Cellnex Finance Company, S.A. (Sole-Shareholder Company)

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

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of abridged financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15).
In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON ABRIDGED FINANCIAL STATEMENTS

To the Sole Shareholder of Cellnex Finance Company, S.A. (Sole-Shareholder Company),

Opinion

We have audited the abridged financial statements of Cellnex Finance Company, S.A. (Sole-Shareholder Company) (the Company), which comprise the abridged balance sheet as at 31 December 2020, and the abridged statement of profit or loss, abridged statement of changes in equity and notes to the abridged financial statements for the period then ended.

In our opinion, the accompanying abridged financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2020, and its results for the period then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the abridged financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

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

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

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

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the abridged financial statements of the current period. These risks were addressed in the context of our audit of the abridged financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

Assessment of the recoverable amount of receivables from Group companies	
Description	**Procedures applied in the audit**
As described in Note 1 to the abridged financial statements, the Company's object consists of carrying on financing activities or providing financial support for the companies in the group of which Cellnex Telecom, S.A., the Company's sole shareholder, is the parent. In this regard, the Company had accounts receivable from Group companies amounting to EUR 1,996 million at 31 December 2020 (see Notes 6 and 12.3). In this context, as described in Note 6, each year the Company assesses the recoverable amount of those receivables, irrespective of whether there are any indications of impairment. This assessment is performed on the basis of cash flow projections aligned with projected earnings and investments in non-current assets and current assets, as well as other assumptions obtained from the business plan of each debtor Group company. The performance of these estimates requires the sole director to make significant judgements and estimates.	Our audit procedures included, among others, obtaining and analysing the recoverable amount assessment performed by the Company's sole director and verifying its clerical accuracy, analysing the consistency of the future cash flow projections considered in that assessment with the most recent business plans prepared by each debtor Group company. In addition, we evaluated the reasonableness of the key assumptions considered (such as revenue growth, cost inflation and the discount rate), and performed a sensitivity analysis of those key assumptions and a review of their consistency with the actual data relating to the performance of the investments held. We involved our internal valuation experts in order to evaluate, mainly, the methodology employed in the assessment of the recoverable amount of the accounts receivable.

Assessment of the recoverable amount of receivables from Group companies	
Description	**Procedures applied in the audit**
As a result of the foregoing, as well as of the significance of the investments held, this matter was determined to be a significant matter in our audit.	Lastly, we checked that the disclosures included in Notes 6 and 12.3 to the accompanying abridged financial statements in connection with this matter were in conformity with those required by the applicable regulatory framework.

Responsibilities of the Sole Director for the Abridged Financial Statements

The sole director is responsible for preparing the accompanying abridged financial statements so that they present fairly the Company’s equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the sole director determines is necessary to enable the preparation of abridged financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the abridged financial statements, the sole director is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the sole director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Abridged Financial Statements

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

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

A further description of our responsibilities for the audit of the abridged financial statements is included in the Appendix to this auditor's report. This description, which is on pages 5 and 6 of this document, forms part of our auditor's report.

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

Iván Rubio Borrallo
Registered in ROAC under No. 21443

25 February 2021

Appendix to our auditor's report

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole director.

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

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

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

From the significant risks communicated with the entity's sole director, we determine those risks that were of most significance in the audit of the abridged financial statements of the current period and are therefore the most significant assessed risks.

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

Cellnex Finance Company, S.A.U.

Abridged Financial Statements for the 62-day period from the date of incorporation to 31 December 2020

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of abridged financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.

Translation of abridged financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15).
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CELLNEX FINANCE COMPANY, S.A.U.

ABRIDGED BALANCE SHEET AS AT 31 DECEMBER 2020

(Thousands of euros)

ASSETS	Notes	31/12/2020	EQUITY AND LIABILITIES	Notes	31/12/2020
NON-CURRENT ASSETS:			**EQUITY:**		
Non-current investments in Group companies and associates-	**Notes 6.1 and 12.3**	**1,994,684**	**SHAREHOLDERS' EQUITY-**		
Non-current loans to Group companies and associates		1,994,684	**Share capital**	Note 7.1	**60**
Total non-current assets		**1,994,684**	**Other shareholder contributions**	Note 7.2	**1,000,000**
			Loss for the period		**(3,712)**
			Total equity		**996,348**
			NON-CURRENT LIABILITIES:		
			Non-current payables-		**582,550**
			Bank borrowings	Note 8.1	581,943
			Derivative financial instruments	Note 8.4	607
			Non-current payables to Group companies and associates	**Note 12.3**	**17,181**
			Total non-current liabilities		**599,731**
			CURRENT LIABILITIES:		
			Current payables-		**13,458**
			Bank borrowings	Note 8.1	13,458
CURRENT ASSETS:			**Current payables to Group companies and associates-**	**Note 12.3**	**2,169,556**
Current investments in Group companies and associates-	**Notes 6.1 and 12.3**	**722,247**	**Trade and other payables-**		**537**
Current loans to Group companies and associates		722,247	Sundry accounts payable		485
Cash and cash equivalents-		**1,062,699**	Remuneration payable		3
Cash		1,062,699	Other accounts payable to public authorities	Note 9.2	49
Total current assets		**1,784,946**	**Total current liabilities**		**2,183,551**
TOTAL ASSETS		**3,779,630**	**TOTAL EQUITY AND LIABILITIES**		**3,779,630**

The accompanying Notes 1 to 15 are an integral part of the abridged balance sheet as at 31 December 2020.

Translation of abridged financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX FINANCE COMPANY, S.A.U.

ABRIDGED STATEMENT OF PROFIT OR LOSS FOR THE 62-DAY PERIOD ENDED 31 DECEMBER 2020

(Thousands of euros)

	Notes	2020
CONTINUING OPERATIONS:		
Revenue-	**Note 10.1**	**3,400**
Interest income received from Group companies and associates		3,388
Interest income		12
Finance costs-	**Note 10.2**	**(5,797)**
On debts to Group companies and associates		(105)
On debts to third parties		(5,692)
Staff costs-	**Note 10.3**	**(111)**
Wages, salaries and similar expenses		(102)
Employee benefit costs		(9)
Other operating expenses-	**Note 10.4**	**(501)**
External services		(501)
Loss from operations		**(3,009)**
Changes in fair value of financial instruments	**Note 10.5**	**(607)**
Exchange differences	**Note 10.5**	**(1,333)**
Net financial loss		**(1,940)**
Loss before tax		**(4,949)**
Income tax	Note 9.4	1,237
Loss for the period		**(3,712)**

The accompanying Notes 1 to 15 are an integral part of the statement of profit or loss for the 62-day period ended 31 December 2020.

Translation of abridged financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.

CELLNEX FINANCE COMPANY, S.A.U.

ABRIDGED STATEMENT OF CHANGES IN EQUITY
FOR THE 62-DAY PERIOD ENDED 31 DECEMBER 2020
A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Thousands of euros)

	2020
LOSS PER STATEMENT OF PROFIT OR LOSS	**(3,712)**
Income and expense recognised directly in equity	-
Transfers to profit or loss	-
Total recognised income and expense	**(3,712)**

The accompanying Notes 1 to 15 are an integral part of the abridged statement of recognised income for the 62-year period ended 31 December 2020.

