to its customers, as the Group may not have access to primary resources essential to execute such contractual obligations. The real property interests of the Group relating to its infrastructures consist primarily of ownership interests, fee interests, easements, licenses and rights-of-way. A loss of these interests at a particular infrastructure may interfere with the Group's ability to operate infrastructures and generate revenues. Land owners could decide not to renew, or to adversely amend the terms of the land lease contracts with the relevant Group company, or landlords may lose their rights to the land they own, or they may transfer their land interests to third parties. Also, some landlords can force Cellnex to leave the towers and look for a new land. Moreover, land aggregator entities, which tend to intermediate ground lease prices by acquiring large portfolios of land contracts, may increase the price for the Group's land lease contracts, which could result in a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. In addition, subsidiaries of the Group may in the future become involved in disputes with their landlords, which could interfere with the Group's operation of a given site or force the Group to build new sites in order to continue providing services to its customers. The Group's inability to negotiate rent renewals on attractive terms, or to protect its rights to the land on which its infrastructures are located, may result in an increase in costs and may interfere with the Group's ability to operate infrastructures and generate revenues. Any damage or destruction to the Group's infrastructure due to unforeseen events, including natural disasters, may impact the Group's ability to conduct its business. Additionally, if the loss of service is not deemed to be due to an unforeseeable force majeure event, the Group could be held responsible for failing to satisfy its obligations under its transmission contracts, which could result in service credit penalties or suspension of normal fees and annual charges. If the Group is unable to provide services to its customers, it could lead to a loss of customers, resulting in a corresponding material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

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

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

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

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

VII) Risk of infrastructure sharing

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

Any potential merger, integration or consolidation of the Group's customers would likely result in duplicate or overlapping networks, which may result in the termination or non-renewal of customer contracts (for example where they are co-customers on an infrastructure) and in the loss of commercial opportunities resulting in a lower number of potential customers for the Group. Likewise, the Judgment of the General Court (First Chamber, Extended Composition) issued on May 28, 2020 which annulled the Commission Decision C(2016) 2796 of May 11, 2016, declaring incompatible with the internal market the concentration resulting from the acquisition of Telefónica Europe Plc by Hutchison 3G UK Investments Ltd. may increase the interest of the Group's customers to merge, which could result also in the loss of commercial opportunities for the Group. In addition, customer consolidation may result in a reduction in their total future capital expenditures because their expansion plans may be similar. As a result of the above, either MNOs' consolidation or broadcasters' consolidation could decrease the demand for the Group wireless infrastructure, which in turn could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

VIII) Risk of non-execution the entire committed perimeter

The framework agreements for the provision of services with anchor customers may include clauses by which the parties agree to execute further acquisitions or the construction of infrastructures over a defined period or acquisition or construction of a maximum number of infrastructures. Such agreements may or may not be implemented, either in whole or in part, due to a potential integration or consolidation of the Group's customers. Moreover, customers could decide not to pursue such agreements due to a change in their business strategy. In addition, such agreements with anchor customers may include the unilateral right to dismiss a low-single digit percentage of the total sites (respiration rate clause) per year. If any these circumstances were to occur, there is no guarantee that the Group may have enough contractual protection in order to be compensated for such changes, which in turn could have a material adverse effect for the Group's business, prospects, results of operations, financial condition and cash flows.

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

The Group's strategy is aimed at strengthening and expanding its operations, including through the acquisition of assets, entities or minority interests (including minority stakes in companies where the Group already holds a majority interest), joint ventures, mergers and other arrangements in the countries where the Group currently operates or elsewhere, which could require, among other matters, new debt and the issuance of shares (of Cellnex or its affiliates) to finance such growth opportunities and in the case of acquisitions of minority interests as described above, payments of prices which are inflationary, strongly revaluated, or higher than the original price paid by the Group (as it is already agreed upon in the relevant shareholders agreements), following the revaluation of Cellnex's share price performance (from the signing of those transactions and until the acquisition of those minority interests). For example, in 2019 the Group purchased 90% of the share capital of Swiss Infra for a total consideration (Enterprise Value) of approximately EUR 770 million and in 2021 the Group acquired an additional 10% for EUR 131.5 million, or in 2019 the Group acquired 70% of the share capital of On Tower France for an aggregate upfront consideration of approximately EUR 1.4 billion, and in 2022 the Group acquired the remaining 30% non-controlling interest from Iliad, S.A. for EUR 950 million. Additionally, in 2021 the Group acquired 60% of the share capital of On Tower Poland for a total consideration (Enterprise Value) of approximately EUR 1,458 million, and in 2022 and 2023, respectively, the Group acquired and additional 10% and the remaining 30% non-controlling interest from Iliad Purple for an amount of approximately EUR 131 million and EUR 512 million, respectively (Euro value of the date of completion), exclusive of taxes. Consequently, the Group expects that the acquisition of minority stakes may follow, at least, the same pattern and therefore for the price to be inflationary with respect to the purchase price of the majority stakes.

