

• **2023** **Junta General
de Accionistas**
Annual Shareholders' Meeting

**Board report on delegation
capital increase**



**REPORT PRESENTED BY THE BOARD OF DIRECTORS OF CELLNEX TELECOM, S.A. IN
RELATION TO THE PROPOSAL REFERRED TO IN ITEM TEN OF THE AGENDA OF THE
GENERAL SHAREHOLDERS' MEETING OF THE COMPANY TO BE HELD ON 31 MAY
2023, ON FIRST CALL, AND ON 1 JUNE 2023, ON SECOND CALL**

1. PURPOSE OF THE REPORT

This report is issued in compliance with Articles 286, 297.1.b) and 506 of Legislative Royal Decree 1/2010 of 2 July, approving the restated text of the Spanish Companies Law (the “**Spanish Companies Law**”), to justify the resolution submitted for approval to the General Shareholders’ Meeting of Cellnex Telecom, S.A. (“**Cellnex**” or the “**Company**”) under item ten of the agenda, relating to the delegation of powers to the Board of Directors to increase the Company’s share capital, without seeking the prior approval of the General Shareholders’ Meeting, within the time limit set for that purpose and up to the maximum amount stipulated in the Spanish Companies Law, with or without pre-emption rights, and amending accordingly the article of the Company’s articles of association relating to share capital.

2. REASONS FOR THE PROPOSAL

Pursuant to Article 297.1.b) of the Spanish Companies Law, subject to the requirements for amending the articles of association, the General Shareholders’ Meeting may delegate powers to the Board of Directors to resolve, on one or more occasions, to increase the Company’s share capital up to a certain amount, at such time and in such amount as the Board of Directors may decide, without seeking the prior approval of the General Shareholders’ Meeting.

All such increases must be carried out through cash contributions within five years of the date of approval by the General Shareholders’ Meeting, and under no circumstances may such capital increases exceed half of the Company’s share capital at the time the authorization is granted (for the purposes of the maximum amount, it shall be added to any capital increases agreed under the authorisation which is the subject of this report, those agreed by virtue of the delegation of powers set out in point eleven of the Agenda).

In addition, according to Article 286 of the Spanish Companies Law, in relation to Articles 296.1 and 297.1 of such Law, directors must issue a written report setting out the reasons for the proposed resolution.

The Board of Directors considers that it is very much in the Company’s interest that the Board of Directors has the opportunity to have available the authorizations and delegated powers admitted under current company law, having the capacity to set all the terms and conditions of the capital increases and decide which investors and markets to target, so as to have the capacity at all times to capture the resources that are required pursuant to corporate interests of the Company.

The purpose of the authorization is to give the Company's management body the room for manoeuvre and capacity to respond that are required in the competitive environment in which the Company operates – an environment in which the success of any given transaction or strategic initiative often depends on the ability to execute it with agility and expeditiously, without the delays and costs inevitably involved in convening and holding a new General Shareholders' Meeting.

The authorization provided for in Article 297.1.b) of the Spanish Companies Law therefore gives the Board of Directors the necessary powers to carry out one or several capital increases, having regard to the Company's interests and responding more quickly to future financial needs.

To that end, the Board of Directors submits for approval to the General Shareholders' Meeting a resolution to delegate to the Board of Directors the powers to resolve to increase the Company's capital by not more than half of its share capital at the date the authorization is granted (i.e., in aggregate, the capital increases must not exceed 88,309,421.88 euros in nominal value).

In addition, in accordance with Article 506 of the Spanish Companies Law, when the General Shareholders' Meeting grants the directors powers to increase the share capital as provided for in Article 297.1.b) of such Act, it may also grant them the power to exclude the pre-emption rights in any capital increases carried out pursuant to the delegation, where the Company's interests so require.

The Board of Directors therefore announces that the delegation of powers to the Board of Directors to increase the share capital contained in the proposed resolution that is the subject of this report also includes, in accordance with Article 506 of the Spanish Companies Law, a delegation of powers to the directors to fully or partly exclude shareholders' pre-emption rights, as appropriate, where the interests of the Company so require, all under the terms of said Article 506.