Translation of abridged financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15).
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CELLNEX FINANCE COMPANY, S.A.U.

ABRIDGED STATEMENT OF CHANGES IN EQUITY
FOR THE 62-DAY PERIOD ENDED 31 DECEMBER 2020
B) STATEMENT OF CHANGES IN TOTAL EQUITY

(Thousands of euros)

	Share capital	Other shareholder contributions	Loss for the period	Total
Beginning balance at 30 October 2020	**-**	**-**	**-**	**-**
Total recognised income and expense	-	-	(3,712)	(3,712)
Transactions with the sole shareholder:				
Incorporation of the Company	60	-	-	60
Contribution of the sole shareholder	-	1,000,000	-	1,000,000
Ending balance at 31 December 2020	**60**	**1,000,000**	**(3,712)**	**996,348**

The accompanying Notes 1 to 15 are an integral part of the abridged statement of changes in total equity for the 62-day period ended 31 December 2020.

CONTENTS

Translation of abridged financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.

Cellnex Finance Company, S.A.

Notes to the abridged financial statements for the 62-day period from the date of incorporation to 31 December 2020

1. General information

Cellnex Finance Company, S.A. ("the Company") was incorporated in Barcelona on 30 October 2020 and its registered office is at Calle Juan Esplandiú nº 11 (Madrid).

The Company was incorporated by Cellnex Telecom, S.A. as a result of the reorganisation of its finance function (see Note 7).

The Company's object, per its bylaws, consists of carrying on financial activities or providing financial support for the companies of the Group, the parent of which is Cellnex Telecom, S.A. and to which the Company belongs, including:

- The issuance of bonds and other marketable securities that recognise or create debt, as well as the subscription of any banking or other financing instruments, or the subscription of any instruments that have a financing motive or purpose;

- The management, optimisation and channelling of monetary resources and attention to the needs of the companies of the Group to which the Company belongs.

- The granting of financing of any type, as well as the granting of guarantees of any type and nature to secure obligations assumed by all the companies of the Group to which the Company belongs.

In accordance with the foregoing, the Company forms part of the Cellnex Telecom Group, the parent of which is Cellnex Telecom, S.A. In this context, the sole shareholder of the Company coordinates the Company's strategic, operational and financial decisions and, therefore, the Company's economic and financial position should be evaluated in the context of the Group to which it belongs taken as a whole.

The figures contained in all the financial statements forming part of the abridged financial statements (abridged balance sheet, abridged statement of profit or loss and abridged statement of changes in equity) and in the notes to the abridged financial statements are expressed in thousands of euros (the euro is the Company's presentation and functional currency), unless otherwise indicated.

2. Basis of presentation

2.1. Regulatory financial reporting framework applicable to the Company

The accompanying abridged financial statements were formally prepared by the sole director in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

- The Spanish Commercial Code and all other Spanish corporate law.

- The Spanish National Chart of Accounts approved by Royal Decree 1514/2007, as amended by Royal Decree 1159/2010, of 17 September, and Royal Decree 602/2016, of 2 December, and its industry adaptations.

- The mandatory rules approved by the Spanish Accounting and Auditing Institute (AAI) in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.

- All other applicable Spanish accounting legislation.

2.2. Fair presentation

The accompanying abridged financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position and results for the 62-day period from the date of incorporation to 31 December 2020. These abridged financial statements, which were formally prepared by the Company's sole director on 25 February 2021, will be submitted for approval by the sole shareholder, and it is considered that they will be approved without any changes.

In preparing these abridged financial statements the Company omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of materiality defined in the conceptual framework of the current Spanish National Chart of Accounts.

2.3. Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. However, the sole director formally prepared these abridged financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied.

2.4. Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying abridged financial statements, estimates were made based on historical experience and on other factors considered to be reasonable in view of the current circumstances; these estimates formed the basis for establishing the carrying amounts of certain assets, liabilities, income, expenses and obligations whose value is not readily determinable using other sources. The Company reviews its estimates on an ongoing basis.

The main future assumptions made and other relevant sources of uncertainty in the estimates at year-end that could have a significant effect on the abridged financial statements in the coming year were as follows:

- Measurement of the recoverable amount of loans to Group companies (see Notes 4.1 and 12.3).

- Determination of the fair value of derivative and other financial instruments (see Notes 4.1.3 and 8.4).

- The assessment of lawsuits, obligations and contingent assets and liabilities at year-end (see Notes 4.3 and 11).

Although these estimates were made on the basis of the best information available at the end of the 62-day period ended 31 December 2020, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

Coronavirus pandemic

International economic conditions deteriorated rapidly in 2020 as a result of the coronavirus pandemic that began in China at the end of 2019 and later spread throughout the world, and at the date of authorisation for issue of these financial statements it was having a considerable effect on the European markets in which the Group of which the Company forms part (see Note 1) carried on its activities. In this regard, the coronavirus pandemic did not have a substantial effect on the business, the financial situation or the operating results of the Company or its sole shareholder or the companies in which it had an interest at 31 December 2020 and, therefore, it did not have an appreciable effect on the abridged financial statements for the 62-day period ended 31 December 2020.

2.5. Comparative information and correction of errors

The Company was incorporated in 2020 and, therefore, comparative information is not included and, as a result, there can be no correction of errors in the aforementioned information.

2.6. Grouping of items

Certain items in the abridged balance sheet, abridged statement of profit or loss and abridged statement of changes in equity are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the abridged financial statements.

2.7. Financial position

The accompanying abridged balance sheet as at 31 December 2020 reflects a working capital deficiency of EUR 398,605 thousand. This situation is the result of the cash-pooling arrangements that the Company entered into with various Group companies (see Note 12.3), which were classified as current in the accompanying abridged balance sheet since they mature within the next 12 months, are automatically renewable and, therefore, reflect the normal flow of the Group's financing transactions.

In accordance with the foregoing, the Company's economic and financial position should be evaluated in the context of the Group to which it belongs (see Note 1).

Accordingly, the Company's sole director formally prepared these abridged financial statements in accordance with the going concern basis of accounting taking into consideration the Group's position and, in particular, the fact that Cellnex Telecom, S.A. continues to act as the guarantor of the Company's borrowings (see Note 8).

3. Allocation of loss

The proposed allocation of the loss for the 62-day period ended 31 December 2020 that the Company’s sole director will submit for approval by the sole shareholder is as follows:

	Thousands of euros
Basis of Distribution:	
Loss for the year	(3,712)
	(3,712)
Proposed allocation:	
Prior periods’ losses	(3,712)
	(3,712)

4. Accounting policies

As indicated in Note 2, the Company applied the accounting policies in accordance with the accounting principles and rules included in the Spanish Commercial Code, implemented in the current Spanish National Chart of Accounts, and all other Spanish corporate law in force at the reporting date of these abridged financial statements. In this connection, only those accounting policies that are specific to the Company's business activities and those considered significant on the basis of the nature of its activities are detailed below.

4.1. Financial instruments

4.1.1 Financial assets

Classification

The financial assets held by the Company are classified in the following category:

a. Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivative financial instruments, have fixed or determinable payments and are not traded in an active market.