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

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

Any assets acquired by the Group may be subject to hidden material defects that were not apparent or that otherwise the Group failed to discover or consider at the time of the acquisition. To the extent the Group or other third parties underestimated or failed to identify risks and liabilities associated with an acquisition, the Group may incur, directly or indirectly, in unexpected liabilities, such as defects in title, an inability to obtain permits enabling the Group to use the underlying infrastructure as intended, or other environmental, structural or operational defects or liabilities requiring remediation. As such, in accordance with IFRS 3, at an acquisition's completion date Cellnex recognises contingent liabilities (which are a result of present obligations arising from past events, where the fair value can be reliably measured) arising from the purchase price allocation process in business combinations, even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Failure to identify any such defects, liabilities or risks or to adequately address any such defects, liabilities or risks could expose the Group to unanticipated costs and liabilities or could result in the Group having acquired assets which are not consistent with its investment strategy, which are difficult to integrate within its portfolio, which fail to perform in accordance with expectations, and/or which adversely affect the Group's reputation, which, in turn, could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

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

The Group's growth strategy is also linked, among other factors, to the capacity to successfully decommission and build new infrastructures. The framework agreements for the provision of services signed with anchor customers may include agreements for the further acquisition or construction of infrastructures over a defined period of time or for the acquisition or construction of a maximum number of infrastructures. Such agreements may or may not be implemented, either in whole or in part, due to a potential integration or consolidation of the Group's customers or due to a change in their business strategy or due to the impact of the Russian invasion of Ukraine, among others. In addition, such framework agreements with anchor customers may include the unilateral right of the customer to dismiss a low single-digit percentage of the total sites per year (Respiration Rate). Any of the foregoing could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. In addition, the Build-to-Suit programs are executed on the basis of framework agreements with third-party suppliers or with the customers that will use the new infrastructures. As such the Group relies on third parties to effectively execute its contractual obligations and despite long term contracts tends to be based on fixed costs, the raw materials price increase might ultimately negatively affect the final cost of the infrastructures this impacting the Group's prospects. Moreover, the Group may face additional challenges in managing its expansion into new countries or into countries where the Group may have limited knowledge and understanding of the local market, business relationships and familiarity with the local governmental procedures and regulations.

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

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

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

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

Additionally, the Group may experience at any time increased competition in certain areas of activity from established and new competitors, for example as a result of other infrastructure providers entering the European market. Further, any such competitors could become a significant landlord of the Group's portfolio. The Group's main competitors are Vantage Towers, American Tower, Phoenix Tower, TOTEM, Inwit, TDF or CTIL, among others. A potential combination of any of those would create a more predominant competitor.

The industry is competitive and customers have access to alternatives in telecom infrastructure services and other network services, whereas for broadcasting TV the alternatives are more limited. Where the Group acts as a provider of services, competitive pricing from competitors could affect the Group's rates and services income. In addition, competition in infrastructure services could also increase the cost of acquisition of assets and limit the Group's ability to grow its business. Moreover, the Group may not be able to renew existing services agreements or enter into new ones. Higher prices for assets, combined with the competitive pricing pressure on services agreements, could make it more difficult for the Group to achieve its return on investment criteria. Increasing competition for the acquisition of infrastructure assets or companies in the context of the Group's business expansion could make the acquisition of high quality assets significantly more costly (taking into consideration the nature of the Group's business, with long-term contracts and fixed fees which are normally inflation-linked, infrastructure funds and private equity firms are showing increasing appetite towards this class of assets), and could materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows. Some competitors are larger than the Group and may have greater financial resources, while other competitors may apply investment criteria with lower return on investment requirements. Likewise, the Group also faces competition or may face future competition from its peers. In addition, some of the Group's customers have set up their own infrastructure companies and more European MNOs are increasingly showing their willingness to establish their own infrastructure vehicles, which could lead to increases in the demand for assets for sale (thus leading to increases in asset prices), as well as increased competition in the ordinary course of the Group's business, limiting potential organic growth. Moreover, these MNO-captive infrastructure vehicles could eventually join together, further limiting the Group's inorganic growth prospects.