The Board of Directors of Cellnex considers that, depending on market circumstances at any given time, the exclusion of pre-emption rights could be an appropriate way to achieve the purpose of this resolution – i.e., to provide the Company's management body to have the capacity at to capture the resources that are required to meet the Company's needs – and could be necessary from the Company's interests perspective. Given the uncertainty and volatility circumstances to which capital markets are subject, and in opposition to what would occur if the capital increase is execution with pre-emption rights, excluding the pre-emption rights would allow the Company, first, to raise the necessary funds in the shortest possible time and, second, to raise funds as efficiently as possible by shortening the time required to complete the capital increase, thus increasing its chances of success.

It is essential to have act with agility and swiftly to seize any opportunities that may arise in the market. Carrying out a capital increase in which pre-emption rights apply would make the operation considerably more complex and would cost more in both time and money.

Applying pre-emption rights significantly limits the Board of Directors' flexibility and responsiveness to seize market opportunities. Such flexibility and responsiveness are desirable in view of changing market circumstances and, in particular, certain credit constraints. In such cases it is advisable that the Company's Board of Directors have the means at its disposal to be able to opt for the sources of funding available at any given time, so as to obtain the most advantageous terms.

Furthermore, in accordance with Article 506 of the Spanish Capital Companies Act, the power of the General Shareholders' Meeting to grant the Board of Directors powers to exclude the pre-emption rights is limited to up to a maximum of 20% of the share capital at the time the authorization is granted. In addition, if the Board of Directors resolves to exclude the pre-emption rights in a capital increase it decides to carry out under this authorization, it must issue a report, at the time of adoption of the capital increase issue resolution, setting out the specific reasons why the measure is in the Company's interest. Also, the Company shall request an independent expert appointed by the Companies Register to issue a report, as provided in Articles 308, 504 and 506 of the Capital Companies Act in case the capital increases is approved for an amount equal to 20% of the share capital at the time the authorization is granted. The report, or reports, as applicable, will be made available to the shareholders and will be notified at the first General Meeting held after the capital increase, in accordance with Article 506 of the Spanish Capital Companies Act.

In accordance with the provisions of the applicable legislation, if the Board of Directors resolves to exclude the pre-emption rights in a capital increase, the par value of the shares to be issued plus the issue premium, if any, shall correspond to the reasonable value of the Company's shares, as established by reference to the stock market price, provided that it is not lower by more than 10% than the price of said price.

Additionally, the shares may be issued at a price lower than reasonable value. In this case, the Board of Directors' report issued for such purpose must justify that the corporate interest not only requires the exclusion of the pre-emptive subscription right, but also the price of issue proposed. A report, which must be prepared at the request of the Board of Directors by an auditor other than the Company's auditor, appointed for these purposes by the Commercial Registry, will also be necessary and must specifically mention the amount of the expected economic dilution and the reasonableness of the data and considerations included in the Board of Directors' report to justify it.

Furthermore, although the Spanish Companies Law limits the power of the General Shareholders' Meeting to grant the Board of Directors powers to exclude the pre-emption rights up to a maximum of 20% of the share capital at the time the authorization is granted, the Board of Directors has deemed it appropriate, in line with international recommendations on good market practice, to limit that power to a maximum of 10% of the share capital at the time the authorization is granted (i.e. 17,661,884.37 euros).

For all the reasons set out above, the Board of Directors considers that the proposed resolution is justified and addresses the needs that Cellnex, as a listed company, may have to face in the future.

Lastly, the delegation of powers granted to the Board of Directors if the proposed resolution is passed will be with express power to sub-delegate, so as to reinforce the objective of giving the management body the ability to respond swiftly and effectively to any opportunities that may arise.

If granted, this authorization would replace and revoke any unexercised authorities granted under the Ninth Resolution adopted by the General Shareholders' Meeting of the Company held on 28 April 2022.