Initial recognition

In general terms, financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement

Loans and receivables are measured at amortised cost. The effective interest rate is the discount rate that exactly discounts all the estimated cash flows of a financial instrument through its residual life to its carrying amount. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition date plus, where applicable, the fees that, because of their nature, can be equated with a rate of interest. In the case of floating rate financial instruments, the effective interest rate coincides with the rate of return prevailing in all connections until the date on which the reference interest rate is to be reset for the first time.

At least at each reporting date the Company tests financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the abridged statement of profit or loss.

In particular, the Company calculates valuation adjustments relating to trade and other receivables by estimating the fair value of these balances on the basis of the estimated future collections.

The Company derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and all the risks and rewards of ownership of the financial asset have also been substantially transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

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

4.1.2 Financial liabilities

This category includes trade and non-trade payables. These borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement for at least twelve months after the balance sheet date.

Trade payables falling due within one year and which do not have a contractual interest rate are stated, both initially and afterwards, at nominal value when the effect of not discounting the cash flows is not material.

Debits and payables are initially valued at the fair value of the consideration received, adjusted for transaction costs directly attributable. Subsequently, these liabilities are valued according to their amortized cost.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

Borrowings are recognised initially at fair value, including the costs incurred in obtaining them. In subsequent periods, any difference between the funds obtained (net of the costs required to obtain them) and the repayment value, if any and if material, is recognised in profit or loss over the term to maturity of the debt using the effective interest rate.

If existing debts are renegotiated, it is considered that there is no substantial modification of the terms of the financial liability when the lender in the new loan is the same as that which granted the initial loan and the present value of the cash flows, including net commissions and fees, is not more than 10% different from the discounted present value of the remaining cash flows of the original financial liability calculated using that same method.

4.1.3 Derivative financial instruments

The Company uses derivative financial instruments to manage its financial risk arising mainly from fluctuations in exchange rates (see Note 5). These derivative financial instruments were classified as foreign currency hedges and were recognised at fair value (both on initial recognition and on subsequent measurement), and these valuations were based on an analysis of discounted cash flows using assumptions based mainly on market conditions prevailing at the reporting date with a bilateral credit risk adjustment in the fair value in order to reflect both own credit risk and counterparty credit risk.

At the inception of the hedge, the Company documents the relationship between the hedging instruments and the hedged items, as well as its risk management objectives and the strategy for undertaking various hedges. The Company also documents how it will assess, both initially and on an ongoing basis, whether the derivative financial instruments used in the hedges are highly effective for offsetting changes in the fair value or cash flows attributable to the hedged items.

The fair value of the derivative financial instruments used for hedging purposes is disclosed in Note 8.4.

Hedge accounting, where applicable, is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer meets the criteria for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Classification of financial instruments as current or non-current in the balance sheet depends on whether the maturity of the hedge at year-end is less or more than one year.

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

a) Cash flow hedges

The effective portion of the gain or loss on the measurement of derivative financial instruments classified as cash flow hedges, net of the related tax effect, is recognised in equity under "Hedges" until the hedged item affects profit or loss (or when the underlying matures or is sold or it is no longer probable that the transaction will take place), at which point the accumulated gains or losses recognised in equity are transferred to the abridged statement of profit or loss for the year.

Any ineffective portion of the gain or loss on the remeasurement of derivatives is recognised directly in the abridged statement of profit or loss for the year under "Changes in Fair Value of Financial Instruments".

The Company has no derivatives classified as cash flow hedges.

b) Derivative financial instruments that do not qualify for hedge accounting

If a derivative financial instrument does not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the derivative are recognised directly in the abridged statement of profit or loss for the year.

The Company has no derivatives that do not qualify for hedge accounting.

c) Fair value and fair value measurement techniques

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

For financial reporting purposes, fair value measurements are based on a fair value hierarchy (i.e., Level 1, 2 or 3) depending on the degree to which inputs are observable and the importance of each input to the fair value measurement as a whole, as described below:

- Level 1 - These inputs are based on quoted prices (unadjusted) for identical instruments traded in active markets.

- Level 2 - These inputs are based on quoted prices for similar instruments in active markets (not included in Level 1), quoted prices for identical or similar assets or liabilities in markets that are not active and techniques based on valuation models for which all the significant inputs are observable in the market or may be corroborated by observable market data.

- Level 3 - The inputs are generally observable and, in general terms, they reflect estimates of the market assumptions for determining the price of the asset or liability. The unobservable data used in the pricing models are significant with respect to the fair values of the assets and liabilities.

To determine the fair value of its derivative financial instruments, the Company uses valuation techniques based on expected total exposure (which includes both current exposure and potential exposure) adjusted for the probability of default and loss given default of each counterparty.

The total expected exposure of the derivative financial instruments is obtained by using observable market inputs, such as interest rate, exchange rate and volatility curves based on the market conditions at the measurement date. The inputs used for the probability of own default and default of the counterparties are estimated on the basis of the credit default swap (CDS) prices observed in the market.

Also, to adjust fair value for credit risk, the 40% market standard, which corresponds to the CDS on senior corporate debt, was applied as the recovery rate.

4.2. Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The Company files consolidated income tax returns as provided for in Chapter VI of Title VII of Spanish Income Tax Law 27/2014, of 27 November, as part of tax group number 520/15. Consequently, the income tax expense includes the benefits arising from the use of tax loss and tax credit carryforwards that would not have been recognised in the event of individual taxation of the companies that make up that tax group.

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

In order to determine the deferred tax assets, the tax group to which the Company belongs, of which the head is Cellnex Telecom, S.A., establishes a finite time horizon for the recovery thereof on the basis of the best available estimates. Therefore, the expected time period in which the deferred tax assets will be offset was determined on the basis of the estimate of the individual taxable profits (tax losses) of the companies composing the tax group, while also taking into account the schedule for the use of the tax credit and tax loss carryforwards within the legal period established for offset.

The income tax expense is determined by taking into account, in addition to the aforementioned parameters to be considered for the purposes of individual taxation, and the AAI Resolution of 9 February 2016 establishing the rules for the recognition, measurement and preparation of financial statements to account for income tax, the following items:

- The permanent and temporary differences brought about by the elimination of results arising from the determination of the consolidated taxable profit or tax loss.

- The tax credits and tax relief of each company in the consolidated tax group; for these purposes, the tax credits or tax relief are allocated to the company that performs the activity or obtains the income required to qualify for the tax credit or tax relief.

- The portion of the tax losses reported by certain companies in the tax group that has been offset by the other companies in that group, as indicated above, gives rise to an account receivable from the tax group. The portion of the tax losses that has not been offset by other companies in the tax group is recognised by the company that incurred them as a deferred tax asset, as indicated above.

4.3. Provisions and contingent liabilities

When preparing the abridged financial statements the Company's sole director made a distinction between:

a. Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and

b. Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The abridged financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the abridged financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote (see Note 11).

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

4.4. Current/Non-current classification

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within 12 months from the end of the reporting period; financial assets held for trading, except for derivative financial instruments that will be settled in a period exceeding one year; and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for derivative financial instruments that will be settled in a period exceeding one year; and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

4.5. Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

Interest income from financial assets is recognised using the effective interest method.

On the basis of the Company’s object described in Note 1, the finance income and finance costs incurred correspond to operating income and expenses. Therefore, the income earned from the financing of Group companies was recognised under “Revenue”. Similarly, the finance costs incurred in the execution of financial intermediation activities were recognised in the operating margin under “Finance Costs”.