If the Group is unable to compete effectively with such customers and other competitors, or to effectively anticipate or respond to customer needs or consumer sentiment, it could lose existing and potential customers, which could reduce the Group's operating margins and have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

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

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

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

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

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

The Group's customers in European markets such as Spain, Italy, France, the United Kingdom, Switzerland, Poland, Portugal and the Netherlands represent a significant portion of the operating income of the Group, therefore especially exposing it to risks affecting these countries. The Group increased its presence in the United Kingdom, following completion of the Hutchison United Kingdom Acquisition in 2022, and thereby increased its exposure to risks affecting this country. Notwithstanding the above, the Group is in process of completing the last disposals in France, as required in the context of the Hivory Acquisition.

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

Some events could severely affect macroeconomic conditions and financial markets and exacerbate the risk of regional or global recessions or "stagflation" (i.e. recession or reduced rates of economic growth coupled with high inflation rates), all of which in turn may also materially and adversely affect the Group's business, results of operations, cash flows, financial condition and prospects.

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

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

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

Because of the Group's significant presence in the United Kingdom, it may face the risk of political and economic uncertainty derived from the United Kingdom's decision to leave the EU which became effective on 31 January, 2020 ("Brexit"). Prior to that, on 24 January, 2020, the United Kingdom signed the Agreement on the withdrawal of the United Kingdom from the EU and the European Atomic Energy Community (the "Withdrawal Agreement"). Under the terms of the Withdrawal Agreement, a transition period ran until 31 December, 2020, during which time the United Kingdom continued to benefit from, and was bound by, many EU laws. On 24 December, 2020, the EU and the United Kingdom entered into three agreements setting out the terms of their post-Brexit relationship namely the Trade and Cooperation Agreement, the Agreement on Nuclear

Cooperation, and the Agreement on Security Procedures for Exchanging and Protecting Classified Information. The Trade and Cooperation Agreement covers the general objectives and framework of the relationship between the United Kingdom and the EU, including in relation to trade, transport, visas, judicial, law enforcement and security matters, and mechanisms for dispute resolution. Under the terms of the Trade and Cooperation Agreement, the United Kingdom firms no longer benefit from automatic access to the EU single market and there is no longer free movement of people between the United Kingdom and the EU. In addition, while domestic law derived from EU law, EU law directly applicable in the United Kingdom, and EU rights, powers, liabilities and obligations recognised and available in the United Kingdom, in each case immediately before 31 December, 2020, were, subject to certain exceptions, retained by the United Kingdom, the United Kingdom's law may diverge from EU law in the future. The legal, political and economic uncertainty resulting from Brexit may adversely affect the Group's business, prospects, results of operations, financial condition and cash flows in the United Kingdom, in particular because of the Group's significant presence in the United Kingdom.

Growing public debt, reduced growth rates and any measures of monetary policy that may be implemented in the future in the credit markets all could affect the Group's business. A change in any of these factors could affect the access of the Group to the capital markets and the terms and conditions under which it can access such capital, which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. In this regard, on 9 June 2022 the European Central Bank Governing Council announced that while reinvestments of the principal payments from maturing securities purchased under the asset purchase programmes will continue in full for an extended period of time, net asset purchases under such asset purchase programmes were discontinued as of 1 July 2022 (please see risk XXVIII).

Furthermore, as a significant portion of the contracts of the Group with operators are inflation-linked and some do not have a minimum limit or floor, deflationary macroeconomic circumstances will have an adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows. Moreover, in the current high interest rate environment, most of the Group's contracts that are linked to inflation are capped at various levels, whereas the Group's operating expenses and payment of lease instalments are generally uncapped, which would negatively impact the Group's business, prospects, results of operations, financial condition and cash flows. However, even if contractually agreed, certain operators may not agree to bear the cost of the inflation impact on the Group's contracts.