Lastly, for the purposes of the appropriate coordination of the resolution referred to in this report with the delegations to issue bonds, debentures and other fixed-income securities convertible into shares of the Company provided for under item eleven of the Agenda, it is specified that for the purpose of calculating the maximum amount referred to in this report, the amount of any capital increases agreed under the authorisation referred to in this report shall be added to the amount of any capital increases agreed (if any) to cover the issuance of bonds, debentures and other fixed-income securities convertible into shares of the Company issued under the delegation referred to in item eleven of the Agenda or any other resolution on the matter that may be adopted by the General Shareholders' Meeting.

3. PROPOSED RESOLUTION TO BE SUBMITTED TO THE GENERAL SHAREHOLDERS' MEETING

The full text of the proposed resolution that is submitted for approval to the General Shareholders' Meeting of the Company is as follows:

To delegate to the company's Board of Directors, in accordance with Article 297.1.b) of the Spanish Companies Law, the power to increase the share capital, without prior consultation of the General Shareholders' Meeting, within the period specified for this purpose and up to the maximum amount stipulated by the Spanish Companies Law, with or without pre-emption rights, and amending accordingly the article of the Company's articles of association relating to share capital, in accordance with the following conditions:

1. Authorized capital, amount and term: the Board of Directors is granted powers as broad as required by law to increase the share capital, in accordance with Article 297.1.b) of the Spanish Companies Law, without seeking the prior approval of the General Shareholders' Meeting, on one or several occasions and at any time in the five years following the General Shareholders' Meeting, by an amount corresponding to half of the share capital at the time the authorization is granted (i.e. 88,309,421.88 euros in nominal value), by issuing new ordinary shares or any other type of shares in accordance with the applicable legal requirements – with or without share premium – for cash consideration. For these purposes, any other capital increases agreed under this authorisation shall be added to any others agreed by virtue of the delegation of the eleventh item on the agenda.
2. Scope of the delegation of powers: The Board of Directors may set all the terms and conditions of the capital increases and the characteristics of the shares, determine to which investors and on what markets the new shares are to be offered and the procedure for placing them, freely offer any new shares that are not subscribed in the pre-emption period and, in the event of undersubscription, determine that the capital increase is cancelled or that the capital is increased only by the amount of the shares actually subscribed and amend accordingly the Article of the Articles of association relating to share capital.

The Board of Directors may appoint the person or persons, whether directors or not, who are to execute any of the resolutions it may adopt under this authorization, in particular any resolution closing a capital increase.

3. Rights attached to new shares, issue price and consideration: the new shares issued in any capital increase(s) resolved upon under this authorization will be ordinary shares carrying the same rights as the existing ordinary shares (except for any dividends declared but not yet paid at the time of issue) and will be issued at their nominal value or at whatever premium may be decided. Only cash consideration will be accepted for the new shares.
4. Exclusion of pre-emption rights: in accordance with Article 506 of the Spanish Companies Law, the Board of Directors is expressly granted the power to wholly or partly exclude any pre-emption rights in respect of all or any of the shares issued under this authorization – although this power will be limited to capital increases carried out under this authorization and together with any increases carried out under the delegation of powers provided for in item eleven of the agenda – up to a nominal amount equivalent to 10% of the company's capital at the effective date of this resolution (i.e. 17,661,884.37 euros in nominal value).
5. Application for admission to trading: the Board of Directors is granted powers to apply for any shares issued hereunder to be admitted to trading, or delisted, – or, if the nominal value of the shares already issued is changed, for the shares to be delisted from, and re-admitted to, trading – on organized Spanish or foreign secondary markets, in compliance with the applicable rules on trading, continued trading and delisting.
6. Power to sub-delegate: the Board of Directors is empowered to sub-delegate the powers referred to in this resolution to any member of the Board of Directors or any other person, whether a director or not.

It is noted for the record that the report of the directors supporting the proposal to delegate powers to increase share capital has been made available to shareholders.

Lastly, it is proposed that the Ninth Resolution adopted by the General Shareholders' Meeting of the Company on 28 April 2022, authorizing the Board of Directors of the company to increase share capital, be revoked to the extent that said authorization has not been exercised.

Madrid, 27 April 2023.