4.6. Cash and cash equivalents

“Cash and Cash Equivalents” includes the Company’s cash and short-term bank deposits with an initial maturity of three months or less or deposits from which the Group may withdraw cash with no prior notice and without incurring a significant penalty. The carrying amount of these assets approximates their fair value.

4.7. Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's sole director considers that there are no material risks in this connection that might give rise to significant liabilities in the future.

For abridged balance sheet presentation purposes, the direct or indirect subsidiaries of Cellnex Telecom, S.A. are considered to be Group companies and the companies controlled by the subsidiaries of Cellnex Telecom, S.A. are considered to be associates. Finally, other related parties are those that have significant influence over Cellnex Telecom, S.A., those with the right to propose a director or with a stake of more than 3%.

4.8. Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be “foreign currency transactions” and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the abridged statement of profit or loss in the year in which they arise.

4.9. Activities affecting the environment

In view of the Company's activities and object, it has no impact on the environment and, therefore, no payments or investments of any kind have to be made to comply with legal environmental requirements.

4.10. Employee benefits

Under the respective collective bargaining agreements, the Company has the following obligations with its employees:

(i) Post-employment obligations:

Defined-contribution obligations

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

Defined-benefit obligations

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

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

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

(ii) Termination benefits

Termination benefits are paid to employees as a result of the decision to terminate their employment contract before the normal retirement date, or when the employee voluntarily accepts to resign in exchange for such compensation. The Company recognises these benefits when it is demonstrably committed to terminate the employment of the employees in accordance with a formal detailed plan without the possibility of withdrawal or to provide termination benefits. If a mutual agreement is required, a provision is only recorded in situations in which the Company has decided that it will consent to termination of the employees when this has been requested by them.

(iii) Obligations arising from plans for termination of employment

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

(iv) Long-term Incentive Plan

The amounts considered by the Company in relation to the Long Term Incentive Plans which were formalized with the objective to retain key personnel and incentivize the sustainable creation of value for the shareholders, is based on the variables described below:

LTIP (2019-2021)

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

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

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

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

ILP (2020-2022)

In December 2019, the Board of Directors of the sole shareholder approved the Long-Term Incentive Plan - ILP 2020-2022. The CEO, Senior Management and certain key employees of the Cellnex Group (approximately 105 employees) are beneficiaries.

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

The fulfilment of the objectives set out in the ILP 2020-2022 will be assessed by the Appointments and Remuneration Committee and the payment of the amounts accrued, if will be made once the Group's Consolidated Annual Accounts for the 2022 financial year have been approved by the General Shareholders' Meeting.

For ILP 2020 - 2022, the CEO must receive a minimum of 30% of his ILP remuneration on Cellnex shares. The remaining 70% can be paid in stock options. Senior Management must receive a minimum of 40% of its ILP remuneration on Cellnex shares and the remaining 60% can be paid in stock options. Other beneficiaries must receive 70% of their ILP remuneration in shares and the remaining 30% can be paid in stock options. Other beneficiaries must receive 100% of their ILP remuneration in shares. Share-based compensation for this ILP will increase to partially offset the tax impact on beneficiaries.

5. Financial risk management

5.1. Financial risk factors

The Company's activities are exposed to various financial risks, which are described below.

The financial risk management of the companies belonging to the Cellnex Group of which the Company forms part is controlled by Group management, subject to authorisation by the most senior executive officer of Cellnex Telecom, in the framework of the corresponding policy approved by the Board of Directors.

a) Foreign currency risk

The Company and its Group present their financial statements in euros and, accordingly, any fluctuations in the exchange rate of the currencies in which loans are arranged and transactions are performed may have an impact on future financial transactions, the recognition of assets and liabilities and investments in currencies other than the euro.

The Company uses derivative financial instruments to manage its financial risk arising mainly from fluctuations in exchange rates. These derivative financial instruments were classified as foreign currency hedges and were recognised at fair value (both on initial recognition and on subsequent measurement), and these valuations were based on an analysis of discounted cash flows using assumptions based mainly on market conditions prevailing at the reporting date with a bilateral credit risk adjustment in the fair value in order to reflect both own credit risk and counterparty credit risk (See Note 4.1.3).

b) Interest rate risk

The Company's interest rate risk arises from current and non-current borrowings.

The borrowings issued at floating rates expose the Company to interest rate risk on its cash flows, whereas the borrowings arranged at a fixed rate expose the Company to interest rate risks in relation to fair value. Additionally, any rise in the interest rates may increase the Company's interest expense associated with loans bearing interest at a floating rate, as well as the costs of refinancing existing debt and issuing new debt.

The purpose of interest rate risk management is to achieve a balance in the debt structure that makes it possible to minimise volatility in the statement of profit or loss over a multi-year time horizon.

c) Credit risk

Credit risk arises from cash and cash equivalents and deposits at banks and financial institutions, as well as other debts, including outstanding accounts receivable and committed transactions.

In order to mitigate this credit risk, the Company formalizes operations with financial institutions with proven creditworthiness, recognized by international rating agencies. This credit solvency, expressed by the rating categories of each entity, is periodically reviewed in order to ensure active management of counterparty risk.

The credit limits were not exceeded in the 62-day period ended 31 December 2020 and Group management does not expect losses to arise from the default of any of the counterparties indicated.

d) Liquidity risk

The Company and the Group manage their liquidity risk prudently, which entails the maintenance of sufficient cash and access to sufficient financing through committed credit facilities arranged and the ability to settle market positions.

Given the dynamic nature of the businesses of the Group to which the Company belongs, Group management aims to maintain flexible financing through the availability of committed credit facilities. Due to this policy, the Company, together with the other companies of the Group to which it belongs, have available liquidity of EUR 17,600 million, composed of cash and cash equivalents and credit facilities available at the date of preparation of these abridged financial statements, and they do not have any immediate debt maturities (the maturities of the Group's financial obligations are detailed in Note 8).

Accordingly, the Company and the Group consider that they have liquidity and access to medium and long-term financing, which guarantees that they will have the funds necessary to fulfil any future investment commitments.

However, there is the possibility that the Company and the Group will not be able to draw or access sufficient liquid funds at a reasonable cost to be able to meet their payment obligations at any given time. Failure to maintain adequate liquidity levels may have a material adverse effect on the Company's business, projections, earnings from operations, financing conditions and/or cash flows and, in extreme cases, may threaten the Company's future as a going concern and lead to insolvency.

f) Risk relating to borrowings

The Company's borrowings may increase as a result of potential new acquisitions by the Group, changes in corporate structure and issues of bonds or other financing sources performed in relation to the foregoing. The present or future leverage of the Company and its Group could have negative consequences, including most notably:

- Placing the Company and/or the Group at a possible competitive disadvantage with respect to less leveraged competitors or competitors that might have better access to capital resources, including in acquisitions, which would force the Company to forego certain business opportunities.

- Requiring the Company and/or the Group to designate a considerable portion of the cash flows from operations to servicing debt, thereby reducing the amount of cash flows available for other purposes, such as capital investments and dividends.

- Forcing the Company and/or the Group to issue debt, shares or ownership interests, or to sell assets, possibly on adverse terms, to fulfil their payment obligations.

- The acceptance of certain undertakings in existing financing agreements such as the limitation of debt, restrictions on cash or the pledging of assets.