As a consequence of the foregoing, the Group cannot assure that any estimates, forecasts, forward-looking statements or opinions contained herein or which may have been expressed in the past will remain accurate or will not abruptly change as a result of the effects of adverse economic and/or political conditions, in particular those deriving from the Russian invasion of Ukraine. Moreover, the Group's inability to reduce the impact of the foregoing could have a material and adverse effect on its business, results of operations, financial condition and prospects.

Risks related to acquisitions

Completion of any new acquisition or divestment is subject to the satisfaction of certain conditions, some of which are not within the Group's control, and failure to satisfy such conditions may prevent, delay or otherwise materially adversely affect the completion of the acquisition or divestment. Such conditions include the obtaining of an antitrust clearance decision by the relevant antitrust authority.

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

Prior to entering into any agreement, the Group usually perform due diligence to identify any risks, including any potential liability arising out of the business and defects of the acquired tower business. However, the Group's capacity to physically inspect the acquired towers is limited and such towers may be subject to defects or risks that were unknown at the time of the execution of the agreements or at the time of completion of the transaction or were known but were not considered material.

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

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

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

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

The Group's analysis and risk evaluation prior to entering into any agreements assumed on the accuracy and completeness of the information available to the Group. The Group could not independently verify the accuracy or completeness of certain of the information made available to it context of its due diligence procedures.

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

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

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

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

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

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

Additionally, the significant demands on the attention of the Group's management arising from the integration of the business acquired could result in other areas of the Group's business not receiving the attention they require, which could have an adverse effect on its business. If the Group is unable to manage the expanded organization, then it could impact in the opportunity to improve the efficiency of the Group's Consolidated Income Statement, in addition to any other difficulties that could arise if full integration of assets and resources of the business acquired is not achieved, which could have a material adverse effect on the Group's business, prospects, results of operations, financial condition and cash flows.

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

Although Cellnex has full control and a 100% stake in the vast majority of its subsidiaries, Cellnex has made and may continue to make equity investments, which may include minority investments, in certain strategic assets managed by or together with third parties, including governmental entities and private entities. In addition, the Group has full control over certain subsidiaries in which shareholders are holders of a minority investment.

Investments in assets over which Cellnex has partial, joint or no control are subject to the risk that the other holders of interest in the assets (making use their minority rights), who may have different business or investment strategies than Cellnex or with whom it may have a disagreement or dispute, may have the ability to independently make or block business, financial or management decisions, such as the decision to distribute dividends or the appointment of members of management, which may be crucial to the success of the project or Cellnex's investment in the project, or otherwise implement initiatives which may be contrary to its interests, creating impasses on decisions and affecting its ability to implement the foreseen strategy. Additionally, the approval of other shareholders or partners may be required to sell, pledge, transfer, assign or otherwise convey Cellnex's interest in such assets. Alternatively, other shareholders may have rights of first refusal or rights of first offer in the event of a proposed sale or transfer of Cellnex's interests in such assets. These restrictions may limit the price or interest level for Cellnex's interests in such assets, in the event it wants to dispose such interests. In addition, minority shareholders may target an exit through different mechanisms (i.e. put options, right of first offers, drag options, rights to acquire belonging to Cellnex, etc.) and the Group has the willingness to acquire such minority stakes. However, the price of this acquisition may be inflationary and strongly revaluated (as happened with the acquisition of the additional 30% of On Tower France as described in Note 2.h.II of the 2022 Consolidated Financial Statements, and with the acquisition of the remaining 30% of On Tower Poland as described in Note 2.h. of the accompanying Consolidated Financial Statements) or because this mechanisms may have already a defined price in the SHA, which is higher than the current original price paid by Cellnex.