- The potential downgrading of the Company's current corporate rating by a credit rating agency, which could make it difficult and more costly to obtain new financing.

- Requiring the Company to repay outstanding debt early in the event that the pertinent change of control clause is activated.

5.2. Fair value measurement

The fair value of financial instruments not listed on an active market is determined using valuation techniques. The Company employs a variety of methods and uses assumptions based on the market conditions at each reporting date.

6. Investments in Group companies and associates

6.1 Current and non-current loans to Group companies and associates

The detail of “Current Loans to Group Companies and Associates” and "Non-Current Loans to Group Companies and Associates" at the end of the 62-day period ended 31 December 2020 is as follows:

Classes / Categories	Thousands of euros		
	Financial instruments		
	Non-current	Current	Total
	31/12/20	31/12/20	31/12/20
Loans and receivables (Note 12.3)	1,994,684	722,247	2,716,931
Total	**1,994,684**	**722,247**	**2,716,931**

As a result of the restructuring discussed in Note 1, the Company became party to payables to and receivables from Group companies and associates per the detail described in Notes 8 and 12.3.

The recoverable amount of the receivables was evaluated jointly with the recoverable amount of the investments in Group companies and associates held by the Company’s sole shareholder.

In this connection, firstly, the method of estimating the recoverable amount based on the value of equity was used and, in those cases in which when applying this method it was shown that the carrying amount was higher, the recoverable amount of the investment held by the sole shareholder was determined based on the present value of the future cash flows from the investment, calculated using an estimate of the investor's share of the cash flows expected to be generated by the investee, or the market value (price of recent similar transactions in the market) less the costs associated with disposal.

The main steps carried out in order to determine the present value of the future cash flows arising from the investment were as follows: i) the revenue and expense projections of the impairment tests of the previous year were reviewed to evaluate any possible deviations, ii) the corresponding revenue and expense projections (growth of the activity - collocation – based on the consumer price index (CPI), maintenance costs). For the purposes of the impairment analysis conducted by the sole shareholder, the cash flow projections obtained from the revenue and expense projections made according to the aforementioned criteria were updated at the discount rate resulting from adding to the long-term cost of risk-free money, the risk premium assigned by the market to the country where the company's activity takes place and the risk premium assigned by the market to each business (at long term, in both cases).

The impairment tests described above, which in any case consider the full repayment of the amounts owed to the Company, at 31 December 2020, did not disclose the need to recognise impairment losses on any of the investments held by the Company and recognised under this heading.

7. Shareholders' equity

7.1. Share capital

The Company was incorporated on 30 October 2020 with an initial share capital of EUR 60,200 represented by, and divided into, 60,200 fully subscribed and paid equal, indivisible and cumulative shares of EUR 1 par value each, numbered sequentially from one and all of the same class and series.

Cellnex Telecom, S.A. held all the share capital at 31 December 2020 and, therefore, the Company is a sole shareholder company.

7.2. Other contributions

On 3 November 2020, the Board of Directors of Cellnex Telecom, S.A. resolved to make a monetary contribution EUR 1,000,000 thousand to the Company, which had been paid in full prior to 31 December 2020.

7.3. Legal reserve

Under the Spanish Limited Liability Companies Law, the Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 2020 year-end the balance of this reserve had not reached the legally required minimum.

8. Current and non-current payables

The detail, by category, of the non-current and current payables is as follows:

	Thousands of euros		
	Accounts payable		
	31/12/20		
	Current	Non-current	Total
Loans and credit facilities	13,458	581,943	595,401
Derivative financial instruments	-	607	607
Total	**13,458**	**582,550**	**596,008**

In the context of the financial restructuring of the sole shareholder discussed in Note 1, the following transactions had been performed by 31 December 2020:

- the transfer of a portion of the sole shareholder's borrowings to the Company, as the new debtor: (a) the sole shareholder's bank borrowings amounting to EUR 603,563 thousand; and (b) payables to Group companies and associates amounting to EUR 210,604 thousand (see Note 12.3).

- the maturity of certain debt instruments granted by the sole shareholder, as creditor, to certain Group companies and associates, amounting to EUR 1,623,272 thousand, and the issue of new debt instruments by the Company to the same Group companies and associates for the same amount.

Lastly, the debt restructuring transactions between Group companies and associates were completed and made effective at the end of 2020.

In relation to the aforementioned transactions, the sole shareholder continues to act as guarantor of the debt subrogated by the Company.

Additionally, in November 2020 the Company established a guaranteed Euro Medium-Term Note Programme (EMTN Programme), guaranteed by the sole shareholder, Cellnex Telecom, S.A. This programme was registered at the Irish Stock Exchange, trading as Euronext Dublin, and allows bonds of up to a total of EUR 10,000 million to be issued.

At 31 December 2020, the annual average interest rate on the financing granted, in the event that it is drawn down in full, would be 0.7%. Also, the weighted average interest rate on drawn-down bank borrowings at 31 December 2020 was 1.2%.

The Company’s bank borrowings were arranged on an arm's length basis and, accordingly, their fair value does not differ significantly from their carrying amount.

At the end of the 62-day period ended 31 December 2020, the detail of the borrowings (i) by maturity, (ii) by type of debt and (iii) by currency was as follows:

(i) Borrowings by maturity

	Thousands of euros							
			Non-current					
	Limit	Current	2022	2023	2024	2025	2026 and subsequent years	**Total**
Loans and credit facilities	12,922,078	15,415	169,346	2,500	171,913	2,500	239,625	**601,299**
Deferrals of loan and credit facility arrangement expenses	-	(1,957)	(1,544)	(1,416)	(758)	(94)	(129)	**(5,898)**
Derivative financial instruments	-	-	-	-	607	-	-	**607**
Total	**12,922,078**	**13,458**	**167,802**	**1,084**	**171,762**	**2,406**	**239,496**	**596,008**

(ii) Borrowings by type of debt

	Thousands of euros		
	Notional amount at 31/12/20(*)		
	Limit	Balance drawn down	Undrawn balance
Loans and credit facilities	12,922,078	588,385	12,333,693
Total	**12,922,078**	**588,385**	**12,333,693**

(*) These concepts include the notional value and are not the gross or net value of the caption. See “*Borrowings by maturity*”.

(iii) Borrowings by currency

	Thousands of euros
	31/12/20(*)
EUR	262,231
GBP	168,706
CHF	170,362
Total	**601,299**

(*) The amounts of borrowings shown in the foregoing table relate to the cash flows provided for in the related agreements, which differ from the carrying amount of the borrowings since they do not include the deferral of the arrangement expenses. Derivative financial instruments are not included.

The Company has loans and other obligations in pounds sterling and Swiss francs which, prior to the restructuring of the financial function described in Notes 1 and 8.1, served as a natural hedge for the sole shareholder's investment in Group companies (Cellnex UK, Ltd. and Cellnex Switzerland).

In this connection, as a result of the subrogation to the aforementioned debts, the Company and Cellnex Telecom, S.A. arranged a currency swap (see Note 8.4) in order to maintain the natural hedge of the sole shareholder's investments performed in foreign currencies.

8.1 Loans and credit facilities

At 31 December 2020, the Company had arranged loans and credit facilities with a total limit of EUR 12,922,078 thousand, of which EUR 10,421,538 thousand relate to loans and EUR 2,500,540 to credit facilities.