During 2022, Cellnex France Groupe, Iliad, On Tower France and Free Mobile entered into two agreements, pursuant to which, Cellnex (through Cellnex France Groupe, of which Cellnex owns 100%) acquired 30% interest of the share capital of On Tower France, S.A.S ("On Tower France") from Iliad, S.A. ("Iliad"), for an amount of EUR 950 million, exclusive of taxes. The price paid was calculated pursuant to said agreement, which was very inflationary as happened with the acquisition of the additional 10% of Swiss Infra. Pursuant to this acquisition, Cellnex France Groupe held 100% of On Tower France as of 31 December 2022. In addition, Cellnex enhanced the Build-to-Suit programmes with 2,000 new sites (additional to the minimum 2,500 sites already committed -see Note 5 of the consolidated financial statements ended as of 31 December 2019-) until 2027, with an Enterprise Value of EUR 639 million. Moreover, during 2022, Cellnex Poland and Iliad Purple entered into an agreement, pursuant to which, Cellnex (through Cellnex Poland, of which Cellnex owns 100%) acquired 10% interest of the share capital of On Tower Poland, for an amount of PLN 615 million (approximately EUR 140 million at the current exchange rate) (exclusive of taxes). This price implied the same valuation of On Tower Poland applied at the closing of the Iliad Poland Acquisition. Pursuant to this acquisition, Cellnex Poland held 70% of On Tower Poland as of 31 December 2022. During 2023, Cellnex and Iliad Purple entered into an agreement pursuant to which Cellnex (through Cellnex Poland, of which Cellnex owns 100%) acquired an additional 30% interest in the share capital of On Tower Poland from Iliad Purple, for an amount of approximately PLN 2,273 million (with a Euro value of EUR 512 million as of the date of completion), exclusive of taxes. Following this acquisition, Cellnex Poland held 100% of On Tower Poland as of 31 December 2023 (see Note 2.h of the accompanying consolidated financial statements). The Iliad Poland SHA was very similar to the Iliad France SHA with regards to the referred right to sell.

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

XII) Risks related to execution of Cellnex's capital allocation

Cellnex' strategy includes the aim to expand its operations while deleveraging towards Investment Grade status by S&P, among others, through divestments. This strategy exposes Cellnex to operational challenges and risks, such as the need to identify potential opportunities on favourable terms. It also may expose Cellnex to other risks such as the diversion of management's attention from existing business or the potential impairment of acquired or divested intangible assets, including goodwill, as well as of liabilities or other claims.

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

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

XIII) Regulatory and other similar risks

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

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

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

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

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

XIV) Litigation

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

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

As of 31 December 2023, there are three significant shareholders of Cellnex represented in the Board of Directors with one director each, which pursuant to publicly available information on the website of the Spanish Securities Market Commission (the "CNMV"): (i) Edizione S.R.L ("Edizione") indirectly holds approximately 9.90% of Cellnex's share capital; ii) The Children's Investment Master Fund ("TCI") directly and indirectly holds approximately 9.39% of Cellnex's share capital, and; (iii) GIC Private Limited ("GIC") directly and indirectly holds approximately 7.03% of Cellnex's share capital. Pursuant to publicly available information on the website of the CNMV, there are other significant shareholders with stakes above 3% of the share capital (see Note 14 of the accompanying Consolidated Financial Statements).

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

Operational risks

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

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

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

The Group cannot be certain that existing, proposed or as yet undeveloped technologies of its complementary segments (such as, 5G, "Small Cells", DAS, data centres/edge computing and fibre will not become dominant in the future and render the technologies and infrastructure the Group currently uses obsolete. Should the Group's competitors develop and commercialize new technologies designed to improve and enhance the range and effectiveness of wireless telecom networks, it could significantly decrease demand for existing infrastructure. In fact, the Broadcasting Infrastructure business is threaten due to substitute new technologies such as cable TV, satellite TV, or OTTs, or low-orbit satellites might in the future challenge network configuration, negatively impacting the Telecommunications Infrastructure Service business prospects.

The Group's business and growth prospects could be jeopardized if it was not able to promptly identify and adapt to shifting technological solutions and/or if it failed to acquire or develop the necessary capabilities and expertise to meet the clients' changing needs. The development and implementation of new services with a significant technological component is also subject to inherent risks that the Group may not be able to overcome.

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

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

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

XVII) Risk of not developing the strategic sustainability plan

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

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

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

Failure to implement the measures set out in the Strategic Sustainability Plan to reduce the impact of climate change would ultimately have direct consequences for the Group's activity. Among these are the management of energy efficiency and the associated carbon footprint, due to the impact on, for example, cooling systems to compensate for the increase in temperatures at the various types of the Group's telecommunications sites; or supply chain management by incorporating suppliers into the sustainability and carbon footprint reduction criteria. Failure to implement the mentioned Plan, could also have an impact on the financing costs due to the increase in margins, as a consequence of sustainability KPIs not achieved.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial risks

XXI) Financial information risk

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

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

The Group's Accounting Policies should only change if the change is required by an IFRS or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. All changes in Accounting Policies follow the guidance in IAS 8 or, if resulting from the initial application of an IFRS, in accordance with the specific transitional provisions, if any, in that IFRS. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group develops an accounting estimate to achieve the objective set out by the accounting policy. The Group may need to change an accounting estimate if changes occur in the circumstances on which the accounting estimate was based or as a result of new information, new developments or more experience. By its nature, a change in an accounting estimate does not relate to prior periods and is not the correction of an error, but could materially and adversely affect the Group business, prospects, financial conditions, results of operations and/or cash flows.

XXII) Expected contracted revenue (backlog)

Expected contracted revenues from the service agreements (backlog) represents management's estimate of the amount of contracted revenues that the Group expects will result in future revenue from certain existing contracts. This amount is based on a number of assumptions and estimates, including assumptions related to the performance of a number of the existing contracts at a particular date but does not include adjustments for inflation. One of the main assumptions for calculating backlog is the automatic renewal of contracts for services with the Group's anchor customers. Such contracts have renewable terms including, in some cases, 'all or nothing' clauses that only allow the renewal of the entire portfolio of the relevant project (not the renewal of a portion thereof) on terms that are generally pre-agreed and may result an increase or a decrease in price, within certain parameters. In addition, the Group calculates backlog assuming that acquisitions which are subject to the satisfaction of conditions precedent will be completed on the terms described in the applicable transaction agreements in their entirety. However, there is no assurance that any pending or future acquisitions will be completed or, if completed, that they will be completed on such same terms. For example, necessary regulatory or administrative authorisations or approvals, including antitrust approvals, may be refused or may only be granted by way of the provision of certain remedies, involving divestitures or otherwise, on onerous terms, which may limit the Group's ability to grow its portfolio of assets in a particular market or jurisdiction as expected or at all. As a result, the assumptions the Group uses to calculate backlog may prove to be incorrect, which in turn could have an adverse effect on the Group's backlog estimates.

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

The termination of the contracts ("churn") with major customers in both of the segments above may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows. It should also be noted that contracts in place with Telefónica and Wind Tre may be subject to changes in relation to the fees being applied at a time of a renewal, set within a predefined range taking into account the last annual fee (which reflects the cumulative inflation of the full initial term), that in the case of Telefonica ranges from -5% to +5% (applicable after the initial period and the first two extension periods have elapsed) and of -15% to +5% for Wind Tre.

Regarding the contracts in Polkomtel, it should be noted that the Polkomtel MSA is following a business model consisting in a long term revenue that ensures the profitability and return on investment (Capex) executed by Cellnex on behalf of the client, encouraging investment in the expansion and modernization of client infrastructure and allowing better client quality services owing to new investments (Capex). This long term revenue model presents a tariff scheme that allow Cellnex to increase revenue in line with opex increases following the Polish CPI, (please see section 1.2.2) resulting in potential risks of very high inflationary pressures on both Capex and Opex requirements that the Group might not be able to translate into the tariff scheme agreed, or other tariff concepts that could be subject to interpretation and potentially challenged by the customer. Additionally, the Group´s definition of backlog may not necessarily be the same as that used by other companies engaged in similar activities. As a result, the amount of the Group backlog may not be comparable to the backlog reported by such other companies. The realization of the Group backlog estimates is further affected by the performance under its contracts. The ability to execute the Group's backlog is dependent on its ability to meet the clients' operational needs, and if the Group was unable to meet such needs, the ability to execute its backlog could be adversely affected, which could materially affect the Group's business, prospects, financial condition, results of operations and cash flows. There can be no assurance that the revenue projected in the Group's backlog will be realized or, if realized, will result in profit. Contracts for services are occasionally modified by mutual consent. Because of potential changes in the scope or schedule of services the Group provides to its clients, the Group cannot predict with certainty when or if its backlog will be realized. Even where a project proceeds as scheduled, it is possible that the client may default and fail to pay amounts owed to the Group. Payment delays, payment defaults or contract cancellations could reduce the amount of backlog currently estimated, and consequently, could inhibit the conversion of that backlog into revenues, which would in turn materially affect the Group business, prospects, financial condition, results of operations and cash flows.