In the context of the financial restructuring described in Note 1 of these abridged financial statements, the Company was either subrogated to the position of the sole shareholder or arranged the following transactions:

- Subrogation to the five-year credit facility, amounting to GBP 360 million, arranged by the sole shareholder on 28 July 2020 to finance the Group's international expansion. At 31 December 2020, this credit facility had not been drawn down.

- Subrogation to the 12-year loan of EUR 100 million from Instituto Oficial de Crédito (ICO), arranged by the sole shareholder on 2 July 2019 to finance the Group's international expansion.

- Subrogation to the financing entered into by the sole shareholder and a group of banks on 17 July 2019. The financing consists of a syndicated loan amounting to CHF 183 million, maturing in 2024, and a syndicated financing agreement comprising a multi-currency credit facility of EUR 1,500 million. At 31 December 2020, this credit facility had not been drawn down.

- Subrogation to other loans amounting to EUR 152,125 thousand, as well as credit facilities with respective limits of EUR 500,000 thousand. GBP 150,000 thousand (EUR 166,846 thousand) had been drawn down against the aforementioned facilities at 31 December 2020.

- Arrangement of a credit facility amounting to GBP 90 million and maturing in 2023. At 31 December 2020, this credit facility had not been drawn down.

Additionally, subsequent to the aforementioned transactions, the Company also subrogated to the financing agreement entered into by the sole shareholder on 13 November 2020, amounting to EUR 10,000 million and consisting of i) a bridge credit facility of EUR 7,500,000 thousand, maturing within three years; ii) a credit facility of EUR 1,250,000 thousand, maturing at three years; and iii) another credit facility of EUR 1,250,000 thousand, maturing at five years. No amounts had been drawn down against this financing agreement at 31 December 2020.

On 24 February 2021, the Company amended the EUR 7,500,000 thousand bridge loan and cancelled an amount of EUR 1,600,000 thousand of such bridge loan. As of the date of the accompanying abridged financial statements, no amounts have been drawn thereunder. Such financing will bear interest at a margin above EURIBOR, will be unsecured and unsubordinated.

Change of control clauses

The loans and credit facilities include an early termination clause for change of control due to acquisition of half or more of the shares carrying voting rights or to obtainment of the right to appoint or remove most of the members of the sole shareholder's Board of Directors.

Obligations and restrictions related to the loans and credit facilities

At the end of the 62-day period ended 31 December 2020, the Company did not have any obligations or restrictions with respect to use of the capital resources arising from the loans and credit facilities arranged.

8.2 Bond issues

In November 2020 the Company established a guaranteed Euro Medium-Term Note Programme (EMTN Programme), guaranteed by the sole shareholder, Cellnex Telecom, S.A. This programme was registered at the Irish Stock Exchange, trading as Euronext Dublin, and allows bonds of up to a total of EUR 10,000 million to be issued.

As of 31 December 2020, the Company has not issued any bond.

Subsequent to year-end, on 15 February 2021, the Company completed an issue of bonds in three tranches denominated in euros totalling EUR 2,500 million (rated BBB- by Fitch Ratings and BB+ by Standard & Poor's) aimed at qualified investors. The issue was structured as a bond of EUR 500 million, maturing in November 2026 and bearing a coupon rate of 0.75%; a bond of EUR 750 million, maturing in January 2029 and bearing a coupon rate of 1.25%; and a 12-year bond of EUR 1,250 million, maturing in February 2033 and bearing a coupon rate of 2%.

8.3 Guarantees provided and received and performance obligations

At 31 December 2020, the sole shareholder was acting as guarantor in relation to the Company's financing agreements, both drawn and undrawn, the former amounting to approximately EUR 601,111 thousand at 31 December 2020, and also in relation to the EMTN programme established by the Company in November 2020.

In this connection, there were no financial obligations or ratios associated with secured financing agreements which, at the date of these abridged financial statements, could lead the liabilities to become immediately claimable by the lender.

8.4 Derivative financial instruments

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

	Thousands of euros
	31/12/20
	Liabilities
Foreign currency swaps:	
Foreign currency hedges	607
Derivative financial instruments	**607**
Foreign currency swaps:	
Foreign currency hedges	607
Non-current derivative financial instruments	**607**
Current derivative financial instruments	**-**

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

	Thousands of euros							
	31/12/20							
	Notional amount	2021	2022	2023	2024	2025	Subsequent years	Net fair value
Interest rate and/or foreign currency swaps:						-	-	
Foreign currency hedges	170,011	(184)	(324)	(330)	231	-	-	(607)
Total	**170,011**	**(184)**	**(324)**	**(330)**	**231**	**-**	**-**	**(607)**

In accordance with the foregoing, the Company and sole shareholder arranged a foreign currency swap amounting to CHF 183 million and an equivalent euro value of EUR 170 million to hedge the sole shareholder's foreign currency investment in investees located in Switzerland.

9. Income tax and tax matters

9.1. Tax information

The Company is taxed under the tax consolidation regime, for Corporation Tax purposes, as a dependent company in the tax Group, which its subsidiaries are those investees of Cellnex Telecom, S.A. at least 75% and with tax residence in Spain. The subsidiaries that make up the Tax Consolidation Group in 2020 are the following: Cellnex Telecom España, S.L, Retevisión-I, S.A.U., Tradia Telecom, S.A.U., On Tower Telecom Infraestructuras, S.A.U., Gestora del Espectro, S.L., Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A., Zenon Digital Radio, S.L. and Cellnex Finance Company, S.A.U.

Years open for review and tax audits

At the date of preparation of these abridged financial statements, the Company had all the taxes applicable to it open for review for the period since its incorporation. As a result of, among other factors, varying interpretations of current tax legislation, additional liabilities may arise as a result of a tax audit. In any event, the Company's sole director considers that the possibility that material liabilities other than those recognised in this connection will arise is remote.

9.2. Current tax receivables and payables

The detail of the current tax receivables and payables is as follows:

Tax payables

	Thousands of euros
	31/12/20
Personal income tax withholdings payable	38
Accrued social security taxes payable	11
Total	**49**

9.3. Reconciliation of the accounting loss to the tax loss

The reconciliation of the accounting loss to the income tax expense for the 62-day period ended 31 December 2020 is as follows:

	Thousands of euros
	Total
Loss for the period	(3,712)
Income tax for the period	(1,237)
Tax loss	**(4,949)**

9.4. Reconciliation of the accounting loss to the income tax expense

The standard income tax rate for the 62-day period ended 31 December 2020 was 25%.

The reconciliation of the accounting loss to the income tax expense is as follows:

	Thousands of euros
	Period of 62 days ended 31 December 2020
Loss before tax	(4,949)
Theoretical tax charge	1,237
Income tax benefit for the year	**1,237**
Other tax effects	-
Income tax benefit	**1,237**

10. Income and expenses

10.1. Revenue

The detail of the Company's revenue for the 62-day period ended 31 December 2020 is as follows:

	Thousands of euros
	62-day period ended 31 December 2020
Interest income (Note 12.3)	3,388
Other finance income	12
Total	**3,400**

“Interest Income” is generated by the Company's financing of the Group companies and also on loans granted to those companies (see Note 12.3). A market interest rate is established for these transactions.