XXIII) Foreign currency risk

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

Furthermore, the Group operates and holds assets in the United Kingdom, Switzerland, Denmark, Sweden and Poland, all of which are outside the Eurozone. It is therefore exposed to foreign currency risks and in particular to the risk of currency fluctuation in connection with exchange rate between the euro, on the one hand, and the pound sterling, the Swiss franc, the Danish krone, the Swedish krona and the Polish zloty, respectively, on the other. The Group's strategy for hedging foreign currency risk in investments in non-euro currencies does not necessarily attempt to fully hedge this risk and tends towards a balanced hedge of this risk. In fact, the Group is open to assessing different hedging strategies, including allowing the Group to have significant positions not covered. These different hedging strategies might be implemented over a reasonable period depending on the market and the prior assessment of the effect of the hedge. Hedging arrangements can be instrumented via derivatives or borrowings in local currency, which act as a natural hedge.

Although the majority of the Group transactions are denominated in euros, the volatility in the exchange rate between the euro, and, respectively, the pound sterling, the Swiss franc, the Danish krone, the Swedish krona and the Polish zloty may have negative consequences on the Group, affecting its overall performance, business, results in operations, financial condition, and cash flows.

XXIV) Interest rate risk

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed-rate borrowings expose the Group to fair value interest rate risk. Additionally any increase in interest rates would increase Group finance costs relating to variable-rate indebtedness and increase the costs of refinancing existing indebtedness and issuing new debt. Recently, interest rates hikes have brought long-term Cellnex's notes to yields of approximately 5%.

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

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

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

As of 31 December 2023 and 31 December 2022 there are financing granted from third parties covered by interest rate hedging mechanisms (see Note 11 of the accompanying consolidated financial statements).

XXV) Credit risk

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

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

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

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

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

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

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

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

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

XXVI) Liquidity risk

The Group carries out a prudent management of liquidity risk, which involves maintaining cash and having access to a sufficient amount of financing through established credit facilities as well as the ability to settle market positions. Given the dynamic nature of the Group's businesses, the policy of the Group is to maintain flexibility in funding sources through the availability of committed credit facilities. Due to this policy the Group has available liquidity amounting to EUR 4.6 billion, considering cash and available credit lines, as of 31 December 2023, and has no immediate debt maturities (the maturities of the Group's financial obligations are detailed in Note 15 of the accompanying consolidated financial statements).

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

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

XXVII) Inflation risk

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

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

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

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

XXVIII) Risk related to Group indebtedness

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

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

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

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

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

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

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

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

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

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

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

XXIX) The Parent Company cannot guarantee that it will be able to implement its Shareholders' Remuneration Policy or to pay dividends (and even if it were able to, that it would do so)

If there are any distributable profits, declaration of a dividend requires a resolution of the General Shareholders' Meeting upon the recommendation of the Board of Directors. In the implementation of the Parent Company's Shareholder's Remuneration Policy (as defined herein), Cellnex is focused on distributing an annual dividend in an amount increased by 10% with respect to the dividend distributed the year before. However, the Parent Company's ability to distribute dividends in an amount increased by 10% with respect to the dividend distributed the year before, depends on a number of circumstances and factors including, but not limited to, the amount of net profit attributable to the Parent Company in any financial year, any limitations to the distribution of dividends included in the Group's financing agreements and the Group's growth strategy. In the future, the Parent Company may not have cash available to pay dividends in an amount increased by 10% with respect to the dividend distributed the year before or have the reserves legally required for the Parent Company to be able to do so. Even if the Parent Company does have adequate cash and reserves, the Parent Company's shareholders and Board of Directors may choose not to distribute dividends in an amount increased by 10% with respect to the dividend distributed the year before. In addition, the Parent Company's ability to distribute dividends at all, depends on the same circumstances and factors and even if the Parent Company does have adequate cash and reserves, the Parent Company's shareholders and Board of Directors may choose not to distribute dividends at all.

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

Compliance risks

XXX) Fraud and compliance risks

The Group's operations are also subject to anti-bribery and anti-corruption laws and regulations and affect where and how its business may be conducted. The Group has established certain systems to monitor compliance with applicable laws and regulations and provides training to its employees to facilitate compliance with such laws and regulations.