10.2. Finance costs

The detail of the finance costs for the 62-day period ended 31 December 2020 is as follows:

	Thousands of euros
	62-day period ended 31 December 2020
On debts to Group companies and associates (Note 12.3)	105
On debts to third parties	5,692
Total	**5,797**

"Finance Costs" relates mainly to the fee amounting to EUR 4,313 thousand incurred in relation to the financing agreement amounting to EUR 10,000 million entered into by the sole shareholder on 13 November 2020 (see Note 8.1).

10.3. Staff costs

The detail of "Staff Costs" is as follows:

	Thousands of euros
	62-day period ended 31 December 2020
Wages and salaries	102
Social security contributions	9
Staff costs	111

The average number of employees at the Company in the 62-day period ended 31 December 2020, by category and gender, is as follows:

	2020		
	Men	Women	Total
Other directors, managers and supervisors	2	1	3
Other employees	2	2	4
	4	**3**	**7**

The Company's headcount at the end of the 62-day period ended 31 December 2020 was as follows:

	2020		
	Men	Women	Total
Other directors, managers and supervisors	2	1	3
Other employees	2	2	4
	4	**3**	**7**

In the 62-day period ended 31 December 2020 the average number of employees with a disability equal to or greater than 33% was 0.

At the end of the 62-day period ended 31 December 2020, the managing body comprised a male sole director.

10.4. Other operating expenses

The detail of "Other Operating Expenses - External Services" in the abridged statement of profit or loss is as follows:

	Thousands of euros
	62-day period ended 31 December 2020
Independent professional services	485
Banking services	16
Total external services	**501**

10.5. Net financial loss

The detail of the finance income and costs is as follows:

	Thousands of euros	
	62-day period ended 31 December 2020	
	Income	Costs
Changes in fair value of financial instruments	-	(607)
Exchange differences	53,461	(54,794)
	53,461	**(55,401)**
Financial loss		**(1,940)**

The detail of "Changes in Fair Value of Financial Instruments" for the 62-day period ended 31 December 2020 is as follows:

	Thousands of euros
	62-day period ended 31 December 2020
Loss on hedging instruments (see Note 8.4)	(607)
	(607)

11. Contingencies, commitments and obligations

11.1 Guarantees provided

At 31 December 2020, the Company had not been provided with any bank guarantees.

11.2 Contingencies

The Company's sole director and its legal advisers, consider that at 31 December 2020 and up to the date for authorisation for issue of these abridged financial statements, no court proceedings are under way that could have an impact on the Company's abridged financial statements in the future.

12. Related party transactions

12.1. Directors and senior management

In the 62-day period ended 31 December 2020, the Company did not incur any amounts in relation to salaries, attendance fees or remuneration paid to its sole director. Also, in the 62-day period ended 31 December 2020, no advances or loans were granted to the sole director and no guarantee commitments were assumed on their behalf. Lastly, there were no obligations in relation to pensions, retirement plans, life or medical insurance premiums in the 62-day period ended 31 December 2020.

The Company does not have any employees in a senior management role and, accordingly, senior management functions are discharged by the senior management of the sole shareholder.

The Company's sole shareholder has taken out an executives and directors civil liability insurance for the members of the Board of Directors, the Chief Executive Officer and all the directors of the Cellnex Telecom Group, the cost of which amounted to EUR 538 thousand at 31 December 2020.

12.2. Other disclosures relating to sole director

Pursuant to Article 229 of the Spanish Limited Liability Companies Law, the sole director has not reported any direct or indirect conflict of interest that they (or any persons related to them) might have with the Company’s interests.

12.3. Group companies and associates

The detail of the Company's assets and liabilities with Cellnex Group companies and associates at the end of the 62-day period ended 31 December 2020 is as follows:

62-day period ended 31 December 2020

	Thousands of euros				
	Assets		Liabilities		
	Non-current loans	Current loans	Non-current payables	Current payables	Derivative financial instruments
Cellnex Austria, GmbH	211,000	226	-	-	-
Cellnex Connectivity solutions Ltd.	-	-	-	26,234	-
Cellnex Denmark ApS	91,000	97	-	-	-
Cellnex France Groupe, S.A.S.	27,554	37,154	-	-	-
Cellnex France, S.A.S.	349,500	23,646	-	-	-
Cellnex Ireland Limited	117,000	125	-	-	-
Cellnex Italia, SpA	600,000	1,008	-	-	-
Cellnex Telecom España, S.L.	-	-	-	1,980,085	-
Cellnex Telecom, S.A.	-	590,792	-	25	607
Cellnex UK Consulting Ltd.	-	-	-	535	-
Cellnex UK Ltd.	205,777	46,857	-	-	-
Cellnex UK Midco Ltd.	-	-	-	4	-
Cignal Infrastructures Ltd.	51,547	2,424	-	-	-
Edzcom Oy	-	851	-	-	-
On Tower UK Ltd.	-	-	-	27,527	-
On Tower Telecom Infraestructuras, S.A.	325,306	547	-	13,760	-
Radiosite Ltd.	-	-	-	13,304	-
Retevision I, S.A.	-	-	3,724	49,459	-
Springbok Mobility	-	456	-	-	-
Towerlink France, S.A.S.	16,000	17,463	-	-	-
Towerlink Portugal, ULDA	-	401	-	-	-
Tradia Telecom, S.A.	-	-	13,457	46,385	-
Ukkoverkot Oy	-	200	-	-	-
Waterside Ltd.	-	-	-	6,510	-
Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A.	-	-	-	3,974	-
Zenon Digital Radio, S.L.	-	-	-	1,754	-
Total	**1,994,684**	**722,247**	**17,181**	**2,169,556**	**607**

In the context of the financial restructuring described in Note 1 of these abridged financial statements, the Company arranged, mainly, the following transactions with Group companies and associates:

Non-Current Loans to Group Companies and Associates:

a) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary Cellnex France, S.A.S. which has a limit of EUR 370,000 thousand and matures in 5 years. The balance drawn down at 31 December 2020 amounted to EUR 349,500 thousand and the interest earned amounted to EUR 606 thousand.

b) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary Cellnex France Groupe, S.A.S. which has a limit of EUR 416,000 thousand and matures in 5 years. The balance drawn down at 31 December 2020 amounted to EUR 27,554 thousand and the interest earned amounted to EUR 48 thousand.

c) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary Towerlink France, S.A.S. which has a limit of EUR 200,000 thousand and matures in 5 years. The balance drawn down at 31 December 2020 amounted to EUR 16,000 thousand and the interest earned amounted to EUR 28 thousand.

d) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary Cellnex Italia, S.p.A. which amounts to EUR 600,000 thousand and matures in 5 years, payable in full at the maturity date. At 31 December 2020, the interest earned amounted to EUR 1,008 thousand.

e) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary Cignal Infrastructure Services, Ltd. which has a limit of EUR 51,547 thousand and matures in 5 years. The balance drawn down at 31 December 2020 amounted to EUR 51,547 thousand and the interest earned amounted to EUR 87 thousand.

f) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary Cellnex UK Limited which has a limit of GBP 185,000 thousand (equivalent euro value of EUR 205,777 thousand) and matures in 5 years. The balance drawn down at 31 December 2020 amounted to GBP 185,000 thousand (equivalent euro value of EUR 205,777 thousand) and the interest earned amounted to EUR 341 thousand.

g) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary On Tower Telecom Infraestructuras, S.A.U. which amounts to EUR 325,306 thousand and matures in 5 years. At 31 December 2020, the interest earned amounted to EUR 547 thousand.

h) On 18 December 2020, the Company entered into a credit facility with the Group subsidiary Cellnex Austria, GmbH which has a limit of EUR 211,000 thousand and matures in 5 years. The balance drawn down at 31 December 2020 amounted to EUR 211,000 thousand and the interest earned amounted to EUR 226 thousand.

i) On 18 December 2020, the Company entered into a credit facility with the Group subsidiary Cellnex Denmark, ApS which has a limit of EUR 91,000 thousand and matures in 5 years. The balance drawn down at 31 December 2020 amounted to EUR 91,000 thousand and the interest earned amounted to EUR 97 thousand.

j) On 18 December 2020, the Company entered into a credit facility with the Group subsidiary Cellnex Ireland Limited which amounts to EUR 117,000 thousand and matures in 5 years. At 31 December 2020, the interest earned amounted to EUR 125 thousand.

Current Loans to Group Companies and Associates:

a) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary Cellnex France Groupe, S.A.S. which has a limit of EUR 37,041 thousand and matures in 1 year. The balance drawn down at 31 December 2020 amounted to EUR 37,041 thousand and the interest earned amounted to EUR 65 thousand.

b) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary Cellnex UK Limited which has a limit of EUR 25,000 thousand and matures in 1 year. The balance drawn down at 31 December 2020 amounted to EUR 14,750 thousand and the interest earned amounted to EUR 73 thousand.

c) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary Cellnex France S.A.S. which has a limit of EUR 23,000 thousand and matures in 1 year. The balance drawn down at 31 December 2020 amounted to EUR 23.000 thousand and the interest earned amounted to EUR 40 thousand.

d) On 10 December 2020, the Company entered into a credit facility with the Group subsidiary Towerlink France, S.A.S. which has a limit of EUR 20,000 thousand and matures in 1 year. The balance drawn down at 31 December 2020 amounted to EUR 17,410 thousand and the interest earned amounted to EUR 25 thousand.

e) At 31 December 2020, this heading included the current balance receivable of the account receivable from the sole shareholder in relation to income tax under the consolidated tax regime amounting to EUR 1,237 thousand.

f) In relation to the centralised cash management agreement between the Company and Cellnex Telecom, S.A. dated 10 December 2020, at 31 December 2020 Cellnex Telecom S.A. recognised a current payable amounting to EUR 537,287 thousand and GBP 46,927 thousand (EUR 52,198 thousand). The interest earned amounted to EUR 69 thousand.

g) In relation to the centralised cash management agreement between the Company and Cellnex UK Limited dated 10 December 2020, at 31 December 2020, Cellnex UK Limited recognised a current payable amounting to GBP 28,493 thousand (EUR 31,693 thousand).

Current Payables to Group Companies and Associates

a) On 31 December 2020, the Company recognised a current payable to Cellnex Telecom España, S.L., for a contribution by the sole shareholder, Cellnex Telecom, S.A., amounting to EUR 2,000,000 thousand, which was transferred on 17 December 2020 to be allocated to potential new acquisitions. On 3 February 2021, Cellnex Telecom España, S.L. returned the full amount of the aforementioned contribution to the Company.

b) At 31 December 2020, the current payables with Spanish Group companies related to the centralised cash management framework agreement between the Company and Retevisión-I, S.A., Tradia Telecom, S.A.U., On Tower Telecom Infraestructuras, S.A.U., Cellnex Telecom España, S.L., Zenon Digital Radio, S.L. and Xarxa Oberta de Comunicació i Tecnologia de Catalunya, S.A. dated 10 December 2020. The total balance payable in this connection amounted to EUR 95,443 thousand at 31 December 2020.

c) In addition, at 31 December 2020, the current payable to the UK Group companies related to the centralised cash management framework agreement between the Company and these companies dated 10 December 2020. The total balance payable in this connection amounted to GBP 66,629 thousand (EUR 74,113 thousand) at 31 December 2020.

The detail of the Company's transactions with Cellnex Group companies and associates at the end of the 62-day period ended 31 December 2020 is as follows:

62-day period ended 31 December 2020

	Thousands of euros		
	Income	Expenses	
	Accrued interest	Accrued interest	Changes in fair value of financial instruments
Cellnex Austria, GmbH	226	-	-
Cellnex Connectivity solutions Ltd.	-	1	-
Cellnex Denmark ApS	97	-	-
Cellnex France Groupe, S.A.S.	113	-	-
Cellnex France, S.A.S.	646	-	-
Cellnex Ireland Limited	125	-	-
Cellnex Italia, SpA	1,008	-	-
Cellnex Telecom España, S.L.	-	74	-
Cellnex Telecom, S.A.	69	-	607
Cellnex UK Ltd	414	-	-
Cignal Infrastructures Ltd.	87	-	-
Edzcom Oy	1	-	-
On Tower UK Ltd.	-	1	-
OnTower Telecom Infraestructuras, S.A.	547	-	-
Retevision I, S.A.	-	6	-
Springbok Mobility	1	-	-
Towerlink Portugal, ULDA	1	-	-
Towerlink France, S.A.S.	53	-	-
Tradia Telecom, S.A.	-	23	-
Total	**3,388**	**105**	**607**

The financial interest receivable from and payable to the various Group companies is accrued on the Company's aforementioned loans and borrowings.

The Company performs all its transactions on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, it is considered that there are no material risks in this connection that might give rise to significant liabilities in the future.

13. Other disclosures

13.1. Audit fees

In 2020 the fees for financial audit and other services provided by the auditor of the Company's financial statements, Deloitte, S.L. and the fees billed by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

	Thousands of euros
	62-day period ended 31 December 2020
Audit services	20
Verification services	-
Total audit and related services	**20**

13.2. Disclosures on the average period of payment to suppliers

Set forth below are the disclosures required by the Additional third decree of Law 15/2010, of 5 July (amended by the second final decree of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Auditing Institute (AAI) Resolution of 29 January 2016 on the disclosures to be included in notes to abridged financial statements in relation to the average period of payment to suppliers in commercial transactions.

	Thousands of euros
	62-day period ended 31 December 2020
Total payments made	-
Total payments outstanding	-
Average period of payment to suppliers (days)	-
Ratio of transactions settled (days)	-
Ratio of transactions not yet settled (days)	-

In accordance with the AAI Resolution, the average period of payment to suppliers was calculated by taking into account the commercial transactions relating to the supply of goods or services for which payment has accrued since the date of entry into force of Law 31/2014, of 3 December.

For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services included in ""Sundry Accounts Payable" under current liabilities in the abridged balance sheet.

"Average period of payment to suppliers" is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction.

13.3. Amendment or termination of agreements

There has been no conclusion, amendment or early termination of any agreement between the Company and its sole shareholder or sole director, or any person acting on their behalf, which might affect transactions outside the course of the Company's ordinary business operations or transactions that were not performed on an arm's length basis.

14. Events after the reporting period

In addition to the information in Notes 8.1, 8.2 and 12.3, no significant events occurred after 31 December 2020 that would affect the accompanying abridged financial statements.

15. Explanation added for translation to English

These abridged financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2.1). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Madrid, 25 February 2021