The Cellnex group has a code of conduct (the "Ethics' Code") approved by the Board of Directors. The corporation prepares an Ethics' Code Framework which is then adapted in each country . This Ethics' Code is communicated to all employees.

The Group has created a corporate compliance function to improve compliance with the Group's Ethics' Code, implemented through specific regulations for each country and the establishment of whistle-blowing channels and the supervision of oversight and control measures to prevent criminal acts. The main values and principles included in the Ethics' Code are: integrity, honesty, transparency, loyalty, commitment to and defense of Group interests, and responsibility in all actions. The Ethics' Code includes among its fundamental principles the commitment to strictly comply with the obligation of the Group to offer reliable financial information prepared in accordance with applicable regulations, and the responsibility of its employees and management to ensure this is so, by correctly carrying out of their functions and by notifying the governing bodies of any circumstance which might affect that undertaking.

XXXI) Risk associated with significant agreements signed by the Group that could be modified due to change of control clauses

Certain material contracts entered into by the Group, including the Group's material debt agreements and most of the Group's agreements with anchor customers, could be modified or terminated if a change of control clause is triggered. A change of control clause may be triggered if a third-party, either alone or in conjunction with others, obtains "significant influence" and/or "control" (which is generally defined as having (i) more than 50% of shares with voting rights (except in a few exceptional cases where this threshold is defined as having 29% or more of shares with voting rights) or (ii) the right to appoint or dismiss the majority of the members of the board of directors of the relevant Group company). A change of control clause may be triggered at the level of Cellnex or only at the level of the relevant subsidiary that has entered into the relevant contract. In certain contracts, the definition of control, and therefore of a change of control, makes specific reference to the applicable law in the relevant jurisdiction.

With regards to the material contracts entered into by Group companies with anchor customers, the triggering of a change of control provision is generally limited to events where the acquiring company is a competitor of the anchor customer. In such circumstances, the anchor customer may be granted an option to buy back assets (generally the infrastructures where they are being serviced). Such buy back option may also be granted in the event that a competitor of the anchor customer acquires a significant portion of the shares or obtains voting or governance rights which can be exercised in a way that can negatively affect the anchor customer's interests. For example, in the context of the Polkomtel Acquisition, the Group entered into a buyback agreement with Polkomtel (as defined herein) by virtue of which Polkomtel (or its nominee) will be granted the right to require Cellnex Poland or Cellnex to sell and transfer back the shares of Polkomtel Infrastruktura (sold pursuant to the Polkomtel SPA, as defined herein) to Polkomtel (or its nominee in the event (i) shares in Polkomtel Infrastruktura are issued or sold to a Restricted Entity (as such term is defined in the Polkomtel Buyback Agreement), (ii) there is a change of control, without the prior written consent of Polkomtel, by means of which a Restricted Entity gains majority ownership or control over Polkomtel Infrastruktura or any of its holding companies (other than Cellnex), (iii) there is a change of control, without the prior written consent of Polkomtel, by means of which a Restricted Entity gains ownership of more than 30% of Cellnex or gains control over Cellnex, or (iv) in certain circumstances, if a critical failure under the Polkomtel MSA occurs. In the event any of the triggering events (i) to (ii) occurs, Polkomtel may opt to exercise its right pursuant to the Polkomtel Buyback Agreement within three months or, alternatively, to have the fees of the Polkomtel MSA reduced by 50%.

On the other hand, the bonds issued under the EMTN Programme, and the Guaranteed EMTN Programme, other debt securities issued by the Group, the Convertible Bonds, (see note 15 of the accompanying consolidated financial statements) and the bank financing contracts of the Group include certain change of control clauses that could trigger an early repayment under the respective debt arrangement.

Finally, asset buy back options can also be exercised in case of an explicit breach by a Group company of the contractual obligations under services level agreements with its customers ("SLAs"). In addition, the Group may enter into contracts related to joint future investments that have a buy back clause whereby the customer has the right to acquire the related assets during defined periods. While the Group's management currently believes that the likelihood of exercising such option is not high, given it would require the relevant customer to make a significant payment to the Group, the Group can provide no assurance that any such options will not be exercised.

If a change of control clause included in any of the Group's material contracts is triggered, or if a company of the Group fails to comply with its contractual obligations under an SLA or a joint investment agreement, it may materially and adversely affect the Group's business, prospects, results of operations, financial condition and cash flows.